

# Q3

INTERIM REPORT  
JANUARY 1 –  
SEPTEMBER 30, 2012



## Fiskars' third quarter 2012: Solid performance, driven by the Americas

### Third quarter 2012 in brief:

- Net sales increased by 2% to EUR 168.0 million (Q3 2011: 165.3)
- At comparable currency rates, net sales decreased by 4%
- Operating profit (EBIT) was EUR 14.0 million (6.8)
- Operating profit (EBIT) excluding non-recurring items increased by 1% to EUR 13.2 million (13.1)
- Earnings per share were EUR 0.22 (0.17)
- Cash flow from operating activities was EUR 23.5 million (25.3)
- Outlook for 2012 unchanged: full-year net sales and operating profit excl. non-recurring items are expected to be at 2011 levels

### Fiskars President and CEO, Kari Kauniskangas:

"Fiskars' business continues to develop steadily despite challenging market conditions, particularly in Europe. Our American businesses showed their strength, and we continued to increase operational efficiency in EMEA. This enabled us to deliver a solid operating profit while the costs related to our five-year platform investment program in EMEA increased as anticipated. The program progressed according to plan.

Our key international brands perform well even during turbulent economic conditions and function as our engine of growth when entering new categories and markets. During the third quarter this could be seen in the promising commercial launch by our crafting business and in the headway made by the Outdoor business in building a strong international distribution network for Gerber's growth.

Further erosion of consumer or trade confidence could negatively impact sales in the holiday season, which is especially important for our Home products. It is also good to remember that during the last two winters the demand for snow tools has been exceptionally high."

### Group key figures

| EUR million                                    | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--|---------|---------|--------|------------|------------|--------|-------|
| Net sales                                      | 168.0   | 165.3   | 2%     | 557.5      | 555.2      | 0%     | 742.5 |
| Operating profit (EBIT)*                       | 14.0    | 6.8     | 106%   | 50.8       | 42.1       | 21%    | 52.8  |
| Operating profit excluding non-recurring items | 13.2    | 13.1    | 1%     | 50.0       | 48.4       | 3%     | 62.1  |
| Share of profit from associated company        | 9.8     | 7.5     | 29%    | 28.1       | 29.3       | -4%    | 42.7  |
| Change in the fair value of standing timber    | 0.7     | -0.1    |        | 1.0        | -0.9       |        | -1.0  |
| Profit before taxes**                          | 22.8    | 14.8    | 54%    | 163.4      | 138.3      | 18%    | 161.8 |
| Profit for the period**                        | 18.4    | 13.6    | 35%    | 147.1      | 129.7      | 13%    | 156.3 |
| Earnings per share, EUR***                     | 0.22    | 0.17    | 35%    | 1.79       | 1.58       | 13%    | 1.91  |
| Equity per share, EUR                          |         |         |        | 7.21       | 6.37       | 13%    | 6.77  |
| Cash flow from operating activities****        | 23.5    | 25.3    | -7%    | 56.4       | 65.5       | -14%   | 107.4 |
| Equity ratio, %                                |         |         |        | 64%        | 57%        |        | 59%   |
| Net gearing, %                                 |         |         |        | 17%        | 36%        |        | 27%   |
| Capital expenditure                            | 8.8     | 4.6     | 90%    | 21.2       | 14.9       | 42%    | 24.7  |
| Personnel (FTE), average                       | 3,371   | 3,463   | -3%    | 3,377      | 3,606      | -6%    | 3,545 |

\*Incl. non-recurring items: in Q3 2012 income of EUR 0.8 million from the release of a provision related to the sale of Silva, in Q4 2011 a fine of EUR 3 million, in Q3 2011 losses of EUR 5.3 million from the sale of Silva and EUR 1.1 million from product recalls

\*\*Including non-recurring profit from the sale of Wärtsilä shares of EUR 87.0 million in Q2 2012 and EUR 69.8 million in Q1 2011

\*\*\*Including EUR 1.06 from the sale of Wärtsilä shares in Q2 2012 and EUR 0.85 in Q1 2011

\*\*\*\*Including a Wärtsilä dividend of EUR 26.8 million in Q1 2012 (40.9)

### Further information:

- President and CEO Kari Kauniskangas, tel. +358 204 39 5500
- CFO Ilkka Pitkänen, tel. +358 204 39 5054

### News conference:

An analyst and press conference on the third quarter results will be held on November 1, 2012, at 10:00 am at the company's headquarters, Fiskars Campus, Hämeentie 135 A, Helsinki. Presentation material will be available at [www.fiskarsgroup.com](http://www.fiskarsgroup.com).

## FISKARS' INTERIM REPORT, JANUARY - SEPTEMBER 2012

### GROUP PERFORMANCE

#### Operating environment in Q3 2012

The overall economic climate continued to affect Fiskars' customers and consumers in Europe and market conditions remained challenging, especially in Southern Europe. Even though the situation in some markets was stable, the steady stream of worrying financial news impacted consumer behavior and spending was value-driven. The trade remained cautious, keeping tight control on inventory levels.

In the Americas, consumer sentiment improved amid a string of encouraging signs from the economy. Retail spending increased compared both to the previous quarter and the previous year. However, retailers were still monitoring their inventories carefully, and some garden retailers were still working down inventories from the season.

#### Net sales and operating profit

In the third quarter of 2012 Fiskars' consolidated net sales increased 2% and amounted to EUR 168.0 million (Q3 2011: EUR 165.3 million). Using comparable exchange rates, sales decreased by 4%. Sales in Europe decreased mainly because Garden sales did not reach the previous year's levels. Sales in the Americas increased, boosted by good development in the Garden and School, Office and Craft businesses, and with the strengthening of the US dollar further increasing sales reported in euro.

