

Fiskars Group

Half-year financial report

January–June 2019

HALF-YEAR FINANCIAL REPORT JANUARY–JUNE 2019:

Cash flow improved, comparable net sales and comparable EBITA decreased

Second quarter 2019 in brief:

- Net sales decreased by 2.8% to EUR 265.1 million (Q2 2018: 272.6)
- Comparable net sales¹ decreased by 4.9% to EUR 265.1 million (278.6)
- EBITA decreased by 32.8% to EUR 13.6 million (20.2)
- Comparable² EBITA decreased by 27.6% to EUR 16.1 million (22.3)
- Cash flow from operating activities before financial items and taxes increased to EUR 48.1 million (42.7)
- Earnings per share (EPS) were EUR 0.12 (0.13)

January-June 2019 in brief:

- Net sales decreased by 0.9% to EUR 533.7 million (Q1-Q2 2018: 538.7)
- Comparable net sales¹ decreased by 3.3% to EUR 533.7 million (547.7)
- EBITA decreased by 20.2% to EUR 33.7 million (42.2)
- Comparable² EBITA decreased by 8.3% to EUR 42.1 million (45.9)
- Cash flow from operating activities before financial items and taxes increased to EUR 22.3 million (3.5)
- Earnings per share (EPS) were EUR 0.33 (0.33)

OUTLOOK FOR COMPARABLE EBITA 2019 UPDATED (MAY 17, 2019)

In 2019, Fiskars expects the Group's comparable net sales¹ to be at the same level as in 2018 and comparable² EBITA to be below the previous year's level.

The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are continued material risks relating to changes in the operating environment, e.g. Brexit and potential further increases to the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

PREVIOUS OUTLOOK FOR 2019 (FEBRUARY 7, 2019)

Previously, Fiskars expected the Group's comparable net sales and comparable EBITA to be at the same level as in 2018.

The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are material risks relating to changes in the operating environment, e.g. Brexit and the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

1) 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



CEO'S REVIEW

There were significant external factors affecting our business in Q2. For example, the watering category in the Americas was adversely impacted by the unusually wet weather conditions. Likewise, the increased tariffs on imports from China to the U.S. are posing challenges for the Functional business. In May, we lowered our outlook for the comparable EBITA as a result of the increased tariffs and are taking action to mitigate the impact.

Our actions to develop the business are demonstrated in the net sales in the direct e-commerce channel and the Functional business in Europe, both of which increased during Q2. We are also making progress with the Living Transformation program, announced in 2018. I am confident that the changes introduced in the program will reduce complexity, improve efficiency, and most importantly, help create a solid platform for long-term profitable growth.

We are accelerating the implementation of the program, focusing primarily on the English & Crystal Living business. Our target is to execute on both savings and growth opportunities. The net sales and comparable EBITA development in the English & Crystal Living business during Q2 left room for improvement as it takes time to turn the business around. It is also important to note that the second half of the year is typically more meaningful in terms of net sales and EBITA for the Living business.

Our strategic priorities of inspiring people, exciting consumers, growing business and improving performance continue to guide our actions. Delivering growth is a key priority and we will drive this through growing the core in prioritized markets and categories, expanding our presence in China and in direct e-commerce, and exploring opportunities for services and new business models. We are moving steadily forward on our path to develop the business and invest in growth initiatives that can add sustainable value in the long-term.

In June, in effect all of our holdings of Wärtsilä shares were distributed as an extra dividend to our shareholders. With this, Fiskars Group now represents a pure consumer goods company with an extraordinary portfolio of lifestyle brands.

Jaana Tuominen
President and CEO

FISKARS
◆
GROUP

FISKARS®



GERBER®



iittala



ROYAL COPENHAGEN
PURVEYOR TO HER MAJESTY THE QUEEN OF DENMARK



WATERFORD



WEDGWOOD
ENGLAND 1759



GROUP KEY FIGURES

EUR million	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change	2018
Net sales	265.1	272.6	-2.8%	533.7	538.7	-0.9%	1,118.5
Comparable net sales ¹⁾	265.1	278.6	-4.9%	529.9	547.7	-3.3%	1,118.5
EBITA	13.6	20.2	-32.8%	33.7	42.2	-20.2%	112.5
Items affecting comparability in EBITA ²⁾	-2.6	-2.1		-8.4	-3.7		-9.2
Comparable EBITA	16.1	22.3	-27.6%	42.1	45.9	-8.3%	121.7
Operating profit (EBIT)	10.5	16.7	-37.2%	27.4	35.7	-23.3%	91.6
Profit before taxes	11.8	17.0		34.5	42.1		103.0
Profit for the period	9.9	10.8		27.4	27.3		81.7
Net change in the fair value of investment portfolio	-36.3	-36.6		-20.3	-23.0		-118.8
Earnings/share, EUR	0.12	0.13		0.33	0.33		1.00
Equity per share, EUR				9.29	15.05	-38.3%	14.80
Cash flow from operating activities before financial items and taxes	48.1	42.7	12.6%	22.3	3.5		136.8
Equity ratio, % ³⁾				56%	68%		70%
Net gearing, % ³⁾				37%	17%		11%
Capital expenditure	10.4	10.8	-3.8%	18.5	19.8	-6.6%	46.2
Personnel (FTE), average	6,709	7,398	-9.3%	6,796	7,404	-8.2%	7,304

1) Using comparable exchange rates and excluding Leborgne divestment

2) In Q2 2019, items affecting comparability consisted mainly of items related to the Living transformation program

3) Figures impacted by the application of the IFRS 16 accounting standard and the distribution of the Wärttilä share dividend. Excluding these, the equity ratio in Q2 2019 would have been 71% and the net gearing 14%. The IFRS 16 accounting change had a positive impact of EUR 5.9 million on the cash flow from operating activities before financial items and taxes

CHANGES IN FISKARS GROUP REPORTING IN 2019

On January 1, 2019, the Group adopted IFRS 16 Leases. All the lessees' lease agreements are booked as right-of-use assets and liabilities in the balance sheet. Exceptions are short-term contracts with a duration of less than 12 months and lease contracts for which the underlying asset has a low value. The Group adopted the standard with a cumulative catch-up transition method, without restating prior periods.

For the full year 2019, the positive impact to EBIT/EBITA will be approximately EUR 1 million, resulting from the decrease of lease expenses and increase of depreciation from the right-of-use assets. EBITDA is affected in addition with the amount of depreciation, increasing by about EUR 23 million.

Interest expenses will be increased by approximately EUR 2 million. Total estimated impact to the profit for the period is EUR -1 million.

More information on reporting changes is provided in the accounting principles section of this Half-year Financial Report.

