Interim report January–September 2018

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

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Today’s speakers

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President & CEO

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Disclaimer

- This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Fiskars believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.
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Key takeaways for Q1–Q3 2018

1

Mixed performance with progress in the Functional segment, but challenges in the Living segment. Cash flow increased

2

Comparable EBITA increased in the Functional segment, supported by the Outdoor and Functional Americas businesses

3

Product mix and decreased sales volumes contributed to a decrease in comparable EBITA in the Living segment. Transformation program launched

4

Outlook for 2018 unchanged

Q1–Q3 2018

Q3

	Net sales	Comparable EBITA**	Cash flow from operating activities***	Earnings per share
	EUR million (Q3 2017: 270.1)	EUR million (29.1)	EUR million (24.8)	EUR (0.34)****
	255.8	27.0	41.1	0.34
	YoY -5.3% Comparable* change -4.2%	YoY -7%		

Q1–Q3

	Net sales	Comparable EBITA**	Cash flow from operating activities***	Earnings per share
	EUR million (Q1–Q3 2017: 866.3)	EUR million (83.5)	EUR million (27.0)	EUR (0.77)****
	794.5	72.9	44.6	0.67
	YoY -8.3% Comparable* change -3.7%	YoY -13%		

*Using comparable exchange rates, excluding the net sales reported in 2017 from the divested container gardening business in Europe (December 2016)
**Items affecting comparability include items such as restructuring costs, impairment or provisions charges and releases, integration related costs, and gain and loss from the sale of businesses
***Before financial items and taxes
****Earnings per share does not include net changes in the fair value of the investment portfolio. The comparable figures have been adjusted accordingly

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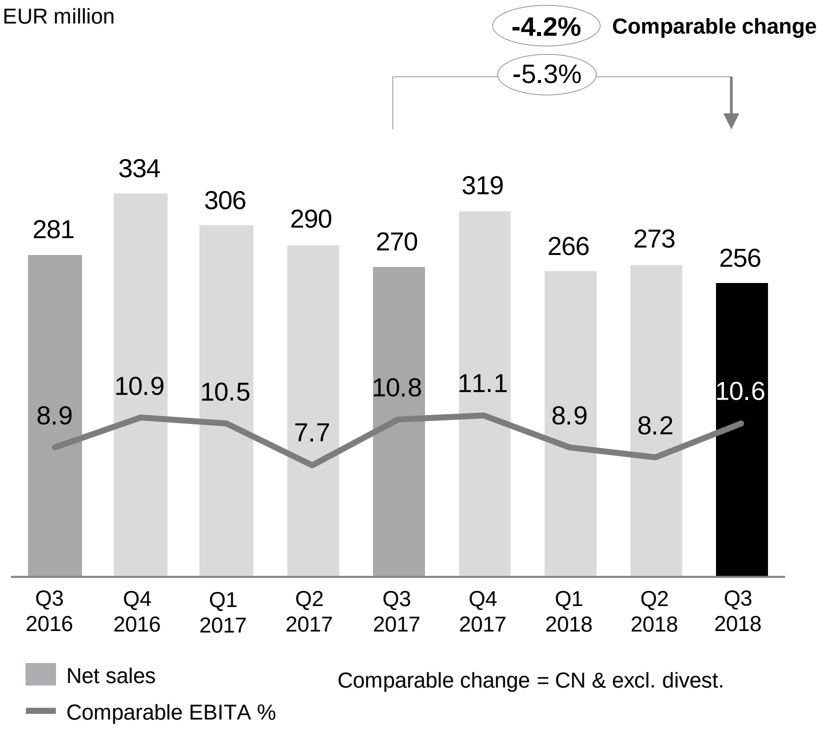
Fiskars Group in Q3 2018

