


Q3

INTERIM REPORT

January–September 2016

A photograph of two hikers standing on a dark, rocky ridge, looking out over a vast, hazy landscape with distant mountains. The hiker on the left wears a black cap and a blue backpack, while the hiker on the right wears a green cap and a red backpack.

INTERIM REPORT JANUARY–SEPTEMBER 2016: Improved operating profit and cash flow from operating activities

Third quarter 2016 in brief:

- Net sales decreased by 3% to EUR 280.8 million (Q3 2015: 289.7)
- Net sales increased by 0.2% on a comparable basis¹⁾
- Operating profit increased to EUR 20.1 million (-1.6)
- Adjusted operating profit²⁾ increased by 107% to EUR 21.6 million (10.4)
- Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in Q3 2015
- Cash flow from operating activities before financial items and taxes increased to EUR 40.3 million (4.9.)
- Earnings per share (EPS) were EUR 0.52 (-0.83). Operative earnings per share³⁾ amounted to EUR 0.15 (-0.18).
- Outlook for 2016 unchanged: Fiskars expects the Group's 2016 net sales and adjusted operating profit to increase from the previous year

January 1–September 30, 2016 in brief:

- Net sales increased by 13% to EUR 870.5 million (Q1–Q3 2015: 773.3)
- Net sales remained at the same level on a comparable basis⁴⁾
- Operating profit increased to EUR 58.6 million (33.5)
- Adjusted operating profit²⁾ increased by 26% to EUR 60.8 million (48.3)
- Cash flow from operating activities before financial items and taxes increased to EUR 43.2 million (-14.5)
- Earnings per share (EPS) were EUR 0.27 (0.28). Operative earnings per share³⁾ amounted to EUR 0.33 (0.12)

President and CEO, Fiskars, Kari Kauniskangas:

"Fiskars improved its operating profit and cash flow from operating activities during the third quarter of 2016. I was pleased to see the improvements, which are a result of our focus on core products and brands as well as operational efficiency.

The sales of the English & Crystal Living business increased, both in the Americas and Europe & Asia-Pacific segments, which was a solid achievement in a tough business environment. During the quarter, we introduced a partnership with Royal Doulton and the world renowned television host and entrepreneur Ellen DeGeneres. The partnership and the new tableware collection, which will be launched in select countries during Q4 and globally in Q1 2017, are expected to support Royal Doulton's brand awareness and brand positioning.

In the Functional business, we again saw record sales in the School, Office and Craft category in the Americas segment during the Back to School season. A new Fiskars-branded Hard Face cookware series was launched in the Nordic countries during the quarter, with a positive initial response from our customers and consumers.

We made progress in our transformation into an integrated consumer goods company with a family of iconic lifestyle brands. With the divestment of two non-core businesses in Europe and Americas, we further simplify our structure and increase our focus on core businesses and brands. We will continue the transformation and are determined to move fast to create value for our different stakeholders.

We are entering the gifting season during the fourth quarter, which is even more important for us now since the acquisition of the English & Crystal Living business. Fiskars is well prepared to succeed in the market place, add value for our customers, and provide great consumer experiences. Fiskars continues to place the consumer and our key brands – Fiskars, Gerber, Iittala, Royal Copenhagen, Waterford, and Wedgwood – firmly at the center of our actions. Building on our renewed mission to create a family of the most iconic lifestyle brands, Fiskars' vision is to create a positive, lasting impact on the quality of life we live – making the everyday extraordinary."

¹⁾ Using comparable exchange rates, excluding the divested boats business and the U.S. container gardening business

²⁾ Adjustments include items such as restructuring costs, impairment charges, integration related costs, and profit impact from the sale of businesses

³⁾ Operative earnings per share do not include net changes in the fair value of the investment portfolio and dividends received

⁴⁾ Using comparable exchange rates, excluding the divested boats business and the U.S. container gardening business and the acquired English & Crystal Living business in the first half of 2016

Group key figures

EUR million	Q3 2016	Q3 2015	Change	Q1–Q3 2016	Q1–Q3 2015	Change	2015
Net sales	280.8	289.7	-3%	870.5	773.3	13%	1,107.1
Operating profit (EBIT)	20.1	-1.6		58.6	33.5	75%	46.5
Adjustments to operating profit ¹⁾	-1.5	-12.0		-2.2	-14.8		-18.6
Adjusted operating profit	21.6	10.4	107%	60.8	48.3	26%	65.1
Adjusted EBITA	24.9	13.8	80%	70.8	55.7	27%	75.7
Net change in the fair value of investment portfolio	38.3	-67.2		-22.3	-16.6		56.1
Profit before taxes	55.9	-76.9		37.1	42.4	-12%	125.5
Profit for the period	43.0	-67.7		23.7	24.1	-2%	86.4
Operative earnings/share, EUR ²⁾	0.15	-0.18		0.33	0.12	185%	0.16
Earnings/share, EUR	0.52	-0.83		0.27	0.28	-3%	1.04
Equity per share, EUR				14.23	13.74	4%	14.54
Cash flow from operating activities before financial items and taxes	40.3	4.9	718%	43.2	-14.5		50.2
Equity ratio, %				68%	63%		65%
Net gearing, %				18%	28%		21%
Capital expenditure	9.6	12.6	-24%	28.0	24.5	14%	32.4
Personnel (FTE), average	7,943	8,237	-4%	8,022	5,777	39%	6,416

1) In Q3 2016, adjustments include a gain from the sale of Spring USA, provisions related to the divestment of the Ebetsankey container gardening business, costs related to the Supply Chain 2017 program and integration activities. In Q3 2015, mainly goodwill impairment related to the planned rationalization of a non-core product range in America and items related to the Supply Chain 2017 program.