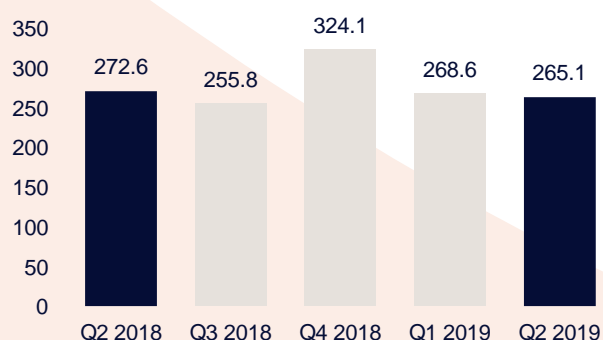


GROUP PERFORMANCE

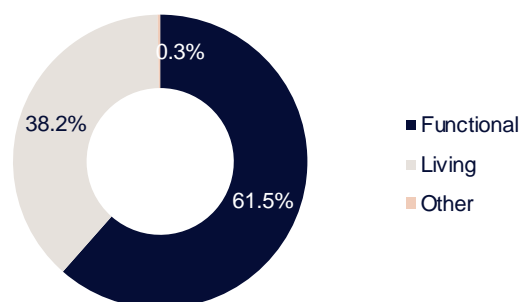
EUR million	Q2 2019	Q2 2018	Change	Comparable change*	Q1-Q2 2019	Q1-Q2 2018	Change	Comparable change*	2018
Net sales									
Group	265.1	272.6	-2.8%	-4.9%	533.7	538.7	-0.9%	-3.3%	1,118.5
Functional	163.0	159.4	2.3%	-0.1%	320.2	312.2	2.6%	-0.3%	585.2
Living	101.3	112.4	-9.9%	-11.6%	211.8	224.8	-5.8%	-7.4%	529.6
Other	0.8	0.8	-8.3%	-8.3%	1.7	1.7	-1.4%	-1.4%	3.8
Comparable EBITA									
Group	16.1	22.3	-27.6%		42.1	45.9	-8.3%		121.7
Functional	20.7	23.2	-10.9%		46.7	47.3	-1.2%		75.5
Living	-0.5	2.4			2.7	5.7	-52.4%		57.0
Other	-4.0	-3.3	-23.6%		-7.3	-7.1	-3.1%		-10.8

*Using comparable exchange rates and excluding the Leborgne divestment

NET SALES, EUR MILLION



NET SALES SPLIT BY SEGMENT, JANUARY-JUNE 2019



FISKARS GROUP NET SALES IN Q2 2019

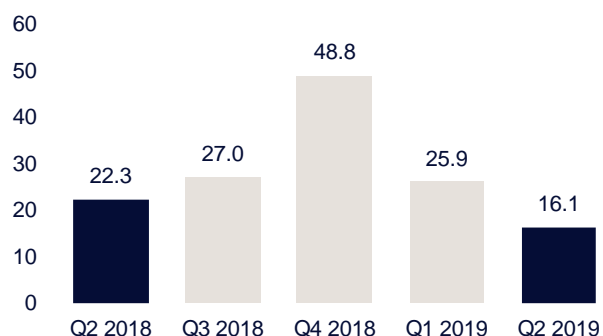
Fiskars Group's consolidated net sales decreased by 2.8% to EUR 265.1 million (Q2 2018: 272.6). Comparable net sales decreased by 4.9%, impacted by the decrease in the Living segment. In the Functional segment, comparable net sales remained close to the previous year's level.

FISKARS GROUP NET SALES IN JANUARY-JUNE 2019

Fiskars Group's consolidated net sales decreased by 0.9% to EUR 533.7 million (Q1-Q2 2018: 538.7). Comparable net sales decreased by 3.3%, impacted by the decrease in the Living segment. In the Functional segment, comparable net sales remained close to the previous year's level.



FISKARS GROUP COMPARABLE EBITA, EUR MILLION

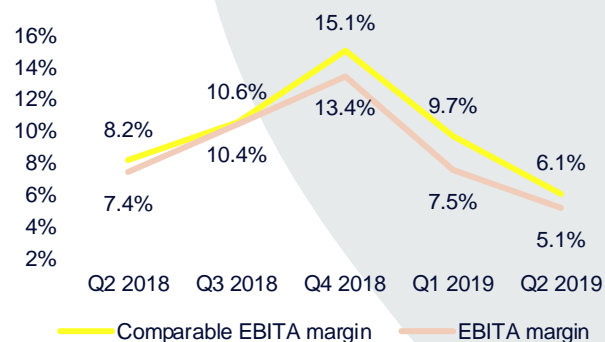


FISKARS GROUP COMPARABLE EBITA IN Q2 2019

Fiskars Group's comparable EBITA decreased by 27.6% to EUR 16.1 million (22.3). The comparable EBITA decreased in both the Functional and Living segments.

Comparable EBITA in the Functional segment decreased as a result of challenges in the watering category in the Americas. In the Living segment, the decrease was impacted by developments in the English & Crystal Living business, whereas comparable EBITA increased in the Scandinavian Living business.

FISKARS GROUP COMPARABLE EBITA MARGIN AND EBITA MARGIN



FISKARS GROUP COMPARABLE EBITA IN JANUARY-JUNE 2019

Fiskars Group's comparable EBITA decreased by 8.3% to EUR 42.1 million (45.9). The comparable EBITA decreased in both the Functional and Living segments.

Comparable EBITA decreased in the Functional segment, where the positive development in EMEA was overshadowed by challenges in the Americas.

Comparable EBITA decreased in the Living segment, mainly impacted by the development in the English & Crystal Living business.

REPORTING SEGMENTS

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

SBU Functional provides tools for use in and around the house as well as outdoors. SBU Functional consists of the Fiskars, Gilmour and other brands in the Americas and Europe, as well as the Outdoor business consisting of the Gerber brand.

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

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

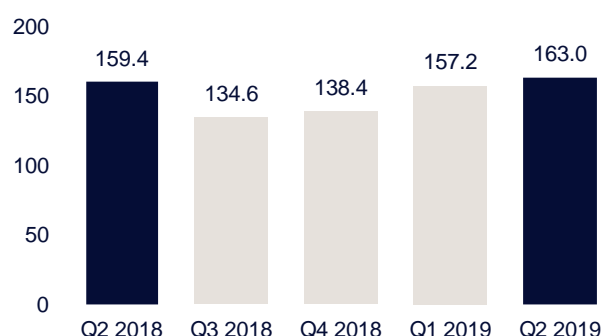


FUNCTIONAL SEGMENT

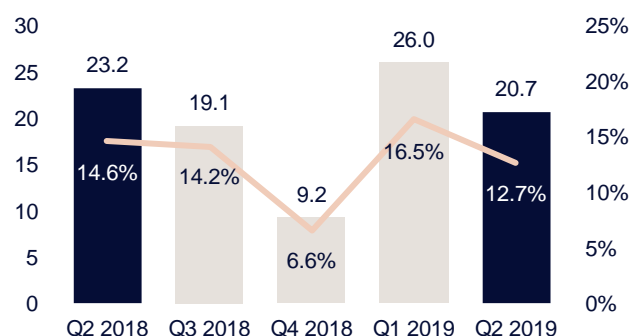
EUR million	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change	2018
Net sales*	163.0	159.4	2.3%	320.2	312.2	2.6%	585.2
Comparable EBITA	20.7	23.2	-10.9%	46.7	47.3	-1.2%	75.5
Capital expenditure	4.0	3.9	2.9%	7.0	7.2	-1.7%	18.9

*Using comparable exchange rates and excluding the Leborgne divestment, net sales decreased by 0.1% in Q2 2019 and by 0.3% in Q1-Q2 2019

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



OPERATING ENVIRONMENT IN Q2 2019

The operating environment for the Functional segment in North America turned more challenging during the second quarter of 2019, primarily due to the decision by the U.S. to increase tariffs on imports from China. The tariffs also had a slight negative impact on consumer confidence. On the other hand, the economy remained strong and unemployment low.

The weather conditions in North America remained challenging, with rainfall significantly above average. This had an adverse impact on the watering category, while the gardening market recovered from the slow start to the season in the first quarter of 2019.

In Europe, the uncertainties regarding the economic outlook continued, including Brexit. The sentiment in the retail trade continued fairly unchanged in our main markets. In the Nordics, consumer confidence deteriorated during the quarter.



