

FISKARS GROUP

# HALF YEAR 2016

August 2, 2016 - Helsinki, Finland



FISKARS

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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.
- Important factors that may cause such a difference for Fiskars include, but are not limited to: (i) the macroeconomic development and consumer confidence in the key markets, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions (iv) change in interest rate and foreign exchange rate levels and (v) internal operating factors.
- This presentation does not imply that Fiskars has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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# Key takeaways

- Our business portfolio today is clearly different from a year ago
- At constant currency rates and excluding the positive impact in Q2 2015 of the divested businesses, our adjusted operating profit would have increased in Q2 2016
- We took steps in the transformation process, which is proceeding according to plan
- Our outlook for the full-year 2016 remains unchanged

# Fiskars Group in Q2/2016

Net sales increased – operating profit declined due to changes in seasonality of the business portfolio

Net sales

MEUR 293.5  
+16%

Adjusted EBIT

MEUR 17.3  
-17%

Cash flow from  
operating activities\*

MEUR 39.1  
(Q1/2015: 32.5)

Comparable net sales

-1.6%

Operative EPS\*\*  
EUR 0.08 (0.15)

EPS  
EUR -0.26 (0.17)

\* Cash flow from operating activities before financial items and taxes

\*\* 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

# Operating profit declined due to changes in seasonality of the business portfolio

- Due to seasonality, the majority of the operating profit in the Living business is delivered during the second half of the year, whereas in the divested businesses all of the profits were delivered during the first half of the year
- At constant currency rates and excluding the positive impact in Q2 2015 of the divested businesses, the adjusted operating profit would have increased



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# Net sales and profitability improved in Europe supported by the Functional Business



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# English & Crystal Living net sales increased from the comparison period



# Conversion rate and average shopping basket size increased in own retail, despite slower traffic in stores





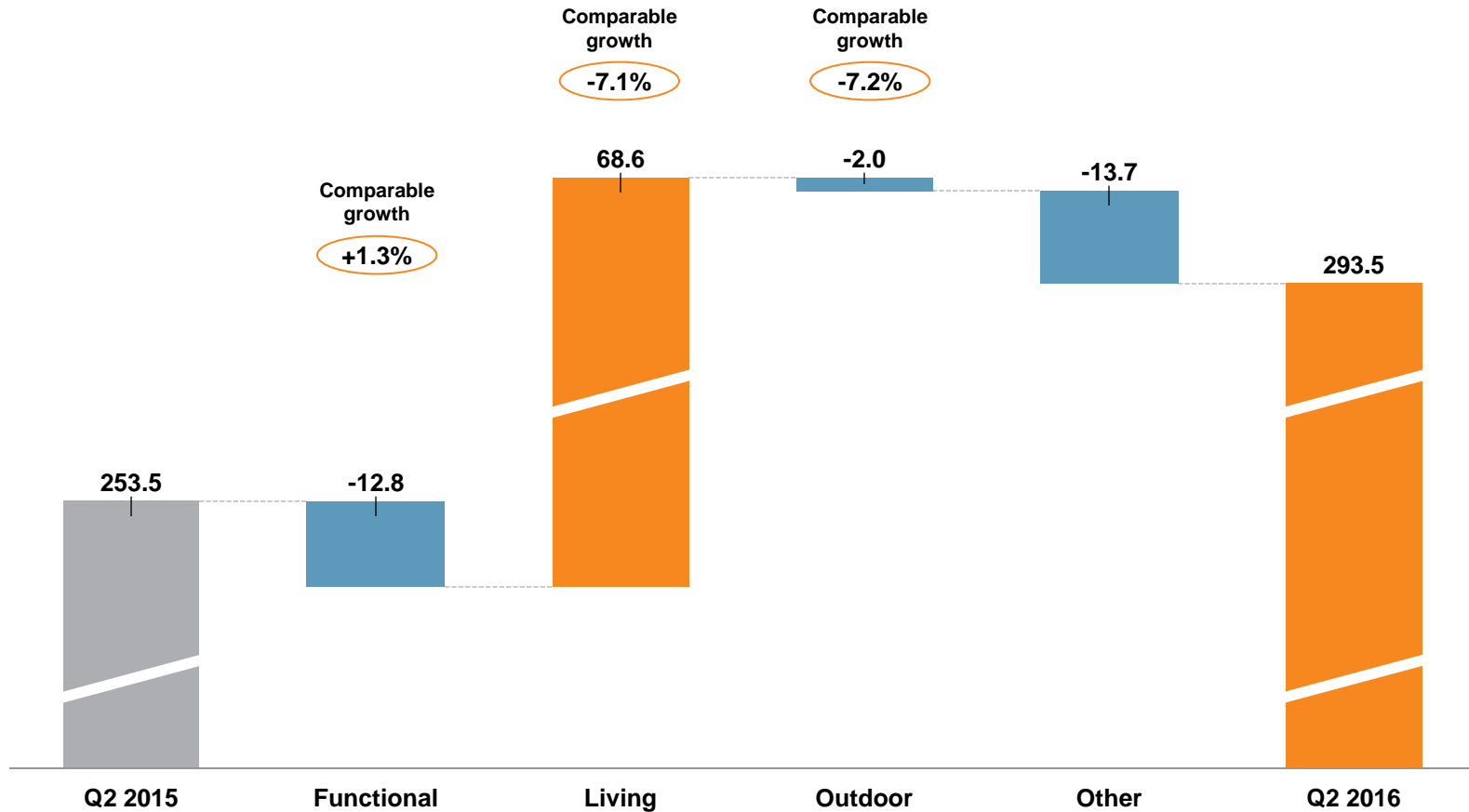
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# littala brand successfully launched in Australia