Net sales and comparable EBITA %

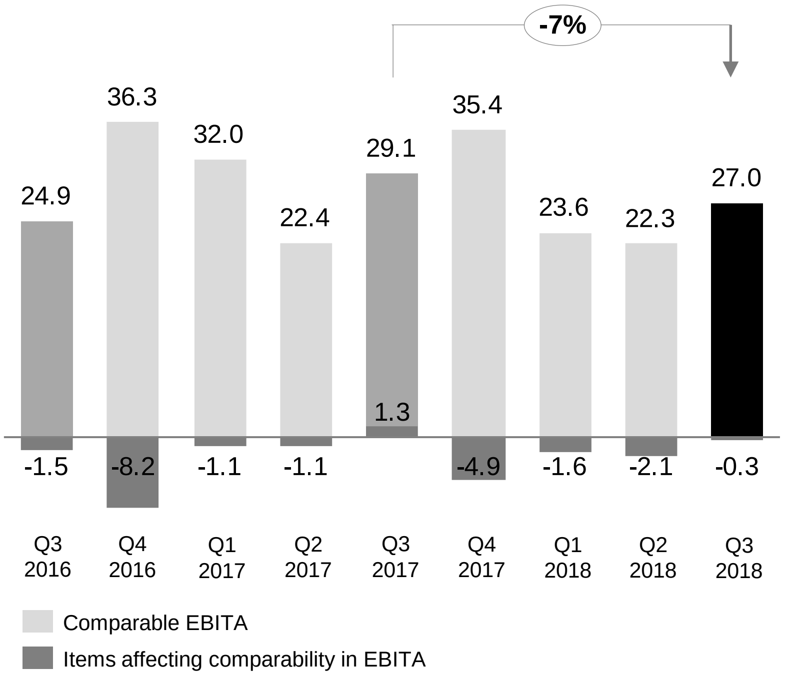
EUR million



Comparable change = CN & excl. divest.