FUNCTIONAL SEGMENT IN Q2 2019

Net sales in the Functional segment increased year-on-year by 2.3% to EUR 163.0 million (Q2 2018: 159.4). Comparable net sales remained at previous year's level. The comparable net sales increased in EMEA and the Outdoor business, and decreased in the Americas.

In EMEA, comparable net sales increased driven by the development in Northern and Central Europe, despite challenges in Norway and the UK. In addition, the distribution network rationalization, started in 2018, has been completed, supporting the positive development in net sales.

In the Outdoor business, comparable net sales increased as a result of the positive development in Europe, whereas it remained flat in the Americas. Sales in the sporting goods and government channels in the Americas decreased, while net sales in the e-commerce channel increased.

Wet weather conditions in the Americas remained unfavorable, which adversely impacted the watering category. Additionally, high inventory levels at some distributors had a negative impact on net sales. Net sales in the gardening category increased.

Comparable EBITA for the Functional segment decreased during the second quarter and amounted to EUR 20.7 million (23.2). Comparable EBITA was weighted by decreased volumes in the Americas. Additionally, U.S. tariff costs already had an impact on comparable EBITA during the second quarter.

FUNCTIONAL SEGMENT IN JANUARY-JUNE 2019

Net sales in the Functional segment increased year-on-year by 2.6% to EUR 320.2 million (Q1-Q2 2018: 312.2). Comparable net sales decreased by 0.3%.

The comparable net sales increased in EMEA. Growth was supported by cooking and gardening categories as well as snowtool sales during the first quarter. Additionally, watering products were launched in France and Spain during the first half of 2019.

Comparable net sales in the Outdoor business increased, mainly driven by growth in Europe. In the Americas, the Outdoor comparable net sales was close to the previous year's level.

Comparable net sales decreased in the Americas, with adverse weather conditions throughout the period. This has mainly impacted sales in the watering category.

Comparable EBITA for the Functional segment decreased during the first half of the year and amounted to EUR 46.7 million (47.3). Comparable EBITA decreased due to tariffs and impact of decreased volumes in the Americas, mostly mitigated by efficiency measures and improved performance in EMEA.



MARKETING HIGHLIGHTS

Fiskars started a collaboration with the Finnish fashion and textile designer Maria Korkeila, to launch a limited-edition one-off capsule collection of modern gardening workwear. The Fiskars by Maria Korkeila collection will be presented in January 2020 at Pitti Uomo in Florence, Italy, and launched in selected stores during spring 2020. The collection will be inspired by Fiskars' centuries-old Nordic design heritage and will feature unisex clothes and accessories for a variety of tasks.

Fiskars DIY Home Décor Tools were recognized for design excellence in Core77's Design Awards. The line, which consists of tools designed specifically with the right power, size and precision for do-it-yourself projects, is a notable honoree in the tools & work category.

For the second consecutive year, Fiskars introduced the teacher grant program to support the back-to-school season in the U.S. As part of the program, Fiskars provides tools to teachers who inspire creativity in the classroom. A total of 50 teachers were chosen from a large number of applicants.

Gerber launched the new Jukebox clip folding knife, which extended the offering in the everyday carry -segment. The knife was made exclusively available on Gerber's webstore,

and has been well received on the market.

Fiskars Hardface cookware was launched online in Australia. The online offering will be expanded to the Norden cookware and knives during the coming months.

Fiskars DIY tools



Gerber Jukebox knife

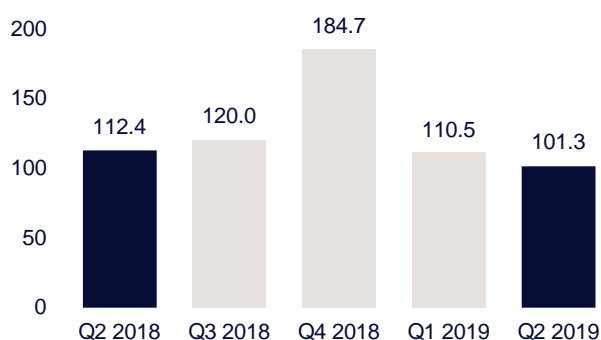


LIVING SEGMENT

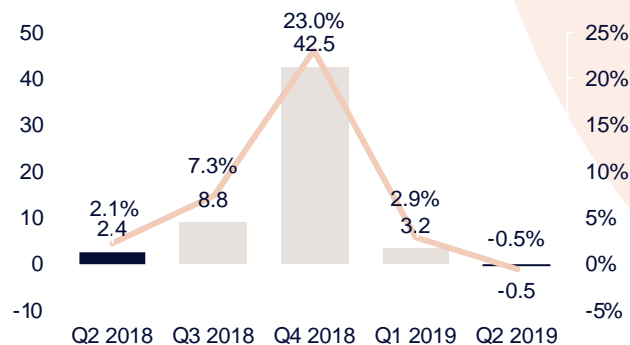
EUR million	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change	2018
Net sales*	101.3	112.4	-9.9%	211.8	224.8	-5.8%	529.6
Comparable EBITA	-0.5	2.4		2.7	5.7	-52.4%	57.0
Capital expenditure	4.8	6.0	-19.5%	8.8	11.1	-20.6%	23.8

*Using comparable exchange rates, net sales decreased by 11.6% in Q2 2019 and by 7.4% in Q1-Q2 2019

NET SALES, EUR MILLION



COMPARABLE EBITA (EUR MILLION) AND COMPARABLE EBITA MARGIN



OPERATING ENVIRONMENT IN Q2 2019

The operating environment weakened in many of the key markets of the Living segment. In the U.S., the consumer confidence was slightly impacted by the tariff increase. On the other hand, the U.S. economy remained strong and unemployment low. The department store channel continued to be challenged.

In Europe, the UK market continued to struggle and the uncertainties regarding the economic outlook continued, including Brexit. The UK retail and consumer spending have slowed down to the weakest growth since records began in 1995. The Nordic markets also faced headwinds, as consumer confidence deteriorated.

In the key Asian markets, the operating environment remained fairly stable.



LIVING SEGMENT IN Q2 2019

Net sales in the Living segment decreased year-on-year by 9.9% to EUR 101.3 million (Q2 2018: 112.4). Comparable net sales decreased by 11.6%.

Comparable net sales in the Scandinavian Living business increased from the previous year's level. The increase was mainly driven by the performance in the Nordics.

In the English & Crystal Living business, the comparable net sales decreased across the markets. In the UK, the weak market conditions had an impact on demand. In the U.S., the optimization of the retail network has affected net sales. In Australia, decreased net sales is a result of both unfavorable market conditions and retail network optimization. Additionally, a decline in the hospitality channel and key partners' high inventory levels contributed to the decrease in demand in the English & Crystal Living business.

Comparable EBITA for the Living segment decreased during the second quarter and amounted to EUR -0.5 million (2.4). In the Scandinavian Living business the comparable EBITA increased. This positive development was offset by the English & Crystal Living business, where decreasing volumes impacted profitability. The impact from decreased net sales has been mitigated by efficiency measures.

LIVING SEGMENT IN JANUARY-JUNE 2019

Net sales in the Living segment decreased year-on-year by 5.8% to EUR 211.8 million (Q1-Q2 2018: 224.8). Comparable net sales decreased by 7.4%.

Comparable net sales increased in the Scandinavian Living business. The growth was fueled by the Asia-Pacific region, particularly Japan, whereas comparable net sales decreased in Europe.