# Net sales bridge Q2/2016

MEUR



# Fiskars transformation continued in Q2/2016



- Fiskars is transforming into a global integrated, branded consumer goods company
- During the second quarter we streamlined our manufacturing and distribution footprint
- As the trade continues to consolidate the supplier base, Fiskars is well positioned to serve our customers' needs and to create value for them on a global scale



# Q2 2016

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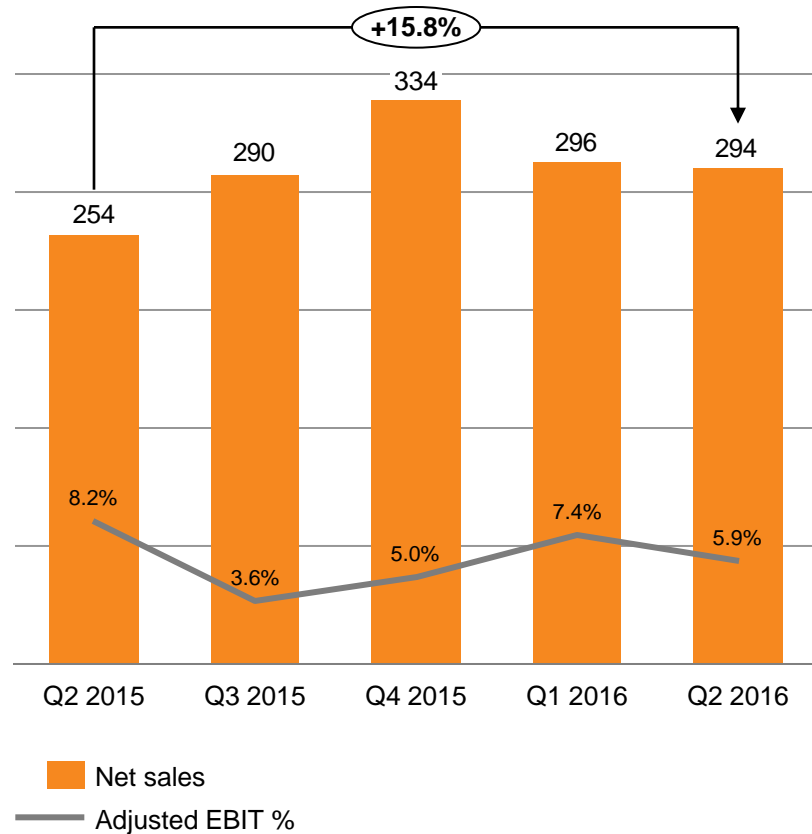
Reporting  
segments and key  
figures