In the first nine months of 2012, Fiskars' net sales amounted to EUR 557.5 million (Q1-Q3 2011: EUR 555.2 million). Using comparable exchange rates, and excluding Silva in Q1-Q3 2011, comparable net sales decreased by 1%.

| Net sales, EUR million | Q3 2012 | Q3 2011 | Change | Change cn* | Q1-Q3 2012 | Q1-Q3 2011 | Change | Change cn* | 2011  |
|------------------------|---------|---------|--------|------------|------------|------------|--------|------------|-------|
| Group                  | 168.0   | 165.3   | 2%     | -4%        | 557.5      | 555.2      | 0%     | -3%        | 742.5 |
| EMEA                   | 108.0   | 113.7   | -5%    | -7%        | 369.0      | 385.2      | -4%    | -5%        | 516.8 |
| Americas               | 60.7    | 52.0    | 17%    | 3%         | 191.9      | 175.6      | 9%     | 0%         | 232.5 |

\*currency neutral

Net sales for EMEA (Europe, Middle East, and Asia-Pacific) between July and September totaled EUR 108.0 million (Q3 2011: 113.7). Net sales for the Americas totaled EUR 60.7 million (52.0).

In January - September, net sales for EMEA amounted to EUR 369.0 million (Q1-Q3 2011: 385.2) and net sales were EUR 191.9 million (175.6) for the Americas.

| Operating profit (EBIT), EUR million | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--------------------------------------|---------|---------|--------|------------|------------|--------|-------|
| Group                                | 14.0    | 6.8     | 106%   | 50.8       | 42.1       | 21%    | 52.8  |
| EMEA                                 | 8.9     | 4.6     | 94%    | 31.8       | 25.4       | 25%    | 33.7  |
| Americas                             | 8.0     | 4.5     | 78%    | 28.9       | 23.8       | 22%    | 30.5  |
| Other                                | -3.0    | -2.3    | 28%    | -9.8       | -7.1       | 39%    | -11.4 |

In the third quarter, the Group's operating profit excluding non-recurring items increased by 1% to EUR 13.2 million (Q3 2011: 13.1), boosted by good development in the Americas. During the reporting period the group recorded non-recurring income of EUR 0.8 million from the release of a provision related to the divestment of Silva, which took place in 2011. In Q3 2011, the group recorded a EUR 5.3 million non-recurring loss in EMEA related to the sale of Silva and a EUR 1.1 million non-recurring cost in the Americas related to a product recall.

Operational efficiency continued to improve in EMEA. Nonetheless, operating profit excluding non-recurring items for the period decreased 18% to EUR 8.1 million (9.9), mainly because the cost impact of the company's five-year platform investment program in EMEA was, as anticipated, higher than in 2011. Operating profit excluding non-recurring items for the Americas increased by 45% in the third quarter and amounted to EUR 8.0 million (5.5), driven by good sales development in the Garden and SOC businesses.

In January - September, the Group's operating profit excluding non-recurring items increased by 3% to EUR 50.0 million (Q1-Q3 2011: 48.4). EMEA recorded an operating profit of EUR 31.0 million for the period (30.7),

an increase of 1% excluding non-recurring items. Operating profit for the Americas increased by 16% excluding non-recurring items in 2011, amounting to EUR 28.9 million (24.8).

### Financial items and net result

Fiskars' share of profit from its associated company, Wärtsilä, during the third quarter was EUR 9.8 million (7.5), and EUR 28.1 million (29.3) in January - September. The change in the fair value of standing timber was EUR 0.7 million (-0.1) in July – September and EUR 1.0 million (-0.9) in January – September.

Third-quarter net financial items totaled EUR -1.6 million (0.6, including gains of EUR 2.9 million related to the fair value of currency derivatives). Profit before taxes was EUR 22.8 million (14.8). Earnings per share were EUR 0.22 (0.17).

During the first nine months, net financial costs totaled EUR -3.5 million (-2.0) and profit before taxes was EUR 163.4 million (138.3). In Q2 2012 Fiskars recorded a profit of EUR 87.0 from the sale of part of its shareholding in Wärtsilä (EUR 69.8 million in 2011). Earnings per share were EUR 1.79 (1.58) during the first nine months, of which 1.06 related to the sale of Wärtsilä shares in Q2 2012 (0.85 in Q2 2011).

### Cash flow, balance sheet, and financing

Third-quarter cash flow from operating activities was EUR 23.5 million (25.3), and it was positively affected by a EUR 5.4 million tax withholding on extra dividends. Cash flow from investing activities was EUR -8.9 million (0.9). Cash flow from financing activities was EUR -22.5 million (-26.5) in the third quarter, including EUR -61.4 million (0) of extra dividends paid, offset by a change in interest-bearing receivables of EUR 62.1 (0.7) million. In July 2011, Fiskars' wholly owned subsidiary, Avlis AB, divested its subsidiary Silva Sweden AB. The sale had a positive impact on cash flow from investment activities of approximately EUR 5.0 million during the third quarter of 2011.

In January – September, cash flow from operating activities was EUR 56.4 million (65.5), which included the first-quarter dividends paid by the associated company, Wärtsilä, totaling EUR 26.8 million (40.9) and a positive effect of EUR 5.4 million from tax withholding on Fiskars extra dividends during the third quarter. Cash flow from investing activities was EUR 106.1 million (100.6) during the first nine months, including proceeds from the sale of Wärtsilä shares totaling EUR 126.4 million (109.7). Cash flow from financing activities in January – September 2012 was EUR -164.0 million (-167.0).

Capital expenditure totaled EUR 8.8 million (4.6) in the third quarter. The investments were mainly related to the five-year platform investment program in EMEA, and the company also invested in new product development. Capital expenditure in January – September totaled EUR 21.2 million (14.9).

Depreciation was EUR 5.0 million (5.2) in the third quarter and EUR 16.0 million (16.0) in January – September.

Fiskars' working capital totaled EUR 96.4 million (111.6) at the end of September. The equity ratio increased to 64% (57%) and net gearing was 17% (36%).

Cash and cash equivalents at the end of the period totaled EUR 4.8 million (4.7). Net interest-bearing debt amounted to EUR 100.2 million (186.1). The decrease in net interest-bearing debt is mainly attributable to a decrease of EUR 82.3 million in short-term borrowing. Short-term borrowing totaled EUR 34.3 million (116.7) and long-term borrowing EUR 71.8 million (74.7) at the end of the period. Short-term borrowing mainly consists of commercial paper issued by Fiskars Corporation. In addition, Fiskars had EUR 455 million (455) in unused, committed long-term credit facilities with Nordic banks.