In the English & Crystal Living business, comparable net sales decreased as a result of challenges in the Americas and Europe. This reflects both challenging market conditions as well as the actions taken in the Transformation program, where the retail network is being optimized. In the Asia-Pacific region comparable net sales decreased as well, as the challenges in Australia overshadowed the positive development in China.

Comparable EBITA for the Living segment decreased year-on-year and amounted to EUR 2.7 million (5.7). Comparable EBITA increased in the Scandinavian Living business. In the English & Crystal Living business the comparable EBITA decreased, as lower volumes impacted profitability. The impact from decreased net sales has been mitigated by efficiency measures.



MARKETING HIGHLIGHTS

Finland's first Wedgwood, Waterford and Royal Doulton brand shop opened in the Fiskars Village at the beginning of June. The store offers home and lifestyle products of the valued English and Irish brands. It offers a range of Wedgwood's luxurious tableware and gift products, Waterford's crystal items, and Royal Doulton's modern tableware.

Fiskars Group's sustainability efforts continued with the launch of Iittala's recycled glass products. The new Raami tableware series was extended with a limited-edition recycled glass tumbler made entirely of waste glass from our own production at the Iittala factory. The aim is to utilize a majority of the waste glass in the production of new glassware in the future.

Wedgwood celebrates its 260-year anniversary in 2019. The brand is renowned for its quality and innovative British design, bringing a timeless elegance to today's modern home. To celebrate this landmark year, Wedgwood launched a re-design of one of its most loved items, the Wild Strawberry. Made from fine bone china, the Wild Strawberry Gold Collection is available for a limited time.

Wedgwood had a successful e-commerce promotion campaign in China. The "618" promotion is the second large promotional event on e-commerce platforms in China. Wedgwood expanded the platform of content marketing from e-commerce sites to also working with influencers on social media (Weibo, Wechat, Red book), in order to drive traffic to the Wedgwood e-commerce store.

Raami recycled glass tumbler



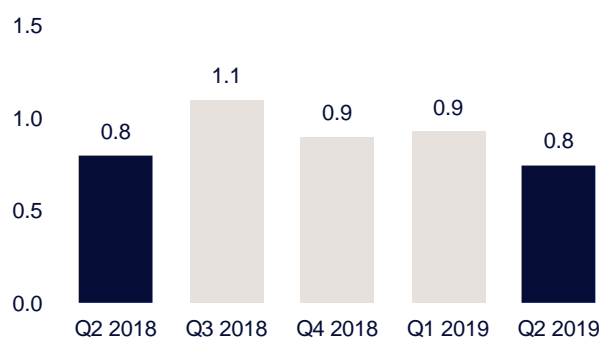
Wedgwood Wild Strawberry Gold



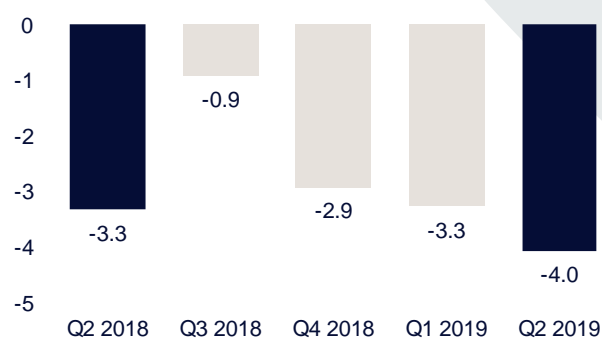
OTHER SEGMENT

EUR million	Q2 2019	Q2 2018	Change	Q1-Q2 2019	Q1-Q2 2018	Change	2018
Net sales	0.8	0.8	-8.3%	1.7	1.7	-1.4%	3.8
Comparable EBITA	-4.0	-3.3	-23.6%	-7.3	-7.1	-3.1%	-10.8
Capital expenditure	1.6	0.9	70.1%	2.6	1.5	75.0%	3.5

NET SALES, EUR MILLION



COMPARABLE EBITA, EUR MILLION



OTHER SEGMENT IN Q2 2019

Net sales in the Other segment amounted to EUR 0.8 million (Q2 2018: 0.8), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -4.0 million (-3.3).

OTHER SEGMENT IN JANUARY-JUNE 2019

Net sales in the Other segment amounted to EUR 1.7 million (Q1-Q2 2018: 1.7), consisting of timber sales and rental income. The comparable EBITA for the Other segment amounted to EUR -7.3 million (-7.1).



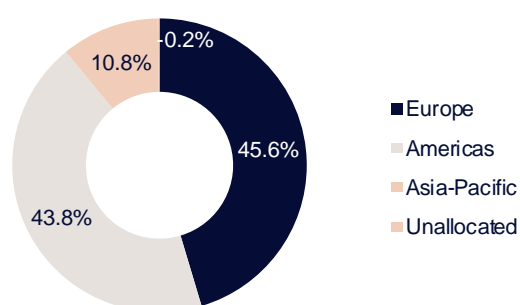
NET SALES BY GEOGRAPHY

EUR million	Q2 2019	Q2 2018	Change	Comparable change*	Q1-Q2 2019	Q1-Q2 2018	Change	Comparable change*	2018
Europe	120.8	123.9	-2.5%	-0.1%	250.9	249.7	0.5%	2.0%	531.2
Americas	116.2	118.0	-1.5%	-8.0%	220.6	228.2	-3.3%	-9.4%	444.4
Asia-Pacific	28.6	32.4	-11.7%	-13.7%	62.1	63.9	-2.8%	-4.7%	141.7
Unallocated**	-0.5	-1.7			0.1	-3.2			1.3

*Using comparable exchange rates and excluding the Leborgne divestment

**Geographically unallocated exchange rate differences

FISKARS GROUP NET SALES SPLIT BY GEOGRAPHY, Q2 2019



NET SALES IN Q2 2019

Net sales in Europe decreased by 2.5% and amounted to EUR 120.8 million (Q2 2018: 123.9). Comparable net sales remained at the previous year's level.

Net sales in the Americas decreased by 1.5% to EUR 116.2 million (118.0). Comparable net sales decreased by 8.0%, as the watering category in the Functional segment and the English & Crystal Living business both faced challenges.

Net sales in Asia-Pacific decreased by 11.7% and amounted to EUR 28.6 million (32.4). Comparable net sales decreased by 13.7%, as a result of the challenges in the Living segment.

NET SALES IN JANUARY-JUNE 2019

Net sales in Europe increased by 0.5% and amounted to EUR 250.9 million (Q1-Q2 2018: 249.7). Comparable net sales increased by 2.0%, supported by the Functional segment.

Net sales in the Americas decreased by 3.3% to EUR 220.6 million (228.2). Comparable net sales decreased by 9.4%, as the watering category in the Functional segment and the English & Crystal Living business both faced challenges.

Net sales in Asia-Pacific decreased by 2.8% and amounted to EUR 62.1 million (63.9). Comparable net sales decreased by 4.7%, as a result of the challenges in the English & Crystal Living business.



RESEARCH AND DEVELOPMENT

The Group's research and development expenditure totaled EUR 4.5 million (Q2 2018: 4.6) in the second quarter of 2019, equivalent to 1.7% (1.7%) of net sales. During the first half of the year, research and development expenses totaled EUR 8.8 million (Q1–Q2 2018: 9.3), equivalent to 1.7% (1.7%) of net sales.

PERSONNEL

The average number of full-time equivalent employees (FTE) was 6,709 (Q2 2018: 7,398) in the second quarter. At the end of the quarter, the Group employed 7,443 (7,928) employees, of whom 1,169 (1,149) were in Finland. The year-on-year change was mainly related to the Living transformation program and the divestment of the Leborgne business.