Comparable EBITA

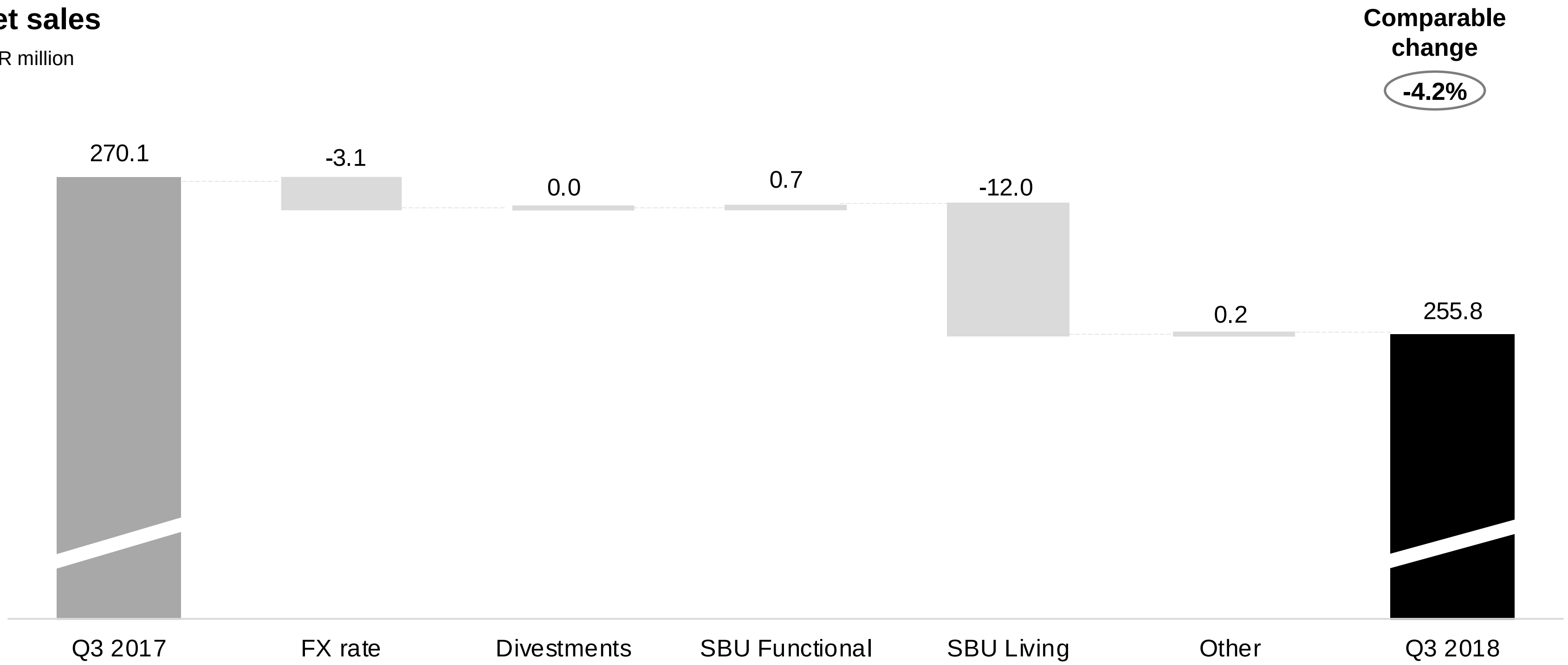
EUR million



Net sales bridge Q3 2018

Net sales

EUR million



Transformation program in the Living business

- The Transformation program focuses primarily on:
  - The English & Crystal Living business, to improve its profitability
  - Planned actions in retail, distribution and supply network as well as organizational structure
- Cost savings targets are based on the potential to increase efficiencies and reduce complexity in the Living business
- In 2017, Fiskars Group completed the Supply Chain 2017 -program that focused on the optimization of the global supply chain network in Europe and Asia. The program excluded the manufacturing operations and distribution network of the English & Crystal Living business

Key items

- Targeted annual cost savings app. EUR 17 million
  - Subject to the full implementation of the program
  - Targeted cost savings would be achieved gradually, and the majority of the savings are expected to materialize after the program is completed (end of 2021)
- Costs of the program app. EUR 40 million in 2018–2021

Living marketing Q3 highlights

- Royal Copenhagen was introduced in the Australian market during the quarter. Additionally, Royal Copenhagen expanded the distribution of the new Blomst series to the Korean and Taiwanese markets
- Arabia in Finland and Rörstrand in Sweden are participating in the Pink Ribbon campaign this fall
- Wedgwood partnered with the Japanese ceramicist Hitomi Hosono, who has created a ceramics collection for Wedgwood

Functional marketing Q3 highlights

- Fiskars won a Teachers' Choice Award, celebrating the 13th consecutive year when Fiskars' products have been awarded
- Fiskars launched a fall and winter gardening campaign, as part of driving a second gardening season in the fall
- The Outdoor business introduced the FlatIron pocket folding knife and the ComplEAT tool series. FlatIron started shipping in July and ComplEAT will start in early 2019

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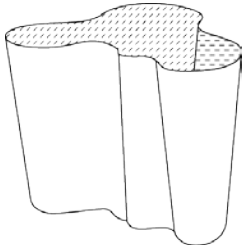
Fiskars Q3 2018

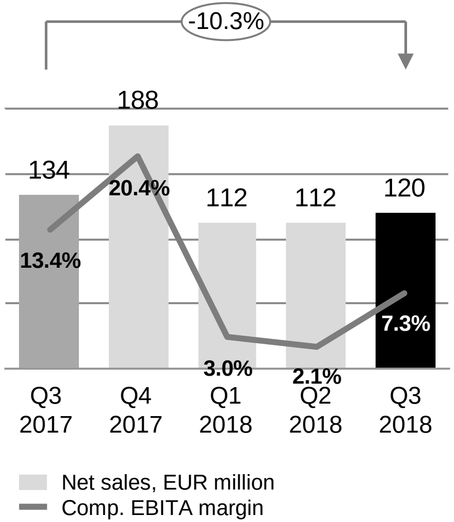
Living in Q3 2018

EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change
Net sales	120.0	133.8	-10.3%	344.9	386.1	-10.7%
Comparable EBITA	8.8	17.9	-51%	14.5	32.5	-55%
Capital expenditure	5.4	4.6	16%	16.5	9.1	81%

- Comparable net sales decreased by 9.1%, even though net sales growth accelerated in the direct e-commerce channel
- The key factor was the negative development in the English & Crystal Living business, which faced headwinds in several markets. In the UK, some trade customers faced challenges in their operations, which had a negative impact on sales in the English & Crystal Living business. In addition, the English & Crystal Living business in Japan has focused on strengthening the own retail channel. Sales in the hospitality channel decreased from the previous year
- Net sales decreased in the Scandinavian Living business, however the decrease in the Nordics was mitigated by positive development in Finland. In Japan, the distribution of the Iittala brand was transferred from a local distributor to Fiskars Group at the beginning of the year, and this has had a negative short-term impact on net sales
- Comparable EBITA for the Living segment decreased by 51%, mainly impacted by unfavorable sales volumes in English & Crystal Living. Comparable EBITA decreased in the Scandinavian Living business as well, as a result of unfavorable product mix and investments in own retail



Comparable change* **Q3 2018: -9.1%**



*Using comparable exchange rates

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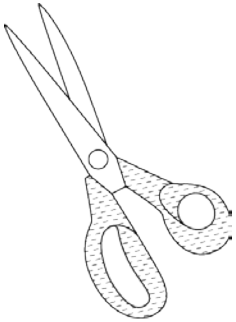
Functional in Q3 2018