### Research and development

The Group's research and development expenditures totaled EUR 1.9 million (1.7) in the third quarter, corresponding to 1.1% (1.0%) of net sales. In January – September, research and development expenditures totaled EUR 5.5 million (6.2), equivalent to 1.0% (1.1%) of net sales. The decrease was due to the divestment of the Silva business in 2011.

## Personnel

The Group employed an average of 3,371 (3,463) full-time equivalent employees (FTEs) in the third quarter, of which 2,595 (2,719) are in EMEA, 558 (556) in the Americas, and 218 (188) in Other.

In January – September, the Group employed an average of 3,377 (3,606) full-time equivalent employees. At the end of September, the Group had a total of 3,495 employees (3,623) on the payroll, of whom 1,656 (1,687) were located in Finland.

| Personnel (FTE), average | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--------------------------|---------|---------|--------|------------|------------|--------|-------|
| Group                    | 3,371   | 3,463   | -3%    | 3,377      | 3,606      | -6%    | 3,545 |
| EMEA                     | 2,595   | 2,719   | -5%    | 2,618      | 2,862      | -9%    | 2,798 |
| Americas                 | 558     | 556     | 0%     | 552        | 566        | -2%    | 566   |
| Other                    | 218     | 188     | 16%    | 207        | 179        | 16%    | 180   |

## OPERATING SEGMENTS AND BUSINESS AREAS

Fiskars' operating segments are EMEA (Europe, Middle East, and Asia-Pacific), Americas, Wärtsilä (associated company), and Other (Real Estate, corporate headquarters, and shared services).

The company's business areas are Home (Living, Kitchen, and School, office, and craft), Garden, and Outdoor (outdoor equipment and boats).

### Business areas in Q3 2012

| Net sales, EUR million | Q3 2012 | Q3 2011 | Change | Change cn* | Q1-Q3 2012 | Q1-Q3 2011 | Change | Change cn* | 2011  |
|------------------------|---------|---------|--------|------------|------------|------------|--------|------------|-------|
| Home                   | 80.5    | 77.3    | 4%     | 0%         | 221.8      | 213.7      | 4%     | 1%         | 306.3 |
| Garden                 | 56.5    | 58.4    | -3%    | -8%        | 234.6      | 235.1      | 0%     | -3%        | 294.3 |
| Outdoor                | 30.1    | 28.6    | 5%     | -5%        | 98.0       | 103.3      | -5%    | -11%       | 137.8 |

\*currency neutral

### EMEA in Q3 2012

| EUR million              | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--------------------------|---------|---------|--------|------------|------------|--------|-------|
| Net sales                | 108.0   | 113.7   | -5%    | 369.0      | 385.2      | -4%    | 516.8 |
| Operating profit         | 8.9     | 4.6     | 94%    | 31.8       | 25.4       | 25%    | 33.7  |
| Capital expenditure      | 2.0     | 2.1     | -4%    | 5.5        | 9.4        | -42%   | 13.4  |
| Personnel (FTE), average | 2,595   | 2,719   | -5%    | 2,618      | 2,862      | -9%    | 2,798 |

Net sales in EMEA decreased 5%, totaling EUR 108.0 million (113.7), as Garden sales did not reach the previous year's levels.

Net sales for Home products were at 2011 levels, with continued good development in export sales. Successful product launches boosted sales in the Dining category.

Net sales in the Garden business decreased during the quarter. Sale of snow tools did not reach the previous year's high levels and rainy weather conditions affected demand for container gardening products. Other Garden & Yard Care categories developed well.

Outdoor net sales increased, as positive momentum in Gerber's sales offset a decrease in boat sales.

Operational efficiency in EMEA continued to improve. The segment recorded an operating profit of EUR 8.1 million excluding non-recurring items (9.9 excluding EUR 5.3 million non-recurring loss related to the sale of Silva), reflecting the increase in costs related to the five-year platform investment program in EMEA.

### Americas in Q3 2012

| EUR million              | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--------------------------|---------|---------|--------|------------|------------|--------|-------|
| Net sales                | 60.7    | 52.0    | 17%    | 191.9      | 175.6      | 9%     | 232.5 |
| Operating profit         | 8.0     | 4.5     | 78%    | 28.9       | 23.8       | 22%    | 30.5  |
| Capital expenditure      | 0.8     | 1.3     | -38%   | 2.8        | 2.8        | 0%     | 3.9   |
| Personnel (FTE), average | 558     | 556     | 0%     | 552        | 566        | -2%    | 566   |

Net sales in the Americas increased by 17% to EUR 60.7 million (52.0), boosted by good development in the Garden and School, Office and Craft businesses and the strengthening of the US dollar. Using comparable currency rates, sales increased by 3%.

The Garden business performed strongly, with positive development across key accounts. Overall, growth was led by wood preparation.

Net sales for school, office and craft (SOC) products continued on a good track, boosted by a successful entry into a new category and good back-to-school sales to key accounts.

Outdoor sales lagged behind 2011 levels due to a decrease in sales to institutional channels. Sales in commercial channels developed positively.

The segment's operating profit was EUR 8.0 million (5.5, excluding a EUR 1.1 million non-recurring cost related to a Garden product recall), boosted by an increase in volumes and the sales mix in the Garden and SOC businesses.

### Other in Q3 2012

| EUR million              | Q3 2012 | Q3 2011 | Change | Q1-Q3 2012 | Q1-Q3 2011 | Change | 2011  |
|--------------------------|---------|---------|--------|------------|------------|--------|-------|
| Net sales                | 1.4     | 1.6     | -8%    | 4.8        | 4.7        | 2%     | 6.2   |
| Operating profit         | -3.0    | -2.3    | 28%    | -9.8       | -7.1       | 39%    | -11.4 |
| Capital expenditure      | 6.0     | 1.3     | 362%   | 12.9       | 2.7        | 378%   | 7.5   |
| Personnel (FTE), average | 218     | 188     | 16%    | 207        | 179        | 16%    | 180   |

Fiskars' Other segment contains the Real Estate Unit, corporate headquarters and shared services.

Net sales were EUR 1.4 million (1.6) in the third quarter and EUR 4.8 million (4.7) in January - September, largely consisting of timber sales and rental income. The operating profit for the quarter was EUR -3.0 million (-2.3) and EUR -9.8 million (-7.1) for January- September.