LIVING TRANSFORMATION PROGRAM

In October 2018, Fiskars Group launched a Transformation program in its Living segment aimed at increasing efficiency, reducing complexity and accelerating long-term strategic development.

The program will target annual cost savings of approximately EUR 17 million, subject to the full implementation of the program. The targeted cost savings are expected to be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program is completed, which is estimated to be by the end of 2021. The total costs of the program are approximately EUR 40 million in 2018–2021, of which EUR 10.5 million had been recorded by the end of the second quarter of 2019. The costs are recorded as items affecting comparability (IAC).

The proposed changes will involve optimization of global retail, distribution and supply networks as well as organizational structure, and will focus primarily on the English & Crystal Living business, to improve its profitability. As the planning progresses, Fiskars Group will engage and work closely with its employees and employee representatives to ensure that they are fully informed and consulted about our proposals. Processes and timelines will vary from one country to another.

In March, the company announced plans to reduce complexity across its operations in Barlaston, UK. Manufacturing operations in Barlaston will focus on hand crafted, high-end products that are core to the brand and production of some tableware products will be consolidated

to other existing manufacturing sites. The changes aim to protect and support the core of the Wedgwood business. Following the consultations, the number of jobs to be reduced in Barlaston is 103, out of which 97 are from manufacturing and 6 from restaurant operations on site.

FINANCIAL ITEMS AND NET RESULT IN Q2 2019 AND JANUARY-JUNE 2019

During the second quarter of 2019, Fiskars Group distributed an extra share dividend in the form of Wärtsilä shares held by the company. Following the distribution, Fiskars Group held 31,317 shares (Q2 2018: 32,645,343) in Wärtsilä at the end of the quarter.

The net change in the fair value of investments through other comprehensive income, consisting of the company's holdings in Wärtsilä, amounted to EUR -36.3 million (-36.6) during the second quarter of 2019. The closing share price of Wärtsilä was EUR 12.76 (16.83) at the end of the second quarter.

Other financial income and expenses amounted to EUR 1.7 million (-0.3) in the second quarter of 2019, and EUR 7.0 million (5.5) during the first half of the year including EUR 7.8 million (7.5) in dividends received on Wärtsilä shares and EUR 0.3 million (-3.6) of foreign exchange differences.

Profit before taxes was EUR 11.8 million (17.0) in the second quarter of 2019 and EUR 34.5 million (42.1) for the first half of the year. Income taxes for the second quarter were EUR -1.9 million (-6.2) and EUR -7.1 million (-14.8) for the first half of the year. Earnings per share were EUR 0.12 (0.13) and EUR 0.33 (0.33) for the first half of the year.

CASH FLOW, BALANCE SHEET AND FINANCING IN Q2 2019 AND JANUARY-JUNE 2019

The second quarter cash flow from operating activities before financial items and taxes amounted to EUR 48.1 million (Q2 2018: 42.7). The change was primarily due to the change in current assets and the application of the IFRS 16 standard. Cash flow from financial items and taxes amounted to EUR -3.6 million (-8.0). Applying IFRS 16, repayments of lease liabilities of EUR 4.5 million are reported in cash flow from financing activities. Previously these used to be reported under cash flow from operating activities. Cash flow from investing activities was EUR -9.6 million (-9.7),



including EUR -10.4 million of capital expenditure on fixed assets. Cash flow from financing activities was EUR -34.5 million (-20.9), including EUR -29.8 million of change in current debt. The comparison figure from Q2 2018 included EUR -21.8 million of change in current debt.

Capital expenditure for the second quarter totaled EUR 10.4 million (10.8), mainly relating to facility expansions and IT solutions. Depreciation, amortization and impairment were EUR 14.5 million (9.0) in the second quarter. The increase in depreciation is a result of the application of the IFRS 16 accounting standard.

Fiskars Group's working capital totaled EUR 225.8 million (218.4) at the end of June. The equity ratio was 56% (68%) and net gearing was 37% (17%). The increase in net gearing is a result of the application of the IFRS 16 accounting standard and the distribution of the Wärtsilä share dividend. Excluding these, the equity ratio in Q2 2019 would have been 71% and the net gearing 14%.

Cash and cash equivalents at the end of the period totaled EUR 10.6 million (10.0). Net interest-bearing debt amounted to EUR 278.0 million (206.6). The increase in interest-bearing debt is a result of the application of the IFRS 16 accounting standard. As a result of the IFRS 16 application, the net debt increased by EUR 104 million in Q2 2019 compared to Q2 2018. The remaining shares in Wärtsilä were valued at EUR 0.4 million (549.4) at the end of the period.

Short-term borrowing totaled EUR 54.7 million (66.3) and long-term borrowing totaled EUR 234.9 million (151.4). Short-term borrowing mainly consisted of commercial papers. In addition, Fiskars Group had EUR 300.0 million (300.0) in unused, long-term, committed credit facilities with Nordic banks.

CHANGES IN ORGANIZATION AND MANAGEMENT

On February 19, 2019, Fiskars Group announced the appointment of Michael Halak (MBA) as President, SBU Functional and member of the FGLT from March 1, 2019. He reports to the Group's President and CEO Jaana Tuominen.

The FGLT now 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
- Michael Halak, President, SBU Functional

- Tuomas Hyyryläinen, Chief Growth Officer
- Ulla Lettijeffer, President, SBU Living
- Niklas Lindholm, Chief Human Resources Officer
- Maija Taimi, SVP, Corporate Communications and Sustainability
- Päivi Timonen, General Counsel

OTHER SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

On May 17, 2019, Fiskars updated its outlook for comparable EBITA for the full year 2019. Fiskars now expects that the comparable EBITA will be below the previous year's level. Previously, Fiskars expected comparable net sales and comparable EBITA to be at the same level as in 2018. The guidance for comparable net sales remains unchanged and is expected to be at the same level as in 2018. The comparable EBITA will be negatively impacted as the U.S. decided to increase tariffs on imports from China.

Extra share dividend

The Annual General Meeting of Fiskars Corporation held on March 13, 2019 resolved to authorize the Company's Board of Directors to resolve, in its discretion, on the distribution of up to 32,645,343 shares in Wärtsilä Corporation ("Wärtsilä") held by the Company as an extra dividend to shareholders (the "Authorization"). The full Authorization can be found in the stock exchange release published by the Company on March 13, 2019.

On June 6, 2019, based on the Authorization, the Board of Directors of the Company resolved to distribute up to 32,616,653 Wärtsilä shares held by the Company as an extra dividend to shareholders using the ratio 5:2 whereby each shareholder received two (2) Wärtsilä shares for each five (5) shares held in the Company. Due to rounding differences, the final amount of whole Wärtsilä shares that were distributed to shareholders was determined on the share dividend payment date and was slightly less than the maximum amount that the Board of Directors had resolved to distribute. Fractional entitlements to Wärtsilä shares resulting from the distribution ratio were compensated to shareholders in cash from the Company's funds.

The final amount of Wärtsilä shares distributed was 32,614,026 and thereby a minor amount of Wärtsilä shares remain in the Company's ownership following the distribution. The final value of the share dividend and fractional entitlements paid in cash was EUR 433.0 million (calculated based on the volume weighted average price of Wärtsilä's share on June 11, 2019 on the Nasdaq Helsinki Ltd).



According to the Board of Directors' resolution, the record date for the share dividend was June 10, 2019, the share dividend payment date was June 11, 2019 and the payment date for the fractional entitlements to be paid in cash was June 17, 2019. The ex-dividend date for the share dividend was June 7, 2019.