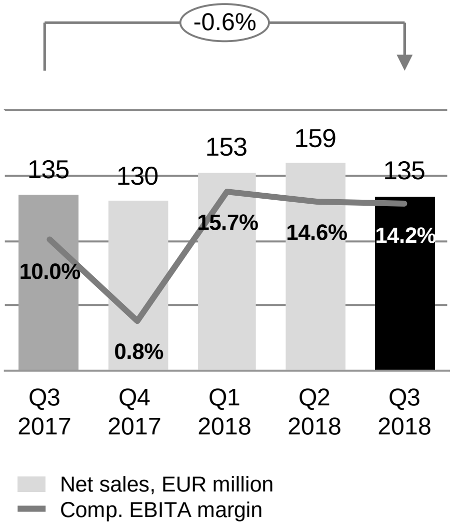
EUR million	Q3 2018	Q3 2017	Change	Q1-Q3 2018	Q1-Q3 2017	Change
Net sales	134.6	135.4	-0.6%	446.8	477.3	-6.4%
Comparable EBITA	19.1	13.6	40%	66.4	58.7	13%
Capital expenditure	6.1	3.3	84%	13.2	12.8	3%

*Using comparable exchange rates and excluding the net sales of the divested container gardening business in Europe (in December 2016)

Comparable change* **Q3 2018:** **0.5%**

- Comparable net sales increased by 0.5%, supported by the Outdoor business, as the positive momentum continued in the Americas. In particular, the multitool category and government demand have been supportive. In Functional EMEA, net sales decreased primarily due to weak sales in certain Eastern European markets, where the distribution network is being rationalized
- The comparable net sales decreased in the Functional Americas business, impacted by weak gardening sales. This was primarily due to certain trade customers winding down gardening replenishments earlier than in previous years. On the other hand, the increased sales in the school, office and craft category partially offset the decrease in gardening sales
- Comparable EBITA for the Functional segment increased during the third quarter. The increase was supported by all businesses, in particular by the Outdoor business





Net sales by geography in Q3 2018

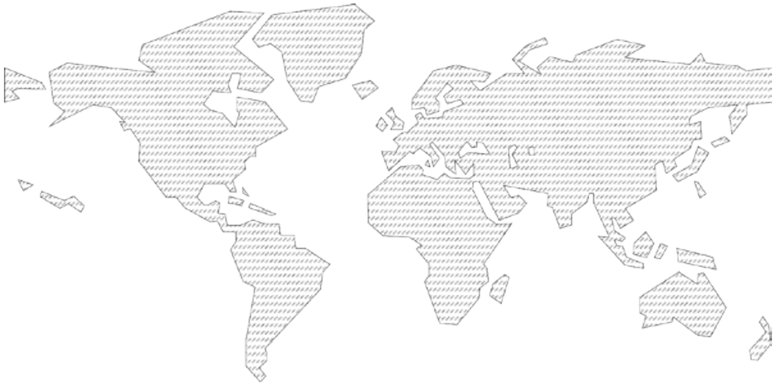
EUR million	Q3 2018	Q3 2017	Change	Comparable change*	Q1-Q3 2018	Q1-Q3 2017	Change	Comparable change*
Europe	119.4	131.3	-9.1%	-7.9%	369.1	402.6	-8.3%	-6.6%
Americas	104.1	105.8	-1.6%	-1.2%	332.4	355.8	-6.6%	1.2%
Asia-Pacific	29.1	33.6	-13.1%	-10.6%	93.0	106.4	-12.6%	-7.0%
Unallocated**	3.2	-0.6			0.0	1.5		

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

- Comparable net sales in Europe decreased by 7.9%, mainly impacted by the challenges in the English & Crystal Living business. Majority of the net sales in the hospitality channel is incorporated in the English & Crystal Living business in Europe, which contributed to the decrease. Comparable net sales in Europe decreased also in the Scandinavian Living and Functional EMEA businesses

- Comparable net sales in the Americas decreased by 1.2%, impacted by the Functional Americas and English & Crystal Living businesses. Comparable net sales in the Outdoor business increased

- Comparable net sales in Asia-Pacific decreased by 10.6%, impacted by the English & Crystal Living business