### Wärtsilä

On April 24, 2012, Fiskars Group made an agreement with Investor AB to combine their interests to create a strong long-term owner for Wärtsilä. The legal merging of the interests of Fiskars Group and Investor AB will take place in due course, but the parties will act in concert concerning the Wärtsilä ownership as of the said date.

Fiskars' holding in Wärtsilä now amounts to 13.0% of the shares and votes (15.1%). At the end of September 2012, Fiskars Group and Investor AB together owned 42,948,325 shares or 21.77% of Wärtsilä's share capital and votes. Wärtsilä will continue to form one of Fiskars' reported operating segments and be treated as an associated company, as Fiskars considers that it continues to have a significant influence in Wärtsilä.

Fiskars' share of Wärtsilä's profit totaled EUR 9.8 million (7.5) during the third quarter and EUR 28.1 million (29.3) in January – September. At the end of the period, the market value of Fiskars' Wärtsilä shares was EUR 691.0 million (532.7) or EUR 8.44 (6.50) per Fiskars share, with a closing price of EUR 26.95 (17.91) per Wärtsilä share. The book value of these shares in the consolidated balance sheet was EUR 261.9 million (287.3).

### Share and shareholders

Fiskars Corporation has one series of shares (FIS1V). All shares carry one vote each and equal rights.

The total number of shares at the end of the period was 82,023,341, including 118,099 treasury shares. Treasury shares correspond to 0.14% of the company's shares and votes.

On August 2, 2012 Fiskars announced the Board of Directors' decision to acquire the company's own shares on the basis on the authorization given by the Annual General Meeting held on March 15, 2012. The authorization may be used to acquire shares to be used for the development of the capital structure of the company, as consideration in corporate acquisitions or industrial reorganizations and as part of the

company's incentive system and otherwise for further transfer, retention or cancellation. The maximum number of shares to be acquired is one million (1,000,000), corresponding to 1.2 % of the total number of shares. No shares were acquired during the reporting period. The share capital remained unchanged at EUR 77,510,200.

Shares are traded in the Large Cap segment of NASDAQ OMX Helsinki Ltd. The average share price during the quarter was EUR 15.46 (14.00). At the end of September, the closing price was EUR 14.96 (14.15) per share. Fiskars had a market capitalization of EUR 1,225.3 million (1,159.0), excluding treasury shares, as of the end of the quarter. The number of shares traded in January – September was 3.0 million (4.9), which is 3.6% (6.0%) of the total number of shares.

The total number of shareholders was 15,744 (14,914) as of the end of September. Fiskars was not informed of any significant change among its largest shareholders during the quarter.

### **Extraordinary general meeting 2012**

The Extraordinary General Meeting of shareholders of Fiskars Corporation on September 12, 2012 decided that an extra dividend of EUR 0.75 per share would be distributed to Fiskars' shareholders, totaling EUR 61.4 million. The dividend was paid on September 24, 2012.

### **Risks and business uncertainties**

Fiskars Corporation has detailed its overall business risks and risk management in its Annual Report for 2011 and on the company web site. The company does not consider any material changes to have taken place during the reporting period concerning the risks and market uncertainties presented in the Annual Report for 2011.

### **Changes in management and organization**

Fiskars Group's new Chief Financial Officer and member of the Executive Board, Ilkka Pitkänen, assumed his position at the beginning of September 2012, reporting to Fiskars' President and CEO, Kari Kauniskangas.

Fiskars' new sales organization for the EMEA region became effective on September 1, 2012. The new sales organization consists of two new sales regions, North and Central. Jakob Hägerström was appointed President, Sales Region North and Axel Goss was appointed President, Sales Region Central. Both report to Fiskars' President and CEO Kari Kauniskangas.

### **Outlook for 2012**

Fiskars' operating environment remained uncertain during the third quarter, and further economic and financial uncertainty could affect consumer and trade behavior adversely. Changes in demand, for Home products in particular, during the last quarter could affect the full-year results. In the Garden business, demand for snow tools has been exceptionally high over the last two winters.

Fiskars will continue implementing its integrated company strategy and the platform investment program in EMEA. The company will also continue investments in new product development and marketing in order to improve its product offerings and competitive position.

We expect full-year 2012 net sales and operating profit excluding non-recurring items to be at 2011 levels.

The associated company, Wärtsilä, will continue to have a major impact on Fiskars' profit and cash flow in 2012.

Helsinki, Finland, October 31, 2012

**FISKARS CORPORATION**  
Board of Directors

**CONSOLIDATED INCOME STATEMENT**

| M€  | 7-9<br>2012 | 7-9<br>2011 | Change<br>% | 1-9<br>2012  | 1-9<br>2011  | Change<br>% | 1-12<br>2011 |
|---|-------------|-------------|-------------|--------------|--------------|-------------|--------------|
| <b>Net sales</b>                          | 168.0       | 165.3       | 2           | 557.5        | 555.2        | 0           | 742.5        |
| Cost of goods sold                        | -105.6      | -109.5      | -4          | -354.3       | -363.3       | -2          | -483.3       |
| <b>Gross profit</b>                       | 62.4        | 55.8        | 12          | 203.1        | 192.0        | 6           | 259.2        |
| Other operating income                    | 1.0         | 0.3         | 225         | 1.7          | 1.3          | 33          | 2.2          |
| Sales and marketing expenses              | -29.9       | -28.1       | 6           | -93.9        | -93.6        | 0           | -126.3       |
| Administration expenses                   | -17.8       | -13.7       | 30          | -54.7        | -45.6        | 20          | -64.0        |
| Research and development costs            | -1.9        | -1.7        | 11          | -5.5         | -6.2         | -11         | -8.6         |
| Other operating expenses                  | 0.1         | -5.7        |             | 0.0          | -5.8         |             | -9.7         |
| <b>Operating profit (EBIT)</b>            | 14.0        | 6.8         | 106         | 50.8         | 42.1         | 21          | 52.8         |
| Change in fair value of biological assets | 0.7         | -0.1        |             | 1.0          | -0.9         |             | -1.0         |
| Share of profit from associate            | 9.8         | 7.5         | 29          | 28.1         | 29.3         | -4          | 42.7         |
| Gain on sale of associate shares          |             |             |             | 87.0         | 69.8         | 25          | 69.8         |
| Other financial income and expenses       | -1.6        | 0.6         |             | -3.5         | -2.0         | 77          | -2.4         |
| <b>Profit before taxes</b>                | 22.8        | 14.8        | 54          | 163.4        | 138.3        | 18          | 161.8        |
| Income taxes                              | -4.4        | -1.2        | 273         | -16.3        | -8.6         | 90          | -5.5         |
| <b>Profit for the period</b>              | <b>18.4</b> | <b>13.6</b> | <b>35</b>   | <b>147.1</b> | <b>129.7</b> | <b>13</b>   | <b>156.3</b> |