In accordance with the Authorization, the Board of Directors also resolved to pay the transfer tax resulting from the distribution of the share dividend on behalf of shareholders following the payment of the share dividend. The transfer tax amounts to 1.6% of the value of the share dividend.

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 363,609 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The volume weighted average share price during the second quarter was EUR 18.35 (Q2 2018: 19.91). At the end of June, the closing price was EUR 14.40 (EUR 19.38) per share and Fiskars had a market capitalization of EUR 1,174.2 million (1,583.1). The number of shares traded on Nasdaq Helsinki and in alternative market places from April to June was 2.0 million (0.7), which represents 2.4 % (0.8 %) of the total number of shares. The total number of shareholders was 22,462 (19,707) at the end of June 2019.

Flagging notifications

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

RISKS AND BUSINESS UNCERTAINTIES

Fiskars Group's 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 imports and exports products from/to the UK. A 'no deal' scenario in the UK's withdrawal from the EU, may have an adverse impact to Fiskars Group's comparable net sales and comparable EBITA in 2019. It can also be assumed that costs would increase, additional workload

would emerge on both sides and exports and imports would be disrupted by tariffs and regulatory barriers. The long-term effects of changes in laws, regulations, taxes and other implications following from any kind of Brexit are difficult to estimate.

A considerable part of Fiskars Group's business is in the U.S. The increasing uncertainty regarding trade in the form of e.g. tariffs might have an impact on the company's business, as part of the product portfolio sold in the country is imported. Based on the information available at the moment, a further increase in tariffs might have a significant impact on the comparable net sales and comparable EBITA in 2019.

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

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to a 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, will be appealed against by the company to the Administrative Court, and the process may take years. The dispute concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years.

Fiskars Group 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 Group's commercial cash flows are exposed to fluctuations in foreign exchange rates.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.



OUTLOOK FOR COMPARABLE EBITA IN 2019 UPDATED (MAY 17, 2019)

In 2019, Fiskars expects the Group's comparable net sales to be at the same level as in 2018 and comparable EBITA to be below the previous year's level.

The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are continued material risks relating to changes in the operating environment, e.g. Brexit and potential further increases to the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

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

Previous outlook for 2019 (February 7, 2019)

Previously, Fiskars expected the Group's comparable net sales and comparable EBITA to be at the same level as in 2018.

The outlook is influenced by the company's investments in growth initiatives that are expected to add sustainable value in the long-term. In addition, there are material risks relating to changes in the operating environment, e.g. Brexit and the U.S. tariffs. An unfavorable outcome of these risks might have a significant impact on the comparable net sales and comparable EBITA. Furthermore, fluctuations in currency rates might also have a considerable impact on comparable EBITA.

Raasepori, Finland, July 31, 2019

FISKARS CORPORATION

Board of Directors



CONSOLIDATED INCOME STATEMENT

EUR million	Q2 2019	Q2 2018	Change %	Q1-Q2 2019	Q1-Q2 2018	Change %	Q1-Q4 2018
Net sales	265.1	272.6	-3	533.7	538.7	-1	1,118.5
Cost of goods sold	-156.7	-155.7	-1	-313.1	-304.3	-3	-633.5
Gross profit	108.3	116.9	-7	220.6	234.4	-6	485.1
Other operating income	0.3	0.6	-45	0.7	1.4	-45	5.2
Sales and marketing expenses	-72.2	-70.5	-2	-141.9	-139.4	-2	-281.4
Administration expenses	-22.1	-25.7	14	-43.3	-50.8	15	-90.1
Research and development costs	-4.5	-4.6	1	-8.8	-9.3	6	-18.4
Goodwill and trademark amortization and impairment	-0.0			-0.0			-8.6
Other operating expenses	0.7	0.0		0.2	-0.6		-0.2
Operating profit (EBIT)*	10.5	16.7	-37	27.4	35.7	-23	91.6
Change in fair value of biological assets	-0.4	0.5		0.1	0.9		2.0
Other financial income and expenses	1.7	-0.3		7.0	5.5		9.4
Profit before taxes	11.8	17.0		34.5	42.1		103.0
Income taxes	-1.9	-6.2		-7.1	-14.8		-21.1
Profit for the period	9.9	10.8		27.4	27.3		81.7
Attributable to:							
Equity holders of the parent company	9.7	10.7		27.0	27.2		81.6
Non-controlling interest	0.1	0.1		0.4	0.1		0.2
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.12	0.13		0.33	0.33		1.00
*Comparable EBITA (detailed in notes)	16.1	22.3	-28	42.1	45.9	-8	121.7

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Q1-Q4 2018
Profit for the period	9.9	10.8	27.4	27.3	81.7
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss					
Translation differences	10.8	11.5	10.2	11.3	8.3
Cash flow hedges	0.1	0.0	0.0	0.2	0.2
Items that will not be reclassified to profit or loss					
Net change of investments at fair value through comprehensive income, net of tax	-43.5	-29.2	-24.3	-18.2	-95.0
Defined benefit plan, actuarial gains (losses) net of tax	0.1	-0.1	-0.1	-0.4	0.5
Other comprehensive income for the period net of tax total	-32.5	-17.8	-14.2	-7.1	-86.0
Total comprehensive income for the period	-22.6	-7.0	13.2	20.3	-4.2
Attributable to:					
Equity holders of the parent company	-23.0	-7.1	12.8	20.1	-4.4
Non-controlling interest	0.4	0.1	0.4	0.1	0.2



CONSOLIDATED BALANCE SHEET

EUR million	Jun 30 2019	Jun 30 2018	Change %	Dec 31 2018
ASSETS				
Non-current assets				
Goodwill	217.7	223.4	-3	217.4
Other intangible assets	285.4	285.6	0	280.5
Property, plant & equipment	159.7	155.4	3	159.8
Right-of-use assets	102.1			
Biological assets	43.7	42.5	3	43.6
Investment property	3.7	3.9	-4	3.9
Financial assets				
Financial assets at fair value through profit or loss	28.9	26.5	9	25.3
Other investments	8.6	8.6	-1	8.8
Deferred tax assets	22.2	29.9	-26	30.2
Non-current assets total	871.9	775.7	12	769.4
Current assets				
Inventories	240.9	231.7	4	219.9
Trade and other receivables	202.6	211.7	-4	220.4
Income tax receivables	35.2	30.9	14	31.3
Interest-bearing receivables	0.0	0.0	-51	0.0
Investments at fair value through other comprehensive income	0.4	549.4	-100	453.6
Cash and cash equivalents	10.6	10.0	6	24.4
Current assets total	489.7	1,033.7	-53	949.8
Assets total	1,361.6	1,809.4	-25	1,719.2
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the parent company	757.4	1,229.5	-38	1,207.0
Non-controlling interest	3.1	2.4	31	2.7
Equity total	760.5	1,232.0	-38	1,209.7
Non-current liabilities				
Interest-bearing liabilities	151.4	151.4	0	151.3
Lease liabilities	83.5			
Other liabilities	4.2	7.2	-42	6.8
Deferred tax liabilities	33.7	69.4	-51	43.9
Pension liability	12.2	13.9	-13	12.7
Provisions	4.3	6.0	-28	5.1
Non-current liabilities total	289.4	247.9	17	219.9
Current liabilities				
Interest-bearing liabilities	33.9	66.3	-49	9.6
Lease liabilities	20.8			
Trade and other payables	247.7	249.5	-1	268.2
Income tax liabilities	5.2	6.3	-18	6.5
Provisions	4.1	7.5	-45	5.4
Current liabilities total	311.7	329.6	-5	289.7
Equity and liabilities total	1,361.6	1,809.4	-25	1,719.2



CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q2 2019	Q2 2018	Q1-Q2 2019	Q1-Q2 2018	Q1-Q4 2018
Cash flow from operating activities					
Profit before taxes	11.8	17.0	34.5	42.1	103.0
Adjustments for					
Depreciation, amortization and impairment	14.5	9.0	29.4	17.8	43.8
Gain/loss on sale and loss on scrap of non-current assets	-0.2	-0.3	-0.2	-0.3	-1.9
Other financial items	-1.4	0.4	-6.7	-5.4	-9.4
Change in fair value of biological assets	0.4	-0.5	-0.1	-0.9	-2.0
Change in provisions and other non-cash items	-3.8	-2.5	-2.9	-2.3	-9.4
Cash flow before changes in working capital	21.2	23.0	53.9	51.0	124.1
Changes in working capital					
Change in current assets, non-interest-bearing	28.8	8.9	19.7	3.4	-2.6
Change in inventories	-8.3	-5.8	-20.6	-23.1	-8.5
Change in current liabilities, non-interest-bearing	6.3	16.6	-30.8	-27.8	23.8
Cash flow from operating activities before financial items and taxes	48.1	42.7	22.3	3.5	136.8
Financial income received and costs paid	-1.2	-0.9	-2.6	-2.7	-4.7
Taxes paid	-2.4	-7.1	-12.2	-15.5	-26.2
Cash flow from operating activities (A)	44.5	34.7	7.5	-14.7	105.9
Cash flow from investing activities					
Investments in financial assets	-0.2	-0.1	-2.5	-0.1	-0.9
Capital expenditure on fixed assets	-10.4	-10.8	-18.5	-19.8	-46.2
Proceeds from sale of fixed assets	1.1	1.0	0.9	1.0	2.7
Proceeds from sale of investments at fair value through profit or loss	0.0	-0.0	-0.0	0.0	0.0
Other dividends received	0.0	0.0	7.8	7.5	15.0
Cash flow from other investments	-0.1	0.3	0.1	1.3	1.5
Cash flow from investing activities (B)	-9.6	-9.7	-12.1	-10.1	-28.0
Cash flow from financing activities					
Purchase of treasury shares	0.0	-0.8	-0.6	-0.8	-2.8
Change in current receivables	0.0	5.3	0.0	22.6	20.0
Borrowings of non-current debt	0.2	0.1	0.5	-29.7	0.6
Repayment of non-current debt	-0.1	-0.1	-0.3	-0.1	-30.3
Change in current debt	-29.8	-21.8	23.6	46.3	-12.8
Payment of lease liabilities	-4.5	-0.1	-10.6	-0.1	-0.3
Cash flow from other financing items	-0.3	-0.0	0.3	0.0	0.5
Dividends paid	-0.1	-3.5	-22.1	-29.9	-59.5
Cash flow from financing activities (C)	-34.5	-20.9	-9.3	8.3	-84.6
Change in cash and cash equivalent (A+B+C)	0.4	4.1	-13.8	-16.4	-6.6
Cash and cash equivalent at beginning of period	11.0	10.5	24.4	31.1	31.1
Translation difference	-0.8	-4.6	0.0	-4.6	0.0
Cash and cash equivalent at end of period	10.6	10.0	10.6	10.0	24.4



CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

EUR million	Attributable to the equity holders of the parent company							Non-controlling interest	Total
	Share capital	Treasury shares	Cumul. transl. diff.	Fair value reserve	Actuarial gains and losses	Financial assets at FVTOCI	Retained earnings		
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			11.2	0.2	-0.4	-18.2	27.2	0.1	20.3
Purchase of treasury shares		-0.6							-0.6
Dividend distribution							-58.8	-0.4	-59.3
Jun 30, 2018	77.5	-3.8	14.2	-0.4	-4.7	-18.2	1,164.9	2.4	1,232.0
Opening Balance Jan 1, 2019	77.5	-6.0	11.1	-0.4	-3.9	-95.0	1,223.6	2.7	1,209.7
Total comprehensive income for the period			10.1	0.0	-0.1	-24.3	27.0	0.5	13.2
Purchase and issue of treasury shares		-0.6					0.3		-0.4
Dividend distribution						119.3	-581.2	-0.1	-462.0
Jun 30, 2019	77.5	-6.6	21.2	-0.3	-4.0	0.0	669.7	3.1	760.5



NOTES TO THE HALF-YEAR FINANCIAL REPORT

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 apart from the changes in accounting principles stated below.

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

APPLICATION OF NEW AND REVISED ACCOUNTING PRONOUNCEMENTS UNDER IFRS

IFRS 16 Leases

In the current year, the Group, for the first time, has applied IFRS 16 Leases. Majority of the lease agreements reported as operating leases in 2018 were converted to lease agreements recognized on balance sheet on the adoption of IFRS 16. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The Group transitioned to IFRS 16 in accordance with the modified retrospective approach, and comparatives for the 2018 financial year have not been restated. In applying the modified retrospective approach, The Group has taken advantage of the following practical expedients: leases with a remaining term of twelve months or less from the date of application have been accounted for as short-term leases and lease payments are recognized as an expense, initial direct costs have not been included in the measurement of the right-of-use assets at the date of initial application, lease component and associated non-lease component is accounted as a single lease component, and a single discount rate has been applied to portfolios of leases with reasonably similar characteristics.

Majority of the contracts that are booked on the balance sheet are consisting of the lease contracts of stores, offices and warehouses as well as some machinery and equipment and company cars. The lease term corresponds to the non-terminable period completed, if necessary, by renewal options whose exercise by the Group are reasonably certain. The discount rate used to calculate the lease debt is determined, for each asset, according to the incremental borrowing rate on commencement of the contract. The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security

the funds necessary to obtain an asset of a similar value to the right-of-use-asset in a similar economic environment.

The preparation of the financial statements in accordance with IFRS 16 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.



REPORTING SEGMENTS

EUR million	Q2 2019	Q2 2018	Change %	Q1–Q2 2019	Q1–Q2 2018	Change %	Q1–Q4 2018
Net sales							
Functional	163.0	159.4	2	320.2	312.2	3	585.2
Living	101.3	112.4	-10	211.8	224.8	-6	529.6
Other	0.8	0.8	-8	1.7	1.7	-1	3.8
Group total	265.1	272.6	-3	533.7	538.7	-1	1,118.5
Operating profit (EBIT)							
Functional	18.9	21.1	-10	43.3	44.0	-1	58.8
Living	-4.5	0.3		-8.7	1.2		46.8
Other	-3.9	-4.6	14	-7.2	-9.4	23	-14.1
Group total	10.5	16.7	-37	27.4	35.7	-23	91.6
Depreciation, amortization and impairment							
Functional	5.3	3.9	37	10.7	7.3	46	23.8
Living	8.3	4.9	70	15.5	10.0	55	19.0
Other	0.9	0.2		3.1	0.4		1.0
Group total	14.5	9.0	61	29.4	17.8	65	43.8
Capital expenditure							
Functional	4.0	3.9	3	7.0	7.2	-2	18.9
Living	4.8	6.0	-20	8.8	11.1	-21	23.8
Other	1.6	0.9		2.6	1.5		3.5
Group total	10.4	10.8	-4	18.5	19.8	-7	46.2