**FISKARS**

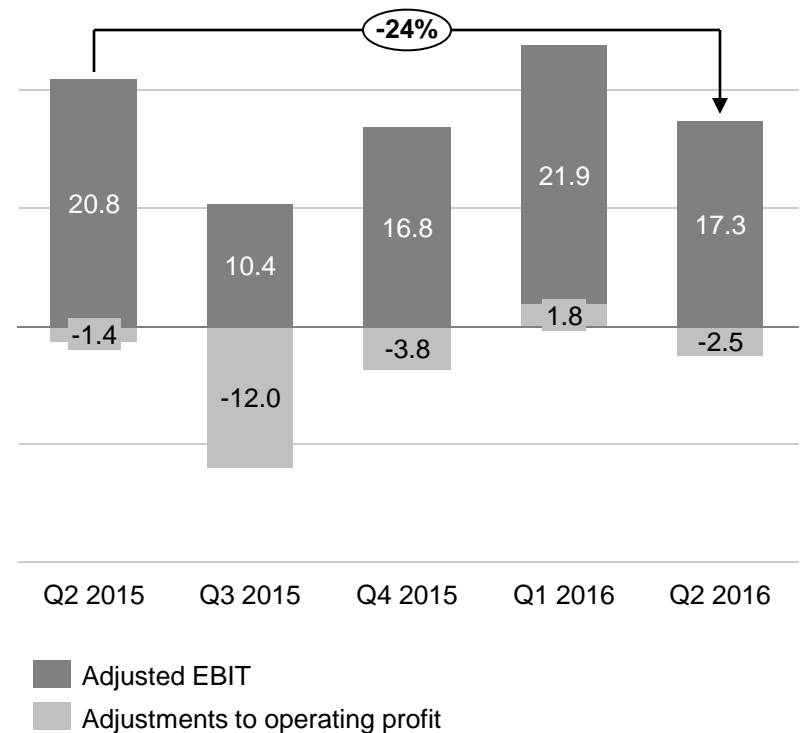
# Fiskars Group in Q2/2016

Net sales increased – operating profit declined due to changes in seasonality of the business portfolio

Net sales and Adjusted EBIT %



Adjusted EBIT



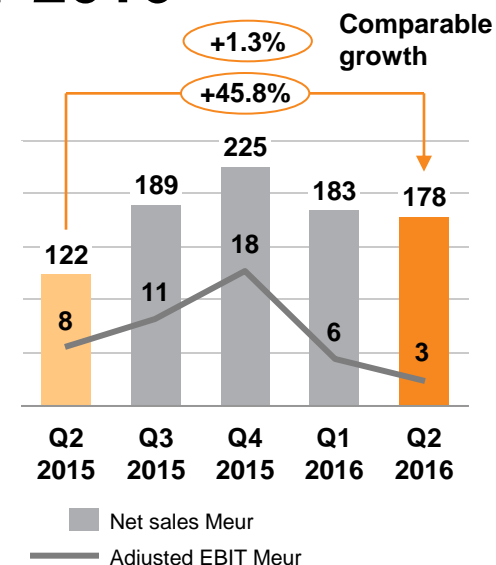
# Europe & Asia-Pacific in Q2 and half year 2016

| EUR million               | Q2 2016 | Q2 2015 | Change | Q1-Q2 2016 | Q1-Q2 2015 | Change | 2015  |
|---------------------------|---------|---------|--------|------------|------------|--------|-------|
| Net sales*                | 178.2   | 122.3   | 46%    | 361.5      | 249.7      | 45%    | 663.6 |
| Operating profit (EBIT)   | 2.1     | 7.6     | -72%   | 4.1        | 14.9       | -72%   | 34.9  |
| Adjusted operating profit | 3.1     | 7.8     | -60%   | 9.2        | 16.3       | -44%   | 45.3  |
| Capital expenditure       | 5.3     | 3.4     | 57%    | 10.5       | 6.5        | 63%    | 20.2  |
| Personnel (FTE), average  | 6,632   | 3,190   | 108%   | 6,657      | 3,239      | 106%   | 4,842 |