Earnings for owners of the Company per share, euro (basic and diluted)

|  |      |      |    |      |      |    |      |
|--|------|------|----|------|------|----|------|
|  | 0.22 | 0.17 | 35 | 1.79 | 1.58 | 13 | 1.91 |
|--|------|------|----|------|------|----|------|

**OTHER COMPREHENSIVE INCOME**

| M€  | 7-9<br>2012 | 7-9<br>2011 |  | 1-9<br>2012  | 1-9<br>2011  |  | 1-12<br>2011 |
|---|-------------|-------------|--|--------------|--------------|--|--------------|
| Profit for the period   | 18.4        | 13.6        |  | 147.1        | 129.7        |  | 156.3        |
| Translation differences   | -2.8        | 6.7         |  | 0.3          | -2.0         |  | 3.9          |
| transferred to income statement                                       |             | -0.5        |  |              | -0.5         |  | -0.5         |
| Change in associate recognized directly in other comprehensive income | 2.5         | -2.1        |  | 1.3          | -2.1         |  | -2.0         |
| transferred to income statement                                       |             |             |  | -0.1         | -0.4         |  | -0.4         |
| Cash flow hedges  | -0.3        | -0.6        |  | -0.8         | -0.4         |  | -0.5         |
| Defined benefit plan, actuarial gains (losses), net of tax            | 0.0         | 0.0         |  | 0.5          | 0.0          |  | -0.3         |
| Other comprehensive income for the period, net of tax, in total       | -0.6        | 3.6         |  | 1.2          | -5.4         |  | 0.2          |
| <b>Total comprehensive income for the period</b>                      | <b>17.8</b> | <b>17.2</b> |  | <b>148.2</b> | <b>124.3</b> |  | <b>156.6</b> |



**CONSOLIDATED BALANCE SHEET**

| M€   | 9/2012       | 9/2011       | Change<br>% | 12/2011      |
|--|--------------|--------------|-------------|--------------|
| <b>ASSETS</b>                                    |              |              |             |              |
| <b>Non-current assets</b>                        |              |              |             |              |
| Goodwill   | 88.8         | 88.2         | 1           | 88.6         |
| Other intangible assets                          | 134.7        | 118.8        | 13          | 125.2        |
| Property, plant & equipment                      | 90.6         | 95.0         | -5          | 94.4         |
| Biological assets                                | 36.6         | 35.8         | 2           | 35.6         |
| Investment property                              | 5.6          | 7.1          | -21         | 6.2          |
| Investments in associates                        | 261.9        | 287.3        | -9          | 300.8        |
| Financial assets                                 |              |              |             |              |
| Shares at fair value through profit and loss     | 9.7          | 6.7          | 46          | 8.9          |
| Other investments                                | 1.1          | 1.3          | -16         | 1.2          |
| Deferred tax assets                              | 28.0         | 18.6         | 51          | 27.0         |
| <b>Non-current assets total</b>                  | <b>657.2</b> | <b>658.8</b> | <b>0</b>    | <b>688.0</b> |
| <b>Current assets</b>                            |              |              |             |              |
| Inventories                                      | 132.1        | 126.7        | 4           | 118.3        |
| Trade and other receivables                      | 126.4        | 125.5        | 1           | 124.6        |
| Income tax receivables                           | 4.0          | 7.8          | -49         | 2.7          |
| Interest bearing receivables                     | 0.8          | 0.1          | 495         | 0.5          |
| Cash and cash equivalents                        | 4.8          | 4.7          | 3           | 6.1          |
| <b>Current assets, total</b>                     | <b>268.1</b> | <b>264.7</b> | <b>1</b>    | <b>252.2</b> |
| <b>Assets total</b>                              | <b>925.3</b> | <b>923.5</b> | <b>0</b>    | <b>940.2</b> |
| <b>EQUITY AND LIABILITIES</b>                    |              |              |             |              |
| Equity attributable to the owners of the Company | 590.4        | 522.1        | 13          | 554.3        |
| <b>Equity total</b>                              | <b>590.4</b> | <b>522.1</b> | <b>13</b>   | <b>554.3</b> |
| <b>Non-current liabilities</b>                   |              |              |             |              |
| Interest bearing debt                            | 71.8         | 74.7         | -4          | 75.4         |
| Other liabilities                                | 4.0          | 3.4          | 17          | 4.1          |
| Deferred tax liabilities                         | 45.7         | 43.8         | 4           | 45.0         |
| Pension liability                                | 6.1          | 7.9          | -22         | 8.2          |
| Provisions                                       | 4.2          | 4.9          | -15         | 5.6          |
| <b>Non-current liabilities total</b>             | <b>131.9</b> | <b>134.8</b> | <b>-2</b>   | <b>138.4</b> |
| <b>Current liabilities</b>                       |              |              |             |              |
| Interest bearing debt                            | 34.3         | 116.7        | -71         | 82.5         |
| Provisions                                       | 2.6          | 1.8          | 46          | 2.1          |
| Trade and other payables                         | 153.2        | 133.8        | 14          | 154.9        |
| Income tax payable                               | 12.9         | 14.5         | -11         | 8.0          |
| <b>Current liabilities total</b>                 | <b>203.0</b> | <b>266.7</b> | <b>-24</b>  | <b>247.5</b> |
| <b>Equity and liabilities total</b>              | <b>925.3</b> | <b>923.5</b> | <b>0</b>    | <b>940.2</b> |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