2) Excluding net change in the fair value of the investment portfolio and dividends received. The comparison period has been restated to also exclude the exchange rate gains related to the investment portfolio

IMPACT OF NEW ESMA GUIDELINES

In accordance with the new guidelines on alternative performance measures issued by the European Securities and Markets Authority (ESMA) Fiskars Corporation has revised the terminology used in its financial reporting. Alternative Performance Measures (APM) are used to better reflect the operational business performance and to facilitate comparisons between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, the term “non-recurring items” (NRI) has been changed to the term “adjustments to operating profit”, however the definition remains the same. As before, adjustments are transactions that are not related to recurring business operations, such as restructuring costs, impairment charges, integration related costs, and profit impact from the sale of businesses. Correspondingly, “adjusted EBITA” is calculated from adjusted EBIT by adding back amortization. The adjustments are listed in a table on page 16 of this interim report. Fiskars also uses the APM “operative EPS”, which is earnings per share (EPS) excluding the effects of the dividends from and the change in the fair value of the investment portfolio.

Further information:

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Analysts and media conference:

An analysts and media conference will be held at 10 a.m. on November 2, 2016, at the company's headquarters, Fiskars Campus, Hämeentie 135 A, Helsinki. Presentation material will be available at www.fiskarsgroup.com.

INTERIM REPORT, JANUARY–SEPTEMBER 2016

GROUP PERFORMANCE

Net sales

Net sales, EUR million	Q3 2016	Q3 2015	Change	Comparable change*	Q1–Q3 2016	Q1–Q3 2015	Change	Comparable change**	2015
Group	280.8	289.7	-3%	0.2%	870.5	773.3	13%	0.0%	1,107.1
Europe & Asia-Pacific	177.5	188.6	-6%	-4.3%	539.0	438.2	23%	-0.9%	663.6
Americas	116.4	119.1	-2%	0.1%	373.3	333.3	12%	-1.6%	451.2
Other	1.6	6.1	-74%	6.5%	4.4	31.7	-86%	4.9%	40.5

* Using comparable exchange rates, excluding the divested boats business and the U.S. container gardening business

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

Fiskars Group net sales in Q3 2016

Fiskars Group's consolidated net sales decreased by 3% to EUR 280.8 million (Q3 2015: 289.7). Using comparable exchange rates and excluding the divested boats business and the U.S. container gardening business, net sales increased by 0.2%.

Fiskars Group net sales in January–September 2016

Fiskars Group's consolidated net sales increased by 13% to EUR 870.5 million (Q1–Q3 2015: 773.3). Using comparable exchange rates and excluding the divested boats business and the U.S. container gardening business, and additionally the acquired English & Crystal Living business in the first half of 2016, net sales remained at the same level.

Operating profit

Operating profit (EBIT), EUR million	Q3 2016	Q3 2015	Change	Q1–Q3 2016	Q1–Q3 2015	Change	2015
Group	20.1	-1.6		58.6	33.5	75%	46.5
Europe & Asia-Pacific	15.0	5.3	184%	19.1	20.2	-5%	34.9
Americas	7.6	-0.2		43.0	26.3	64%	28.1
Other and eliminations	-2.5	-6.7	-62%	-3.5	-13.0	-73%	-16.5

Fiskars Group operating profit in Q3 2016

Fiskars Group's third quarter operating profit totaled EUR 20.1 million (Q3 2015: -1.6). Adjustments to operating profit amounted to EUR -1.5 million (-12.0) during the third quarter, resulting in an adjusted operating profit of EUR 21.6 million (10.4). The adjustments included a gain from sale of Spring USA, provisions related to the divestment of the Ebertsankey container gardening business, costs related to the Supply Chain 2017 program and integration activities. Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in Q3 2015.

Operating profit for the Europe and Asia-Pacific segment totaled EUR 15.0 million (5.3). The adjusted operating profit for the segment increased by 1%, totaling EUR 11.5 million (11.4). Operating profit for the Americas segment increased, amounting to EUR 7.6 million (-0.2). The adjusted operating profit for the segment increased by 116%, totaling EUR 12.4 million (5.7), driven primarily by the English & Crystal Living business and operational efficiency in the Functional and Outdoor businesses.

Fiskars Group operating profit in January–September 2016

Fiskars Group's operating profit during the first nine months of the year totaled EUR 58.6 million (Q1–Q3 2015: 33.5). Adjustments to operating profit amounted to EUR -2.2 million (-14.8) during the first nine months of the year, resulting in an adjusted operating profit of EUR 60.8 million (48.3).