## Europe & Asia-Pacific Q2 highlights

- Net sales in the Europe & Asia-Pacific segment increased, supported by the acquired English & Crystal Living business
- Net sales and profitability improved in Europe, driven primarily by the Functional business and the good performance of the Fiskars brand in the garden category
- The Scandinavian Living business suffered from the challenging environment in Japan, especially in the distributor and wholesale channels
- Royal Copenhagen and Rörstrand brands demonstrated steady net sales in Europe
- Net sales of the Outdoor business increased slightly in the Europe & Asia-Pacific segment, driven by growth in the UK
- Decrease in adjusted operating profit primarily due to the typically seasonally weak English & Crystal Living business as well as the challenging business environment in Asia, partly offset by the increased operating profit in the Functional business in Europe

\* Using comparable exchange rates and excluding the acquired English & Crystal Living business net sales in the Europe & Asia-Pacific segment increased by 1.3% in Q2 2016



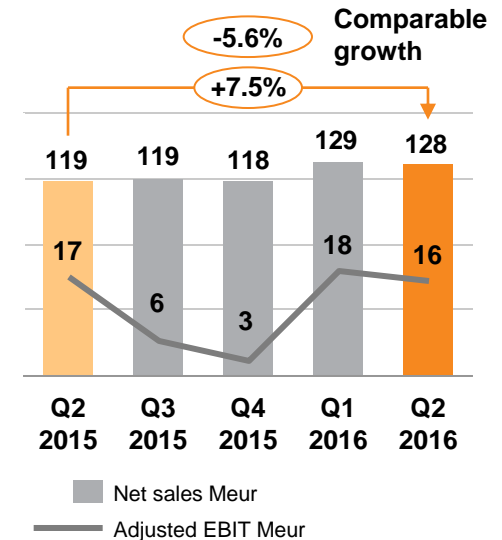
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# Americas in Q2 and half year 2016

| EUR million               | Q2 2016 | Q2 2015 | Change | Q1-Q2 2016 | Q1-Q2 2015 | Change | 2015  |
|---------------------------|---------|---------|--------|------------|------------|--------|-------|
| Net sales*                | 128.0   | 119.1   | 8%     | 256.9      | 214.1      | 20%    | 451.2 |
| Operating profit (EBIT)   | 15.7    | 15.8    | -0%    | 35.3       | 26.5       | 33%    | 28.1  |
| Adjusted operating profit | 16.0    | 17.0    | -6%    | 33.8       | 27.8       | 22%    | 36.1  |
| Capital expenditure       | 2.1     | 1.0     | 108%   | 3.7        | 1.4        | 153%   | 4.0   |
| Personnel (FTE), average  | 1,240   | 950     | 31%    | 1,244      | 973        | 28%    | 1,123 |

## Americas Q2 highlights

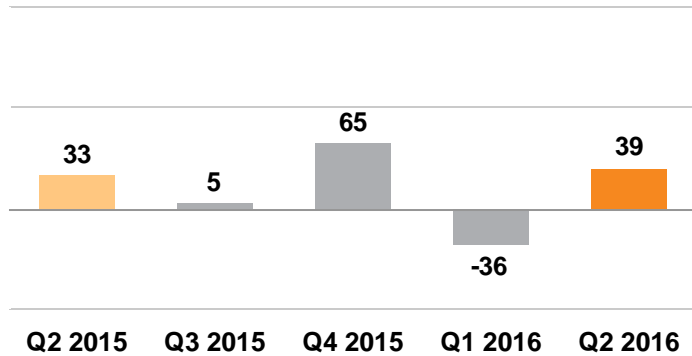
- Net sales in the segment increased, driven by the English & Crystal Living business and despite the divestment of the container gardening business
- After a strong first quarter, the net sales of the Functional business decreased in the Americas segment, impacted both by reduced sales in the Garden category due to weather conditions and a shift in sales between quarters in the School, Office and Craft categories
- Net sales in the watering category was in line with last year's levels, despite exits from certain unfavorable sales agreements, which led to improved profitability
- The English & Crystal Living sales increased from the comparison period, despite the changing retail environment, which continued to impact one of the main customers
- The Outdoor business suffered from weak consumer demand as the knife and tool category continued to decline
- Profitability of the Outdoor business developed favorably, driven by improved operational efficiency