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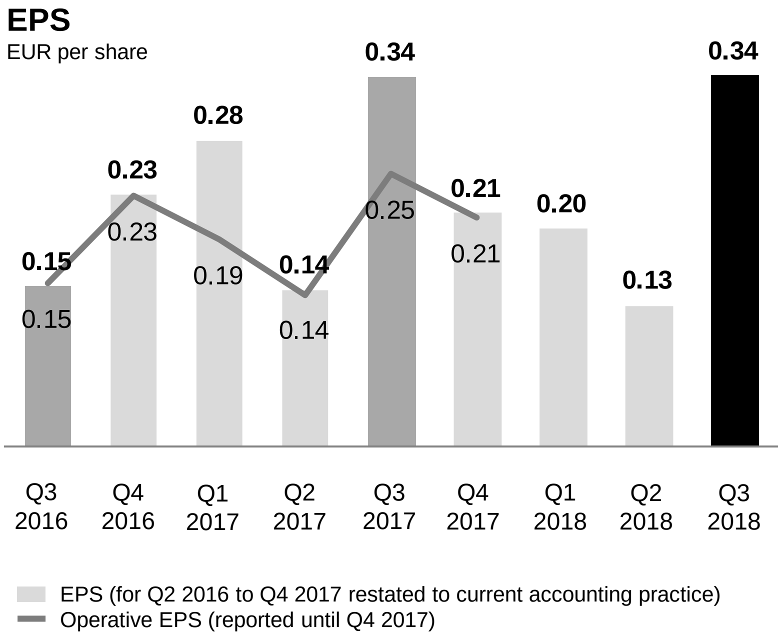
Other segment

- The Other segment contains the Group’s investment portfolio, the real estate unit, corporate headquarters and shared services
- Based on the new IFRS 9 standard that Fiskars adopted from January 1, 2018, Fiskars Group records the change in fair value of investments in other comprehensive income
- At the end of Q3 2018, Fiskars owned 32,645,343 shares in Wärtsilä, representing 5.52% of Wärtsilä’s share capital
- The shares in Wärtsilä were valued at EUR 548.1 million (651.8) at the end of the quarter

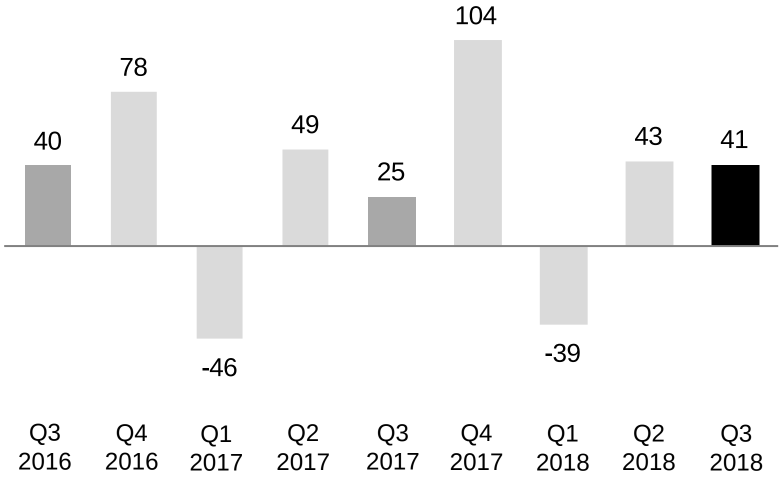
Earnings per share

- Prior to Q1 2018, Fiskars has reported earnings per share (EPS) and operative earnings per share
- In accordance with the IFRS 9 accounting principles, the change in fair value of investments has been moved to other comprehensive income
  - Therefore there is no need to separately report the operative earnings per share anymore
- Our new EPS **excludes** the change in fair value of investments and related deferred taxes, but **includes** dividends received from investments (i.e. Wärtsilä)
- Our previous operative earnings per share **excluded** all of these items