Operating profit for the Europe and Asia-Pacific segment during the first nine months of the year totaled EUR 19.1 million (20.2). The adjusted operating profit for the segment decreased by 26%, totaling EUR 20.6 million (27.7), impacted

primarily by the seasonality of the English & Crystal Living business during the first half of the year as well as the challenging business environment in Asia.

Operating profit for the Americas segment increased by 64%, amounting to EUR 43.0 million (26.3). The adjusted operating profit for the segment increased by 38%, totaling EUR 46.1 million (33.5), driven by all the businesses in the Americas segment.

REPORTING SEGMENTS AND BUSINESS UNITS

Fiskars Group's three reporting segments are Europe & Asia-Pacific, Americas, and Other, and the business is divided into three business units: Functional Products, Living Products, and Outdoor Products. Fiskars, Gilmour, and Leborgne brands belong to the Functional Products business unit. Iittala, Royal Copenhagen, Waterford, Wedgwood, Arabia, Rörstrand, Royal Albert, and Royal Doulton brands belong to the Living Products business unit. The Gerber brand belongs to the Outdoor Products business unit.

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

Business units in Q3 2016

Net sales, EUR million	Q3 2016	Q3 2015	Change	Comparable change*	Q1–Q3 2016	Q1–Q3 2015	Change	Comparable change**	2015
Functional Products	111.4	116.6	-5%	-1.2%	409.3	426.9	-4%	1.0%	524.5
Living Products	144.8	142.1	2%	2.7%	398.7	251.3	59%	0.8%	450.1
Outdoor Products	23.5	25.4	-7%	-7.2%	59.4	64.8	-8%	-8.5%	93.8

* Using comparable exchange rates and excluding the divested container gardening business in the U.S

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

Europe & Asia-Pacific segment

EUR million	Q3 2016	Q3 2015	Change	Q1–Q3 2016	Q1–Q3 2015	Change	2015
Net sales	177.5	188.6	-6%*	539.0	438.2	23%**	663.6
Operating profit (EBIT)	15.0	5.3	184%	19.1	20.2	-5%	34.9
Adjusted operating profit	11.5	11.4	1%	20.6	27.7	-26%	45.3
Capital expenditure	4.7	9.2	-49%	15.2	15.6	-2%	20.2
Personnel (FTE), average	6,557	6,576	-0%	6,624	4,351	52%	4,923

* Using comparable exchange rates net sales in the Europe & Asia-Pacific segment decreased by 4.3% in Q3 2016

** Using comparable exchange rates and excluding the acquired English & Crystal Living business in the first half of 2016 net sales in the Europe & Asia-Pacific segment decreased by 0.9% in Q1–Q3 2016

Europe & Asia-Pacific in Q3 2016

The economic situation in Europe stayed in line with the previous quarter. Consumer confidence remained stable, with more optimistic views on the general economic situation while concerns about future unemployment increased. There were no strong indicators of sustainable economic recovery in Finland. The business environment in many of Fiskars' key markets in Asia remained tough during the quarter, with department stores continuing to face a downward trend and the weak consumer confidence persisting.

Net sales in the Europe & Asia-Pacific segment decreased during the third quarter of 2016 by 6% to EUR 177.5 million (Q3 2015: 188.6), impacted by the decrease in the Functional Products and Scandinavian Living businesses. Net sales decreased by 4.3% on a comparable basis. English & Crystal Living net sales increased in the Europe & Asia-Pacific segment from the previous year. Own retail net sales of the Scandinavian Living business increased in the Europe and Asia-Pacific segment, however net sales in the business suffered from a challenging environment in Japan, especially in the distributor and wholesale channels. Net sales of the Fiskars-branded products increased in the segment.

The adjusted operating profit for the segment remained on the same level as last year and amounted to EUR 11.5 million (11.4). Costs related to the acquisition of the English & Crystal Living business impacted the operating profit and the adjusted operating profit in Q3 2015.

Europe & Asia-Pacific in January–September 2016

Net sales in the Europe & Asia-Pacific segment increased during the first nine months of the year by 23% to EUR 539.0 million (Q1–Q3 2015: 438.2), primarily driven by the acquired English & Crystal Living business. Net sales decreased by 0.9% on a comparable basis.

The segment recorded an adjusted operating profit of EUR 20.6 million (27.7) during the first nine months of the year. The decrease was primarily due to the seasonality in the English & Crystal Living business during the first half of the year as well as the challenging business environment in key markets in Asia.

Americas segment

EUR million	Q3 2016	Q3 2015	Change	Q1–Q3 2016	Q1–Q3 2015	Change	2015
Net sales	116.4	119.1	-2%*	373.3	333.3	12%**	451.2
Operating profit (EBIT)	7.6	-0.2		43.0	26.3	64%	28.1
Adjusted operating profit	12.4	5.7	116%	46.1	33.5	38%	36.1
Capital expenditure	3.4	1.6	109%	7.0	3.1	130%	4.0
Personnel (FTE), average	1,216	1,318	-8%	1,235	1,088	13%	1,154

* Using comparable exchange rates and excluding the divested container gardening business net sales in the Americas increased by 0.1% in Q3 2016

** Using comparable exchange rates and excluding the divested container gardening business and the acquired English & Crystal Living business in the first half of 2016 net sales in the Americas decreased by 1.6% in Q1–Q3 2016

The Americas in Q3 2016

Consumers' assessment of the marketplace remained positive in the U.S. with favorable employment news, higher wages and increased consumer spending. The home improvement market in the D.I.Y. and professional categories continued to grow, while volumes decreased in the knife and tool category. Department stores continued to face challenges in the U.S.