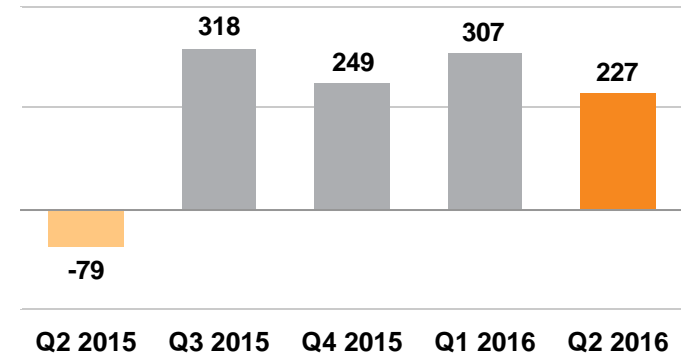
\* Using comparable exchange rates and excluding the acquired English & Crystal Living business and divested container gardening business net sales in the Americas decreased by 5.6% in Q2 2016

# Cash flow and debt Q2/2016

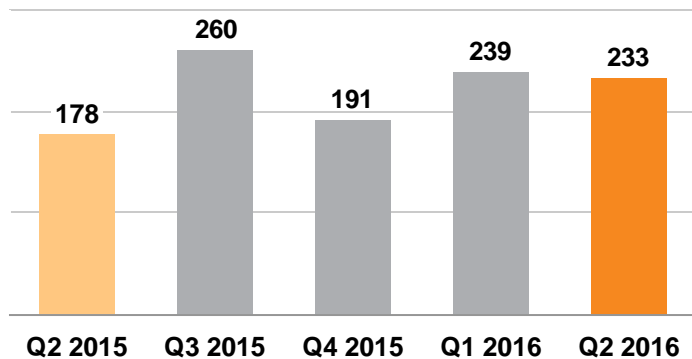
## Cash flow after change in net working capital