| <b>M€</b>  | 7-9<br>2012  | 7-9<br>2011  | 1-9<br>2012   | 1-9<br>2011   | 1-12<br>2011  |
|--|--------------|--------------|---------------|---------------|---------------|
| <b>Cash flow from operating activities</b>                           |              |              |               |               |               |
| Profit before taxes  | 22.8         | 14.8         | 163.4         | 138.3         | 161.8         |
| Adjustments for  |              |              |               |               |               |
| Depreciation   | 5.0          | 5.2          | 16.0          | 16.0          | 21.5          |
| Share of profit from associate                                       | -9.8         | -7.5         | -28.1         | -29.3         | -42.7         |
| Gain on sale of associated shares                                    |              |              | -87.0         | -69.8         | -69.8         |
| Investment income  | 0.0          | 5.6          | -0.2          | 5.5           | 5.5           |
| Financial items  | 1.6          | -0.6         | 3.5           | 2.0           | 2.3           |
| Change in fair value of biological assets                            | -0.7         | 0.1          | -1.0          | 0.9           | 1.0           |
| Change in provisions and other non-cash items                        | 0.1          | -2.2         | -0.6          | -4.0          | -3.0          |
| Cash flow before changes in working capital                          | 19.1         | 15.3         | 65.9          | 59.7          | 76.9          |
| Changes in working capital   |              |              |               |               |               |
| Change in current assets, non-interest bearing                       | 17.8         | 17.8         | 0.3           | -9.3          | -7.1          |
| Change in inventories  | -4.0         | 8.1          | -14.7         | -0.7          | 10.0          |
| Change in current liabilities, non-interest bearing                  | -3.2         | -10.0        | -4.8          | -8.1          | 9.9           |
| Cash flow from operating activities before financial items and taxes | 29.7         | 31.3         | 46.6          | 41.6          | 89.6          |
| Dividends from associate   |              |              | 26.8          | 40.9          | 40.9          |
| Financial costs paid (net)   | -1.0         | -1.8         | -3.7          | -4.8          | -5.9          |
| Taxes paid   | -5.1         | -4.2         | -13.3         | -12.2         | -17.2         |
| <b>Cash flow from operating activities (A)</b>                       | <b>23.5</b>  | <b>25.3</b>  | <b>56.4</b>   | <b>65.5</b>   | <b>107.4</b>  |
| <b>Cash flow from investing activities</b>                           |              |              |               |               |               |
| Acquisitions and investments in financial assets                     |              | 0.0          |               | -0.1          | -0.2          |
| Capital expenditure on fixed assets                                  | -9.0         | -4.5         | -21.0         | -14.8         | -24.4         |
| Proceeds from sale of fixed assets                                   | 0.1          | 0.2          | 0.9           | 0.4           | 0.6           |
| Sale of shares in associated   |              |              | 126.4         | 109.7         | 109.7         |
| Sale of shares in subsidiaries                                       |              | 5.0          |               | 5.0           | 6.3           |
| Cash flow from other investments                                     | 0.0          | 0.2          | -0.2          | 0.2           | 0.3           |
| <b>Cash flow from investing activities (B)</b>                       | <b>-8.9</b>  | <b>0.9</b>   | <b>106.1</b>  | <b>100.6</b>  | <b>92.3</b>   |
| <b>Cash flow from financing activities</b>                           |              |              |               |               |               |
| Change in current receivables  | 62.1         | 0.7          | -0.3          | 0.0           | -0.4          |
| Borrowings of non-current debt                                       | 0.0          | 0.0          | 0.0           | 0.1           | 1.3           |
| Repayment of non-current debt  | -0.9         | 0.0          | -0.9          | 0.0           | -0.1          |
| Change in current debt   | -21.9        | -26.7        | -47.5         | -10.2         | -41.9         |
| Payment of financial lease liabilities                               | -0.4         | -0.4         | -3.1          | -1.1          | -2.5          |
| Cash flow from other financing items                                 | 0.0          | -0.1         | -0.2          | 0.0           | -0.1          |
| Dividends paid   | -61.4        |              | -112.2        | -155.6        | -155.6        |
| <b>Cash flow from financing activities (C)</b>                       | <b>-22.5</b> | <b>-26.5</b> | <b>-164.0</b> | <b>-167.0</b> | <b>-199.5</b> |
| <b>Change in cash (A+B+C)</b>  | <b>-7.9</b>  | <b>-0.4</b>  | <b>-1.4</b>   | <b>-1.0</b>   | <b>0.3</b>    |
| Cash at beginning of period  | 12.6         | 5.0          | 6.1           | 5.8           | 5.8           |
| Translation difference   | 0.0          | 0.0          | 0.1           | -0.2          | 0.0           |
| Cash at end of period  | 4.8          | 4.7          | 4.8           | 4.7           | 6.1           |

**STATEMENT OF CHANGES IN CONSOLIDATED EQUITY**

| M€  | Share capital | Treasury shares | Cumul. transl.diff. | Retained earnings | Total        |
|---|---------------|-----------------|---------------------|-------------------|--------------|
| <b>31 Dec, 2010</b>                       | <b>77.5</b>   | <b>-0.8</b>     | <b>-0.3</b>         | <b>477.1</b>      | <b>553.5</b> |
| Total comprehensive income for the period |               |                 | -4.0                | 128.3             | 124.3        |
| Increase of treasury shares               |               | -0.1            |                     |                   | -0.1         |
| Dividends paid                            |               |                 |                     | -155.6            | -155.6       |
| <b>30 Sep, 2011</b>                       | <b>77.5</b>   | <b>-0.9</b>     | <b>-4.3</b>         | <b>449.8</b>      | <b>522.1</b> |
| Total comprehensive income for the period |               |                 | 6.4                 | 25.9              | 32.3         |
| <b>31 Dec, 2011</b>                       | <b>77.5</b>   | <b>-0.9</b>     | <b>2.0</b>          | <b>475.7</b>      | <b>554.3</b> |
| Total comprehensive income for the period |               |                 | 0.3                 | 147.9             | 148.2        |
| Dividends paid                            |               |                 |                     | -112.2            | -112.2       |
| <b>30 Sep, 2012</b>                       | <b>77.5</b>   | <b>-0.9</b>     | <b>2.3</b>          | <b>511.4</b>      | <b>590.4</b> |