Net sales in the Americas segment decreased by 2% to EUR 116.4 million (Q3 2015: 119.1) in the third quarter, primarily due to the divestment of the container gardening business. Net sales remained flat on a comparable basis, consisting of an increase in the English & Crystal Living business and in the School, Office and Craft and watering categories, offsetting the decline in the garden category and Outdoor business. English & Crystal Living sales increased from the previous year despite the tough retail environment, which continued to impact especially one of the main customers. The net sales in the Outdoor business declined due to weak demand in the knife and tool category.

The adjusted operating profit of the Americas segment increased to EUR 12.4 million (5.7), driven primarily by the English & Crystal Living business and the operational efficiency in the Functional and Outdoor businesses.

The Americas in January–September 2016

Net sales in the Americas segment increased during the first nine months of the year by 12% to EUR 373.3 million (Q1–Q3 2015: 333.3), supported primarily by the English & Crystal Living business. Net sales decreased by 1.6% on a comparable basis, impacted primarily by the decline in the Outdoor business and exits from certain unfavorable sales agreements in the watering category.

The segment recorded an adjusted operating profit of EUR 46.1 million (33.5), driven by all the businesses in the Americas segment.

Other segment

EUR million	Q3 2016	Q3 2015	Change	Q1–Q3 2016	Q1–Q3 2015	Change	2015
Net sales	1.6	6.1	-74%*	4.4	31.7	-86%*	40.5
Operating profit**	-2.5	-6.7	-62%	-3.5	-13.0	-73%	-16.5
Adjusted operating profit**	-2.3	-6.7	-66%	-6.0	-13.0	-54%	-16.3
Net change in fair value of investments valued at FVTPL***	38.3	-67.2		-22.3	-16.6		56.1
Investments at FVTPL***				436.0	452.3	-4%	520.0
Capital expenditure**	1.5	1.9	-18%	5.7	5.9	-3%	8.2
Personnel (FTE), average	169	343	-51%	163	338	-52%	339

* Using comparable exchange rates and excluding the divested boats business net sales increased by 6.5% in Q3 2016 and by 4.9% in Q1–Q3 2016

** Including eliminations between segments

*** FVTPL = Fair value through profit or loss

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

Other in Q3 2016

Net sales in the segment decreased to EUR 1.6 million (Q3 2015: 6.1) in the third quarter, and consisted of timber sales and rental income. The decrease was due to the sale of the boats business. The operating profit for the quarter was EUR -2.5 million (-6.7). The adjusted operating profit of the Other segment was EUR -2.3 million (-6.7). Costs related to the acquisition of the English & Crystal Living business burdened the operating profit and the adjusted operating profit in Q3 2015.

The net change in fair value of investments recorded in the profit and loss statement amounted to EUR 38.3 million (-67.2) during the third quarter.

Other in January–September 2016

Net sales in the segment decreased to EUR 4.4 million (Q1–Q3 2015: 31.7) in the first nine months of the year, and consisted of timber sales and rental income. The decrease is due to the sale of the boats business. The operating profit for the period was EUR -3.5 million (-13.0). The adjusted operating profit of the Other segment was EUR -6.0 million (-13.0). Costs related to the acquisition of the English & Crystal Living business burdened the operating profit and the adjusted operating profit in 2015.

At the end of the period, the market value of Fiskars' active investments was EUR 436.0 million (September 30, 2015: 452.3), consisting of shares in Wärsilä valued at EUR 436.0 million (381.1), with a closing price of EUR 40.07 (35.47) per Wärsilä share. Fiskars no longer has any investments in short-term interest rate funds (September 30, 2015: 71.2).

The net change in fair value of investments recorded in the profit and loss statement amounted to EUR -22.3 million (-16.6) during the first nine months of the year.

Research and development

The Group's research and development expenses totaled EUR 3.9 million (Q3 2015: 4.2) in the third quarter of 2016, equivalent to 1.4% (1.5%) of net sales. During the first nine months of the year, research and development expenses totaled EUR 13.1 million (Q1–Q3 2015: 12.4), equivalent to 1.5% (1.6%) of net sales.

To further enhance its strong portfolio of iconic products, Fiskars continues to innovate and leverage its innovations to drive brand differentiation. During the third quarter, Fiskars introduced the new Hard Face family, cookware series for tough use. The Fiskars Hard Face series features Hardtec Superior coating, with the most durable coating, resistant to metal utensils and dishwasher.