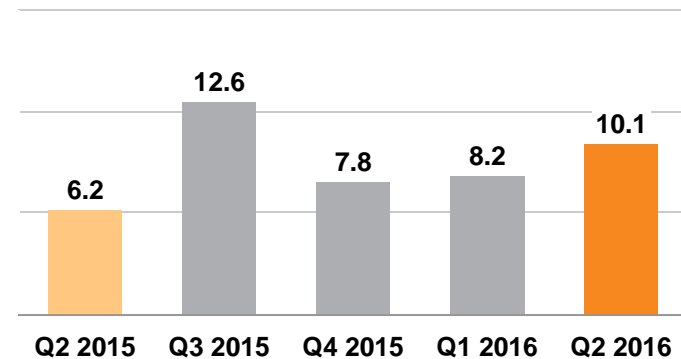
## Net debt



## Working capital



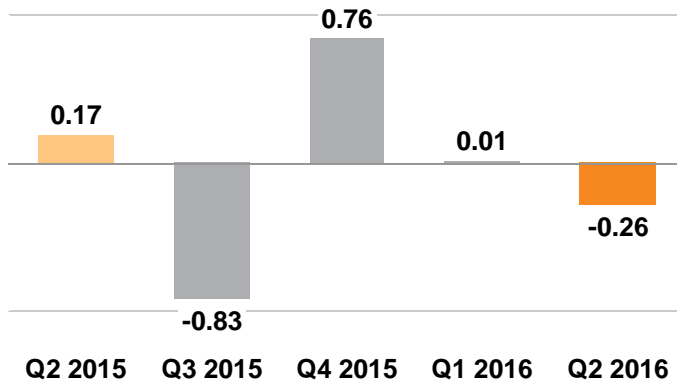
## Capex



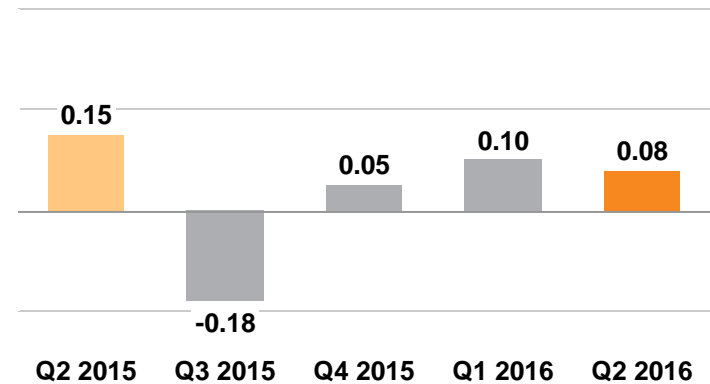


# Key ratios Q2/2016

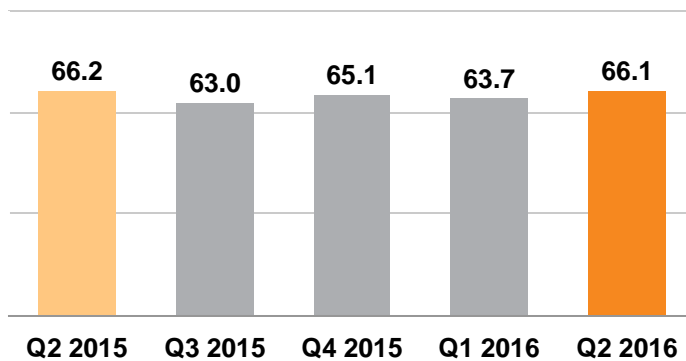
## EPS



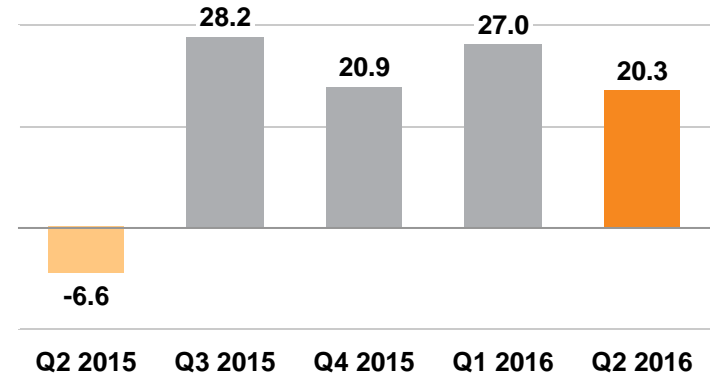
## Operative EPS



## Equity ratio %



## Gearing %



# Fiskars' investment portfolio

- During H1 2016, cash flow from investing activities was EUR 80.0 million, including:
  - Positive cash flow of EUR 61.7 million from the sale of investments in short term interest rate funds
  - EUR 25.8 million from the sale of non-current assets held for sale (295.4, including the positive cash flow of EUR 300.4 million from the sale of investments in short term interest rate funds)
- With the closing price of Wärtsilä shares being EUR 36.55 (42.02) at the end of June, the change in the market value of the company's holdings in Wärtsilä amounted to:
  - EUR -35.0 million (8.1) in the second quarter of 2016
  - EUR -60.9 million (49.2) in the first half of the year
- 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

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# Events after the reporting period

- In July 2016, Fiskars Corporation received a tax reassessment decision from the Finnish Large Taxpayer's office, which obliged the company to pay EUR 21.7 million additional tax as a result of a tax audit carried out in 2014
  - Fiskars will appeal the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office
  - Fiskars and its external advisors consider the decision unfounded and do not recognize the related taxes and other costs in the income statement
- The reassessment decision will have a negative effect of EUR 28.3 million on Fiskars' cash flow during the third quarter of 2016.

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# Outlook for 2016 remains unchanged

- Fiskars expects the Group's 2016 net sales and adjusted operating profit to increase from the previous year, despite the divestments, continued economic uncertainty – particularly in some of the company's key markets – and the increased costs due to unfavorable exchange rates in 2016.
  - The majority of the increase in net sales and adjusted operating profit is expected from the addition of the English & Crystal Living business, which is now a part of Fiskars for the full-year 2016
  - Due to seasonality, the majority of the operating profit in the Living business is delivered during the second half of the year, whereas in the divested businesses all of the profits were delivered during the first half of the year
- Fiskars continues to sharpen focus on its core businesses, build brand equity and bring innovative new products to the market, with the goal to accelerate profitable growth.
- The adjusted operating profit excludes restructuring costs, impairment charges, integration related costs, and profit impact from the sale of businesses

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