**KEY FIGURES\***

|   | 9/2012 | 9/2011 | Change % | 12/2011 |
|---|--------|--------|----------|---------|
| Equity/share, euro  | 7.21   | 6.37   | 13       | 6.77    |
| Equity ratio  | 64%    | 57%    |          | 59%     |
| Net gearing   | 17%    | 36%    |          | 27%     |
| Net interest bearing debt, EUR million                                      | 100.2  | 186.1  | -46      | 150.8   |
| Personnel (FTE), average  | 3,377  | 3,606  | -6       | 3,545   |
| Personnel, end of period  | 3,495  | 3,623  | -4       | 3,574   |
| Number of shares outstanding end of period, in thousands**                  | 81,905 | 81,905 |          | 81,905  |
| Weighted average number of outstanding shares during period, in thousands** | 81,905 | 81,905 |          | 81,909  |

\*Please see the annual financial statements 2011 for the calculation of key figures.

\*\*Excluding treasury shares.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS****ACCOUNTING PRINCIPLES**

This interim financial statement bulletin 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. 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 new or amended IAS/IFRS standards and interpretations mandatory as of January 1, 2012. Of these the most important are:

- Amendments to IFRS 7 Financial Instruments: Disclosures
- Amendments to IAS 12 Income Taxes

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

**Use of estimates:**

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.

| <b>OPERATING SEGMENTS</b>                        | 7-9          | 7-9          | Change     | 1-9          | 1-9          | Change    | 1-12         |
|--|--------------|--------------|------------|--------------|--------------|-----------|--------------|
| <b>M€</b>  | 2012         | 2011         | %          | 2012         | 2011         | %         | 2011         |
| <b>Net sales</b>                                 |              |              |            |              |              |           |              |
| EMEA   | 108.0        | 113.7        | -5         | 369.0        | 385.2        | -4        | 516.8        |
| Americas   | 60.7         | 52.0         | 17         | 191.9        | 175.6        | 9         | 232.5        |
| Other  | 1.4          | 1.6          | -8         | 4.8          | 4.7          | 2         | 6.2          |
| Inter-segment sales*                             | -2.1         | -2.0         | 4          | -8.2         | -10.3        | -20       | -12.9        |
| <b>GROUP TOTAL</b>                               | <b>168.0</b> | <b>165.3</b> | <b>2</b>   | <b>557.5</b> | <b>555.2</b> | <b>0</b>  | <b>742.5</b> |
| <b>Operating profit (EBIT)</b>                   |              |              |            |              |              |           |              |
| EMEA   | 8.9          | 4.6          | 94         | 31.8         | 25.4         | 25        | 33.7         |
| Americas   | 8.0          | 4.5          | 78         | 28.9         | 23.8         | 22        | 30.5         |
| Other and eliminations                           | -3.0         | -2.3         | 28         | -9.8         | -7.1         | 39        | -11.4        |
| <b>GROUP TOTAL</b>                               | <b>14.0</b>  | <b>6.8</b>   | <b>106</b> | <b>50.8</b>  | <b>42.1</b>  | <b>21</b> | <b>52.8</b>  |
| <b>Depreciation, amortization and impairment</b> |              |              |            |              |              |           |              |
| EMEA   | 3.4          | 3.7          | -8         | 10.2         | 11.4         | -10       | 15.1         |
| Americas   | 1.0          | 1.0          | -2         | 4.0          | 3.2          | 23        | 4.5          |
| Other and eliminations                           | 0.6          | 0.4          | 48         | 1.7          | 1.3          | 29        | 1.9          |
| <b>GROUP TOTAL</b>                               | <b>5.0</b>   | <b>5.2</b>   | <b>-2</b>  | <b>16.0</b>  | <b>16.0</b>  | <b>0</b>  | <b>21.5</b>  |
| <b>Capital expenditure</b>                       |              |              |            |              |              |           |              |
| EMEA   | 2.0          | 2.1          | -4         | 5.5          | 9.4          | -42       | 13.4         |
| Americas   | 0.8          | 1.3          | -38        | 2.8          | 2.8          | 0         | 3.9          |
| Other and eliminations                           | 6.0          | 1.3          |            | 12.9         | 2.7          |           | 7.5          |
| <b>GROUP TOTAL</b>                               | <b>8.8</b>   | <b>4.6</b>   | <b>90</b>  | <b>21.2</b>  | <b>14.9</b>  | <b>42</b> | <b>24.7</b>  |
| <b>*Inter-segment sales</b>                      |              |              |            |              |              |           |              |
| EMEA   | -1.0         | -1.0         |            | -5.2         | -5.2         |           | -7.0         |
| Americas   | -0.5         | -0.5         |            | -1.3         | -3.4         |           | -3.8         |
| Other  | -0.5         | -0.5         |            | -1.6         | -1.6         |           | -2.1         |

**Order book**

Short delivery times are a prerequisite in Fiskars' operations. Therefore, the backlog of orders and changes in it are not of significant importance.

| <b>BUSINESS AREAS</b> | 7-9          | 7-9          | Change   | 1-9          | 1-9          | Change   | 1-12         |
|-----------------------|--------------|--------------|----------|--------------|--------------|----------|--------------|
| <b>M€</b>             | 2012         | 2011         | %        | 2012         | 2011         | %        | 2011         |
| <b>Net sales</b>      |              |              |          |              |              |          |              |
| Home                  | 80.5         | 77.3         | 4        | 221.8        | 213.7        | 4        | 306.3        |
| Garden                | 56.5         | 58.4         | -3       | 234.6        | 235.1        | 0        | 294.3        |
| Outdoor               | 30.1         | 28.6         | 5        | 98.0         | 103.3        | -5       | 137.8        |
| Other                 | 0.9          | 1.0          | -14      | 3.1          | 3.1          | 1        | 4.1          |
| <b>GROUP TOTAL</b>    | <b>168.0</b> | <b>165.3</b> | <b>2</b> | <b>557.5</b> | <b>555.2</b> | <b>0</b> | <b>742.5</b> |