Fiskars' IsoCore™ tools were named a finalist for Fast Company's 2016 Innovation by Design Awards, honoring the most innovative and disruptive design solutions. Fiskars' line of IsoCore™ tools, which includes hammers, sledge hammers, a maul and a pick, features a patented design that absorbs vibration and shock, reducing the impact felt by the user.

Personnel

Personnel (FTE), average	Q3 2016	Q3 2015*	Change	Q1–Q3 2016	Q1–Q3 2015*	Change	2015
Group	7,943	8,237	-4%	8,022	5,777	39%	6,416
Europe & Asia-Pacific	6,557	6,576	-0%	6,624	4,351	52%	4,923
Americas	1,216	1,318	-8%	1,235	1,088	13%	1,154
Other	169	343	-51%	163	338	-52%	339

* The personnel figures for Q3 2015 and Q1–Q3 2015 have been restated to include the FTE figures for the English & Crystal Living for July 2015.

The average number of full-time equivalent employees (FTE) was 7,943 (Q3 2015: 8,237) in the third quarter. At the end of the quarter, the Group employed 8,551 (8,482) employees, of whom 1,199 (1,464) were in Finland.

Fiskars' transformation process

Fiskars is on a transformation journey to become an integrated consumer goods company with a family of iconic lifestyle brands. The company took several steps during the third quarter of 2016 to move this process forward.

Divestment of two businesses

In September 2016, Fiskars entered into an agreement to divest its European Ebertsankey container gardening business to Good(s) Factory BV, a member of the Elho Group, European market leader in synthetic pottery and related products. In addition, Fiskars sold Spring USA, the U.S.-based provider of foodservice equipment, to an affiliate of ShoreView Industries.

In the full year 2015, the net sales of Spring USA and Ebertsankey were in the aggregate EUR 26 million and operating profit EUR 3 million. The divestment of Spring USA generated a positive effect on cash flow during the third quarter of 2016. The divestment of Ebertsankey is expected to be completed during the Q4 2016. The divestments are not expected to have a significant impact on Fiskars' financial position or results during 2016.

Supply Chain 2017 program

During the third quarter of 2015 Fiskars announced a restructuring program to optimize its global supply chain network in Europe and Asia. The Supply Chain 2017 program aims to improve the competitiveness of Fiskars' manufacturing operations and distribution network.

The total costs of the program are approximately EUR 20 million between 2015 and 2017. They are reported as adjustments to operating profit, of which EUR 1.1 million was recorded in Europe during Q3 2016. The targeted annual cost savings are approximately EUR 8 million, subject to the full implementation of the program. The targeted cost savings will be achieved gradually, and the majority of the savings are expected to materialize in the Group's results after the program has been completed. The program is expected to be completed by the end of 2017.

With the partner-operated Central European distribution center in the Netherlands, Fiskars is creating a shared platform to drive quality and efficiency, and to support growth initiatives. In July 2016, Fiskars started deliveries from the new distribution center, where the regional distribution center operations had been transferred from Germany. The transfer will simplify operations, increase flexibility and improve product availability across European markets. Fiskars is in the process of transferring the logistics of Fiskars-branded products in France to the Netherlands and plans to transfer the logistics of Fiskars-branded products from the UK, Poland and Hungary to the Netherlands as well.

Investment program in Europe

In December 2010, Fiskars launched an investment program to create competitive structures, systems, and processes in Europe, including a new, shared Enterprise Resource Planning (ERP) system. The costs and investment related to the program are estimated at EUR 65 million, of which approximately EUR 63 million had been recorded by the end of September 2016.

At the moment approximately 84% of the business volume targeted by the program is running through common systems and processes. The program is expected to be completed by the end of 2016. The program is proceeding according to plan.

Financial items and net result

Financial items and net result in Q3 2016 and January–September 2016

Shares in Wärtsilä Corporation are treated as financial assets at fair value through profit or loss, which increases the volatility of Fiskars' net results.

At the end of Q3 2016, Fiskars owned 10,881,781 shares in Wärtsilä, representing 5.52% of Wärtsilä's share capital. During the third quarter of 2016, the number of shares in Wärtsilä did not change from the previous quarter.

The net change in the fair value of investments through profit or loss amounted to EUR 38.3 million (Q3 2015: -67.2) during the third quarter of 2016 and to EUR -22.3 million (Q1–Q3 2015: -16.6) during the first nine months of the year, consisting mainly of Fiskars' holdings in Wärtsilä.

Other financial income and expenses amounted to EUR -2.3 million (-7.2) in the third quarter of 2016 and to EUR 1.7 million (26.1) in the first nine months of 2016, including EUR 13.1 million (11.4) of dividends received on Wärtsilä shares and EUR -4.7 million (16.1) of foreign exchange differences.

Profit before taxes was EUR 55.9 million (-76.9) and income taxes were EUR -12.9 million (9.3) in the third quarter of 2016. During the third quarter, earnings per share were EUR 0.52 (-0.83) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.15 (-0.18).

Profit before taxes was EUR 37.1 million (42.4) and income taxes were EUR -13.5 million (-18.2) for the first nine months of the year. During the first nine months of the year earnings per share were EUR 0.27 (0.28) and operative earnings per share, excluding the net change in the fair value of the investment portfolio and dividends received were EUR 0.33 (0.12).