NET SALES BY GEOGRAPHY

EUR million	Q2 2019	Q2 2018	Change %	Q1–Q2 2019	Q1–Q2 2018	Change %	Q1–Q4 2018
Net sales							
Europe	120.8	123.9	-3	250.9	249.7	0	531.2
Americas	116.2	118.0	-2	220.6	228.2	-3	444.4
Asia-Pacific	28.6	32.4	-12	62.1	63.9	-3	141.7
Unallocated	-0.5	-1.7		0.1	-3.2		1.3
Group total	265.1	272.6	-3	533.7	538.7	-1	1,118.5

OPERATING PROFIT AND COMPARABLE EBITA

EUR million	Q2 2019	Q2 2018	Change %	Q1–Q2 2019	Q1–Q2 2018	Change %	Q1–Q4 2018
Operating profit (EBIT)	10.5	16.7	-37	27.4	35.7	-23	91.6
Amortization	-3.1	-3.5		-6.3	-6.5		-20.9
EBITA	13.6	20.2	-33	33.7	42.2	-20	112.5
Items affecting comparability in EBITA							
Personnel-related costs	0.0	0.6		0.0	1.8		1.8
Ebertsankey related provisions and impairments							0.4
Alignment program	-0.1	1.5		-0.1	1.9		2.9
Living transformation	2.4			8.0			2.5
Leborgne divestment	0.3			0.8			2.5
Other adjustments to operating profit	0.0			-0.3			-0.8
Total items affecting comparability in EBITA	2.6	2.1		8.4	3.7		9.2
Comparable EBITA	16.1	22.3	-28	42.1	45.9	-8	121.7



INTANGIBLE AND TANGIBLE ASSETS

EUR million	Jun 30 2019	Jun 30 2018	Dec 31 2018
Intangible assets and goodwill			
Book value, Jan 1	497.9	501.5	501.5
Currency translation adjustment	2.2	6.6	5.3
Additions	6.0	6.5	50.4
Amortization and impairment	-6.3	-5.8	-21.4
Decreases and transfers	3.3	0.3	-37.9
Book value at end of period	503.1	509.0	497.9
Investment commitments for intangible assets	0.0	3.0	0.0
Tangible assets and investment property			
Book value, Jan 1	163.4	159.0	159.0
Currency translation adjustment	1.6	-0.3	1.1
Additions	10.2	13.3	28.8
Depreciation and impairment	-11.5	-11.3	-22.8
Decreases and transfers	-0.4	-1.6	-2.4
Book value at end of period	163.4	159.2	163.6
Investment commitments for property, plant and equipment	3.7	7.6	4.3
Right-of-use assets	Real estate	Other	Total
Book value, Jan 1	115.6	3.7	119.3
Currency translation adjustment	0.1	0.0	0.1
Additions	1.0	0.5	1.5
Depreciation	-10.5	-0.8	-11.3
Decreases	-7.3	-0.1	-7.4
Book value at end of period	99.0	3.2	102.1

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Jun 30 2019	Jun 30 2018	Dec 31 2018
As security for own commitments			
Lease commitments*		94.0	89.5
Guarantees	18.3	20.3	18.4
Other contingencies**	9.1	11.9	11.9
Contingencies and pledged assets total	27.4	126.2	119.8

*Operating lease obligations have been reported according to IFRS 16 since January 1, 2019

**Other contingencies include a commitment of USD 10 million to invest in private equity funds.

Tax risks

In March 2019, Fiskars Oyj Abp received a negative decision from the Board of Adjustment in the Finnish Large Taxpayers' Office to the company's adjustment claim regarding a tax reassessment resulting from a tax audit carried out in 2014. The reassessment concerns intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years. Fiskars Oyj Abp was obliged to pay EUR 28.3 million in additional tax, interest and punitive increases during the third quarter of 2016.

Fiskars Group has disclosed the ongoing tax appeal in the earlier Annual Reports and Interim Reports. Fiskars Oyj Abp will appeal the Adjustment Board's decision to the Administrative Court. The company and its external advisors continue to consider the decision unfounded and do not recognize the related taxes and other costs in the income statement.



DERIVATIVES

EUR million	Jun 30 2019	Jun 30 2018	Dec 31 2018
Nominal amounts of derivatives			
Foreign exchange forwards and swaps	220.9	128.4	276.9
Interest rate swaps	50.0	50.0	50.0
Electricity forward agreements	0.2	1.0	0.5
Fair value of derivatives			
Foreign exchange forwards and swaps	0.4	0.1	-0.4
Interest rate swaps	-0.5	-0.7	-0.6
Electricity forward agreements	0.2	0.6	0.4

Derivatives have been valued at market value

EXCHANGE RATE SENSITIVITY OF THE OPERATIONS

Less than 20% of Fiskars Group's 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	USD	AUD	JPY	IDR	GBP	CAD
Operational currency position	-32.4	19.9	-17.0	16.3	16.2	-13.1	13.4	12.2
Exchange rate sensitivity of the operations*	3.2	-2.0	1.7	-1.6	-1.6	1.3	-1.3	-1.2

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

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



FAIR VALUE OF FINANCIAL INSTRUMENTS

Jun 30, 2019

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss			28.9	28.9
Investments at fair value through other comprehensive income	0.4			0.4
Other investments	0.4		8.2	8.5
Derivative assets		0.6		0.6
Total assets	0.8	0.6	37.0	38.4
Derivative liabilities		0.5		0.5
Total liabilities		0.5		0.5

Jun 30, 2018

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	549.4		26.5	575.9
Investments at fair value through other comprehensive income				
Other investments	0.4		8.2	8.6
Derivative assets		0.2		0.2
Total assets	549.8	0.2	34.7	584.7
Derivative liabilities		0.5		0.5
Total liabilities		0.5		0.5



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 EUR million	FVTOCI	FVTPL	Other		Total
	Level 1	Level 3	Level 1	Level 3	
Book value, Dec 31, 2017	572.4	21.7	0.4	8.5	602.9
Additions					0.0
Decreases					
Change in fair value	13.6	1.9	0.0	-0.2	15.3
Book value, Jun 30, 2018	586.0	23.6	0.4	8.3	618.3
Additions		0.0			0.0
Decreases					
Change in fair value	-132.4	1.7	-0.0	0.1	-130.6
Book value, Dec 31, 2018	453.6	25.3	0.4	8.4	487.7
Additions		2.3			2.3
Decreases	-432.9				-432.9
Change in fair value	-20.3	1.3	0.0	-0.2	-19.2
Book value, Jun 30, 2019	0.4	28.9	0.4	8.2	37.9

Investments at fair value through other comprehensive income (FVTOCI) consist of holdings in Wärtsilä Corporation and investments at fair value through profit or loss (FVTPL) of 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). The fair value of unlisted funds is based on the market value reported by the fund (level 3) and changes are recognized in the income statement.

In June 2019 Fiskars distributed 32,614,026 of its Wärtsilä shares as an extra dividend to shareholders. Market value of the shares on the date of distribution was EUR 432.9 million and the change of the value has been reported in other comprehensive income. The number of shares held by the company after the distribution is 31,317.

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 2019

Fiskars Group has on January 15, 2019 received a binding offer for the purchase of its Leborgne business consisting of manufacturing and sale of hand tools to construction and gardening customers in France from MOB MONDELIN. The transaction was completed on April 1, 2019. The transaction was structured as an asset sale and included the Leborgne brand, inventory, fixed assets and personnel working for the business. The sale does not have a significant impact on Fiskars Group's net sales and EBITA.

Acquisitions and divestments in 2018

There were no acquisitions or divestments during the year 2018.



FISKARS
♦
GROUP

FISKARS®



iittala®



WATERFORD



WEDGWOOD
ENGLAND 1759