| <b>INTANGIBLE AND TANGIBLE ASSETS</b>                                | 9/2012       | 9/2011       | 12/2011      |
|--|--------------|--------------|--------------|
| <b>M€</b>  |              |              |              |
| <b>Intangible assets and goodwill</b>                                |              |              |              |
| Book value, Jan. 1   | 213.8        | 214.0        | 214.0        |
| Currency translation adjustment                                      | 0.3          | -0.3         | -0.2         |
| Acquisitions and divestments   |              | -3.7         | -3.4         |
| Additions  | 12.6         | 0.7          | 5.0          |
| Amortization and impairment  | -3.3         | -4.0         | -4.6         |
| Decreases and transfers  | 0.2          | 0.3          | 3.1          |
| <b>Book value at end of period</b>                                   | <b>223.5</b> | <b>207.0</b> | <b>213.8</b> |
| Investment commitments for intangible assets                         | 3.1          | 1.1          | 1.2          |
| <b>Tangible assets and investment property</b>                       |              |              |              |
| Book value, Jan. 1   | 100.6        | 102.5        | 102.5        |
| Currency translation adjustment                                      | 0.6          | -0.8         | 0.0          |
| Acquisitions and divestments   |              | -0.8         | -0.9         |
| Additions  | 8.6          | 14.2         | 19.7         |
| Depreciation and impairment  | -12.7        | -12.2        | -16.8        |
| Decreases and transfers  | -1.0         | -0.8         | -3.9         |
| <b>Book value at end of period</b>                                   | <b>96.3</b>  | <b>102.1</b> | <b>100.6</b> |
| Investment commitments for property, plant and equipment             | 1.6          | 0.8          |              |
| <b>CONTINGENCIES AND PLEDGED ASSETS</b>                              |              |              |              |
| <b>M€</b>  |              |              |              |
| <b>As security for own commitments</b>                               |              |              |              |
| Lease commitments  | 43           | 46           | 46           |
| Other contingencies  | 2            | 2            | 2            |
| <b>Total</b>   | <b>45</b>    | <b>48</b>    | <b>48</b>    |
| <b>Guarantees as security for third-party commitments</b>            |              |              |              |
| The Group has no guarantees as security for third-party commitments. |              |              |              |
| <b>As security for subsidiaries' commitments</b>                     |              |              |              |
| Guarantees   | 14           | 11           | 13           |
| <b>Total</b>   | <b>59</b>    | <b>59</b>    | <b>61</b>    |

**Litigation**

Fiskars is involved in a number of legal actions, claims and other proceedings. The final outcome of these matters cannot be predicted. Taking into account all available information to date the outcome is not expected to have material impact on the financial position of the Group. The court case related to Iittala in the Market Court was closed in 2012.

**DERIVATIVES**

| M€   | 9/2012 | 9/2011 | 12/2011 |
|--|--------|--------|---------|
| <b>Nominal amounts of derivatives</b>                  |        |        |         |
| Forward exchange contracts                             | 210    | 234    | 208     |
| Interest rate swaps                                    | 33     | 23     | 23      |
| Electricity forward agreements                         | 3      | 3      | 2       |
| <b>Market value vs. nominal amounts of derivatives</b> |        |        |         |
| Forward exchange contracts                             | 0      | 1      | 1       |
| Interest rate swaps                                    | -2     | -1     | -1      |
| Electricity forward agreements                         | 0      | 0      | 0       |

Forward exchange contracts have been valued at market value.

**EXCHANGE RATE SENSITIVITY OF THE OPERATIONS**

Approximately 10% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant risks relate to the depreciation of SEK, NOK and CAD against USD and EUR. Foreign exchange risks are hedged primarily through the use of currency forwards and swaps. Change in valuation of currency derivatives is included in the income statement without applying hedge accounting.

| M€   | USD   | SEK  | NOK  | CAD  |
|--|-------|------|------|------|
| Operational currency position                | -27.8 | 20.7 | 14.8 | 6.3  |
| Exchange rate sensitivity of the operations* | 2.8   | -2.1 | -1.5 | -0.6 |

\*Illustrates the impact of 10% exchange rate depreciation on the Group's annual profit before taxes.

**RELATED PARTY TRANSACTIONS**

The dividend from Wärtsilä EUR 26.8 million is reported as Dividends from associate in the Consolidated Statement of Cash Flows. The dividend was received during the first quarter of 2012.

**ACQUISITIONS AND DIVESTMENTS****Sale of part of Wärtsilä shares**

On April 24, 2012, Fiskars Group agreed with Investor AB to join interests to create a strong long-term owner for Wärtsilä. The legal merging of Fiskars Group's and Investor AB's interests will take place in due course, but the parties will act in concert concerning the Wärtsilä ownership as of the said date.

As part of the agreement, Fiskars' subsidiary Avlis AB sold 2.08 percent of the shares in Wärtsilä to Investor at a price of EUR 30.90 per Wärtsilä share, totaling approximately EUR 126.8 million. Fiskars holding in Wärtsilä now amounts to 13.0% of the shares and votes (15.1). At the end of September 2012, Fiskars Group and Investor AB together owned 42,948,325 shares or 21.77% of Wärtsilä's share capital and votes. Wärtsilä will continue to form one of Fiskars' reported operating segments and to be treated as an associated company, as Fiskars considers that it continues to have a significant influence in Wärtsilä.

There have been no acquisitions in the reporting period.

The following acquisitions and divestments in 2011 have an impact on the comparability of the figures:

**Sale of part of Wärtsilä shares**

Fiskars wholly-owned subsidiary Avlis AB sold 1,974,320 Wärtsilä shares, corresponding to 11.7% of its Wärtsilä holding, worth EUR 110.6 million, mainly to international institutional investors during the first quarter of 2011. Fiskars Group recorded a profit of approximately EUR 69.8 million from the sale.

**Divestment of Silva Sweden AB shares**

Fiskars sold the shares of its subsidiary Silva Sweden AB in July 2011. Silva has been a part of Fiskars' Outdoor business area. Fiskars recorded a non-recurring sales loss of EUR 5.3 million in the third quarter results. The sale of the shares had a total positive impact on cash flow from investment activities of EUR 6.3 million.