The comparison period figure for operative earnings per share has been restated to also exclude the exchange rate gains related to the investment portfolio.

Cash flow, balance sheet, and financing

Cash flow, balance sheet, and financing in Q3 2016 and January–September 2016

During the third quarter cash flow from operating activities before financial items and taxes amounted to EUR 40.3 million (Q3 2015: 4.9). Cash flow from operating activities amounted to EUR 10.2 million (-0.1), including the negative effect of EUR 28.3 million due to the tax reassessment decision in Finland announced in July 2016. Cash flow from investing activities was EUR 8.5 million (-305.9, including the acquisition of English & Crystal Living business with a cash flow effect of EUR -294.1 million). Cash flow from financing activities was EUR -41.3 million (-97.2).

During the first nine months of the year cash flow from operating activities before financial items and taxes amounted to EUR 43.2 million (Q1–Q3 2015: -14.5). Cash flow from operating activities amounted to EUR 12.0 million (-14.0), including the negative effect of EUR 28.3 million due to the tax reassessment decision in Finland announced in July 2016. Cash flow from investing activities was EUR 88.6 million (-10.5), including the positive cash flow of EUR 61.7 million from the sale of investments in short term interest rate funds and EUR 31.1 million from the sale of the container gardening business in the U.S., boats business and other non-current assets held for sale. Cash flow from financing activities was EUR -88.0 million (16.5).

Capital expenditure for the third quarter totaled EUR 9.6 million (12.6), mainly relating to replacements, machinery and tooling for new product manufacturing and the company's five-year investment program in EMEA. Depreciation, amortization and impairment were EUR 9.1 million (18.2) in the third quarter. Depreciation, amortization and impairment in Q3 2015 included goodwill impairment related to the planned rationalization of a non-core product range in the Americas and impairment related to the Supply Chain 2017 program. Capital expenditure for the first nine months of the year totaled EUR 28.0 million (24.5) and depreciation, amortization, and impairment were EUR 27.3 million (31.8).

Fiskars' working capital totaled EUR 242.0 million (260.3) at the end of September. The decrease in working capital is due to the divestments and inventory optimization. The equity ratio increased to 68% (63%) and net gearing was 18% (28%).

Cash and cash equivalents at the end of the period totaled EUR 31.8 million (25.2). Net interest-bearing debt amounted to EUR 211.3 million (317.7). At the end of the period, the shares in Wärtsilä were valued at EUR 436.0 million (381.1), with a closing price of EUR 40.07 per Wärtsilä share (35.47).

Short-term borrowing totaled EUR 61.3 million (264.5) and long-term borrowing totaled EUR 183.1 million (83.0). Short-term borrowing mainly consisted of commercial papers issued by Fiskars Corporation. In addition, Fiskars had EUR 300.0 million (300.0) in unused, committed long-term credit facilities with Nordic banks.

Changes in organization and management

There were no significant changes in the management or in the organizational structure during the reporting period.

Shares and shareholders

Fiskars Corporation has one share series (FIS1V). All shares carry one vote and equal rights. The number of shares in the Corporation totals 81,905,242. Fiskars Corporation held 123,200 of its own shares at the end of the quarter. The share capital remained unchanged at EUR 77,510,200.

Fiskars shares are traded in the Large Cap segment of Nasdaq Helsinki. The average share price during the third quarter was EUR 17.41 (Q3 2015: 19.06). At the end of September, the closing price was EUR 17.53 (EUR 18.00) per share and Fiskars had a market capitalization of EUR 1,433.6 million (1,474.3). The number of shares traded in Nasdaq Helsinki and in alternative market places from January to September was 2.2 million (5.7), which represent 2.7% (6.9%) of the total number of shares.

The total number of shareholders was 18,548 (18,313) at the end of September.

Flagging notifications

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

Purchase of own shares

The Board of Directors decided on March 9, 2016 to commence acquiring the company's own shares on the basis of the authorization given by the Annual General Meeting, after which Fiskars Corporation started acquiring the shares. Fiskars held 123,200 of its own shares at the end of the third quarter.

Risks and business uncertainties

Fiskars' business, net sales and financial performance may be affected by several uncertainties. Fiskars Group has detailed the overall business risks and risk management in its Annual Report and on the company's website www.fiskarsgroup.com/investors.

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes. On July 6, 2016 Fiskars received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay EUR 21.7 million additional tax as a result of a tax audit carried out in 2014. The decision concerned intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years. Besides the re-assessed tax, the company was obliged to pay interest expenses of EUR 6.5 million and punitive tax increases of EUR 0.1 million. The reassessment decision had a negative effect of EUR 28.3 million on Fiskars' cash flow during the third quarter of 2016. Fiskars and its external advisors consider the decision unfounded and do not recognize the related taxes and other costs in the income statement. Fiskars will appeal the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office, and will continue the appeal process in court, if necessary. Possible appeal process in court may take years.

The UK's EU referendum (Brexit), held in June 2016, is likely to increase economic uncertainty and impact consumer confidence in the UK and other European countries. The short-term impact of Brexit on Fiskars Group financial performance is not expected to be material.