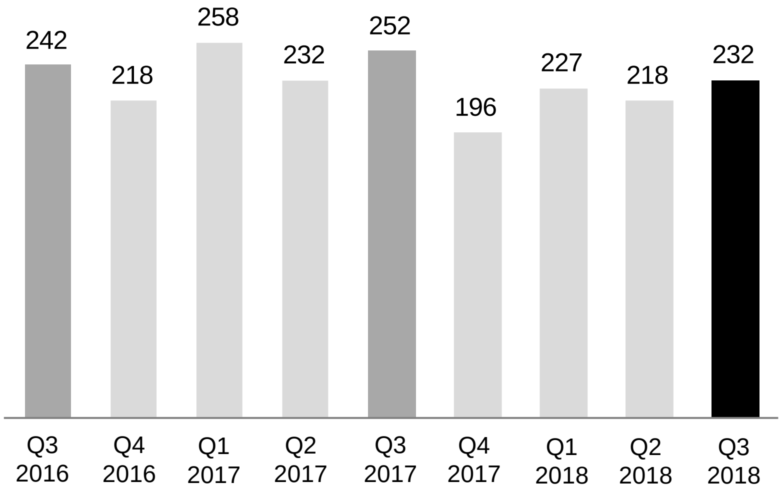


Improved working capital in Q3 2018

Cash flow from operating activities before financial items and taxes
EUR million



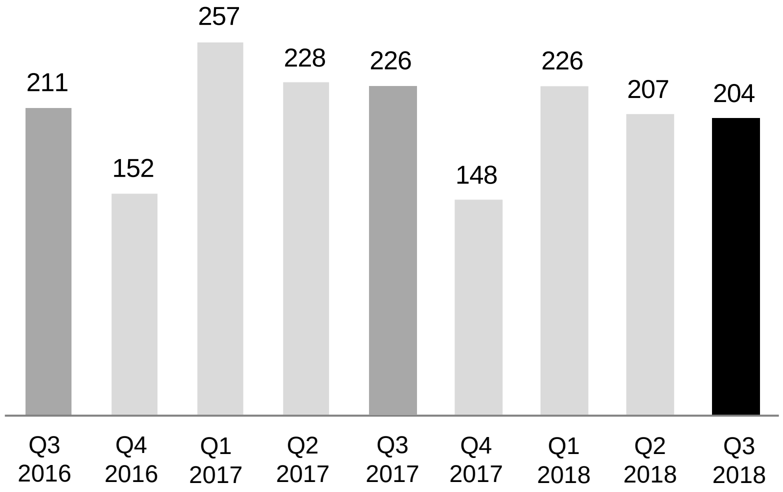
Working capital
EUR million



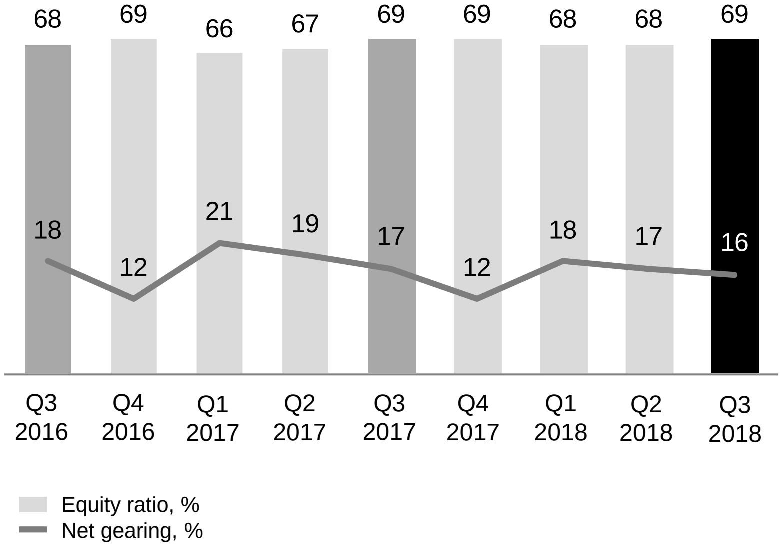
Net debt decreased in Q3 2018

Net debt

EUR million



Equity ratio and net gearing



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Outlook for 2018 unchanged

In 2018, Fiskars expects the Group's comparable net sales to be slightly below the previous year and comparable EBITA to increase from 2017. The fourth quarter of the year is significant both in terms of net sales and profitability.

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

Long-term financial targets

	LTM*	2017
GROWTH The average annual net sales growth to exceed 5%, through a combination of organic growth and targeted acquisitions	-7.2% YoY	-1.6% YoY
PROFITABILITY EBITA margin to exceed 10%	9.7%	9.5%
CAPITAL STRUCTURE Net gearing** below 100%		12%
DIVIDEND Fiskars aims to distribute a stable, over time increasing dividend, to be paid biannually		A total of EUR 0.72 per share, paid in two installments of EUR 0.36 per share. Nine years of base dividend growth.

*Last twelve months (Q4/2017-Q3/2018)

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

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