Otherwise, no new or changed material risks and uncertainty factors have been identified during the quarter.

Events after the reporting period

In October 2016, Fiskars announced that Matteo Gaeta, President, Asia-Pacific will step down from the Executive Board effective October 7, 2016. To ensure a smooth transition, he will stay with Fiskars until the end of the year.

Outlook for 2016

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.

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.

Helsinki, Finland, November 1, 2016

FISKARS CORPORATION

Board of Directors

CONSOLIDATED INCOME STATEMENT

EUR million	Q3 2016	Q3 2015	Change %	Q1-Q3 2016	Q1-Q3 2015	Change %	Q1-Q4 2015
Net sales	280.8	289.7	-3	870.5	773.3	13	1,107.1
Cost of goods sold	-168.0	-183.5	-8	-516.1	-482.6	7	-687.0
Gross profit	112.8	106.2	6	354.4	290.7	22	420.2
Other operating income	6.5	1.3	418	15.8	2.9	438	4.9
Sales and marketing expenses	-67.7	-66.3	2	-214.5	-160.0	34	-244.5
Administration expenses	-26.7	-31.7	-16	-81.8	-79.3	3	-106.5
Research and development costs	-3.9	-4.2	-7	-13.1	-12.4	6	-18.0
Other operating expenses	-0.9	-1.8	-53	-2.2	-3.5	-36	-4.6
Goodwill impairment		-5.0			-5.0		-5.0
Operating profit (EBIT)*	20.1	-1.6		58.6	33.5	75	46.5
Change in fair value of biological assets	-0.2	-0.9		-0.9	-0.6		-0.2
Investments at fair value through profit or loss - net change in fair value	38.3	-67.2		-22.3	-16.6		56.1
Other financial income and expenses	-2.3	-7.2		1.7	26.1		23.2
Profit before taxes	55.9	-76.9		37.1	42.4		125.5
Income taxes	-12.9	9.3		-13.5	-18.2		-39.2
Profit for the period	43.0	-67.7		23.7	24.1		86.4
Attributable to:							
Equity holders of the parent company	42.6	-68.1		22.5	23.2		85.1
Non-controlling interest	0.4	0.4		1.2	0.9		1.2
Earnings for equity holders of the parent company per share, euro (basic and diluted)	0.52	-0.83		0.27	0.28		1.04
*Adjusted operating profit (detailed in notes)	21.6	10.4	107	60.8	48.3	26	65.1

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q4 2015
Profit for the period	43.0	-67.7	23.7	24.1	86.4
Other comprehensive income for the period					
Items that may be reclassified subsequently to profit or loss					
Translation differences	3.1	0.3	11.4	5.6	11.6
Cash flow hedges	0.2	0.4	-0.5	0.0	-0.0
Items that will not be reclassified to profit or loss					
Defined benefit plan, actuarial gains (losses) net of tax	-0.6	0.1	-0.2	-0.1	-1.4
Other comprehensive income for the period net of tax total	2.6	0.7	10.7	5.5	10.2
Total comprehensive income for the period	45.6	-67.0	34.3	29.6	96.5
Attributable to:					
Equity holders of the parent company	45.3	-67.2	33.1	28.8	95.6
Non-controlling interest	0.4	0.3	1.2	0.8	0.9

CONSOLIDATED BALANCE SHEET

EUR million	Sep 30 2016	Sep 30 2015	Change %	Dec 31 2015
ASSETS				
Non-current assets				
Goodwill	226.4	229.5	-1	237.4
Other intangible assets	294.6	305.6	-4	303.2
Property, plant & equipment	158.4	164.0	-3	157.4
Biological assets	40.5	41.0	-1	41.4
Investment property	4.7	4.8	-3	4.9
Financial assets				
Financial assets at fair value through profit or loss	15.7	13.8	14	14.9
Other investments	10.3	7.1	46	7.0
Deferred tax assets	37.4	38.2	-2	37.7
Non-current assets total	788.1	804.0	-2	804.0
Current assets				
Inventories	228.4	253.7	-10	234.3
Trade and other receivables	189.9	230.4	-18	211.0
Income tax receivables	31.9	9.2	248	2.8
Interest-bearing receivables	0.0	4.1	-99	0.0
Investments at fair value through profit or loss	436.0	452.3	-4	520.0
Cash and cash equivalents	31.8	25.2	26	19.7
Current assets total	918.1	974.9	-6	987.9
Non-current assets held for sale	2.3	13.5		41.4
Assets total	1,708.4	1,792.3	-5	1,833.3
EQUITY AND LIABILITIES				
Equity				
Equity attributable to the equity holders of the parent company	1,163.9	1,125.0	3	1,190.8
Non-controlling interest	1.8	3.4	-48	3.3
Equity total	1,165.7	1,128.4	3	1,194.0
Non-current liabilities				
Interest-bearing liabilities	183.1	83.0	121	182.9
Other liabilities	9.5	14.8	-36	10.7
Deferred tax liabilities	47.7	47.4	1	50.0
Pension liability	14.2	6.8	109	13.9
Provisions	8.1	5.1	60	4.6
Non-current liabilities total	262.6	157.0	67	262.0
Current liabilities				
Interest-bearing liabilities	61.3	264.5	-77	86.7
Trade and other payables	198.4	223.9	-11	237.4
Income tax liabilities	9.8	9.1	8	20.3
Provisions	10.7	6.5	65	10.5
Current liabilities total	280.2	503.9	-44	354.7
Liabilities directly associated with the non-current assets held for sale		3.0		22.5
Equity and liabilities total	1,708.4	1,792.3	-5	1,833.3

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Q3 2016	Q3 2015	Q1-Q3 2016	Q1-Q3 2015	Q1-Q4 2015
Cash flow from operating activities					
Profit before taxes	55.9	-76.9	37.1	42.4	125.5
Adjustments for					
Depreciation, amortization and impairment	9.1	18.2	27.3	31.8	42.8
Gain/loss on sale and loss on scrap of non-current assets	-6.3	-0.6	-10.6	-1.1	-2.7
Investments at fair value through profit or loss - net change in fair value	-38.3	67.2	22.3	16.6	-56.1
Other financial items	2.3	7.2	-1.7	-26.1	-23.2
Change in fair value of biological assets	0.2	0.9	0.9	0.6	0.2
Change in provisions and other non-cash items	-0.9	4.5	-11.6	2.2	14.5
Cash flow before changes in working capital	21.9	20.5	63.8	66.4	101.2
Changes in working capital					
Change in current assets, non-interest-bearing	13.2	11.8	14.2	-38.7	-22.1
Change in inventories	8.5	-3.4	7.6	8.0	16.4
Change in current liabilities, non-interest-bearing	-3.3	-24.0	-42.4	-50.3	-45.3
Cash flow from operating activities before financial items and taxes	40.3	4.9	43.2	-14.5	50.2
Financial income received and costs paid	3.5	0.1	22.4	16.9	15.4
Taxes paid	-33.6	-5.1	-53.6	-16.4	-18.0
Cash flow from operating activities (A)	10.2	-0.1	12.0	-14.0	47.6
Cash flow from investing activities					
Acquisition of subsidiaries		-294.1		-294.1	-289.4
Investments in financial assets	0.3	-31.1	-3.2	-36.8	-41.8
Capital expenditure on fixed assets	-9.6	-12.6	-28.0	-24.5	-32.4
Proceeds from sale of fixed assets	0.6	0.7	1.8	1.3	4.0
Proceeds from sale of non-current assets held for sale	5.3		31.1		
Proceeds from sale of subsidiary shares	12.0		12.0		
Proceeds from sale of investments at fair value through profit or loss	0.0	30.1	61.7	330.5	340.5
Other dividends received		0.0	13.1	11.4	11.4
Cash flow from other investments	0.0	1.1	0.0	1.8	1.8
Cash flow from investing activities (B)	8.5	-305.9	88.6	-10.5	-5.9
Cash flow from financing activities					
Purchase of treasury shares	-0.5		-2.0		
Change in current receivables	0.0	13.8	-0.0	7.2	2.2
Borrowings of non-current debt	-0.0	50.1	0.0	50.1	149.9
Repayment of non-current debt		-0.9	-0.5	-8.4	-23.5
Change in current debt	-39.6	-159.8	-26.1	47.2	-104.6
Payment of finance lease liabilities	-0.3	-0.3	-0.5	-0.7	-0.8
Cash flow from other financing items	-0.2	0.0	-0.1	-0.3	-0.5
Dividends paid	-0.7	-0.2	-58.8	-78.5	-78.7
Cash flow from financing activities (C)	-41.3	-97.2	-88.0	16.5	-56.0
Change in cash and cash equivalent (A+B+C)	-22.5	-403.2	12.6	-7.9	-14.4
Cash and cash equivalent at beginning of period	54.3	429.3	19.7	33.6	33.6
Translation difference	0.0	-0.9	-0.5	-0.4	0.5
Cash and cash equivalent at end of period	31.8	25.2	31.8	25.2	19.7

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	Retained earnings	
Dec 31, 2014	77.5		-4.2	-1.0	-2.2	1,081.7	1.3
Total comprehensive income for the period			5.6	0.0	-0.1	23.2	0.8
Changes due to acquisitions							1.7
Dividends paid						-55.7	-0.4
Sep 30, 2015	77.5		1.5	-0.9	-2.2	1,049.3	3.4
Total comprehensive income for the period			5.9	-0.0	-1.3	61.9	0.5
Changes due to acquisitions					-0.7		-0.3
Dividends paid							-0.3
Dec 31, 2015	77.5		7.3	-1.0	-4.3	1,111.2	3.3
Total comprehensive income for the period			11.4	-0.5	-0.2	22.5	1.2
Changes due to divestments					-0.0	-0.6	-1.3
Purchase of treasury shares		-2.0					
Dividends paid						-57.3	-1.4
Sep 30, 2016	77.5	-2.0	18.7	-1.5	-4.5	1,075.7	1.8

NOTES TO THE INTERIM REPORT

ACCOUNTING PRINCIPLES

This unaudited interim report is prepared in accordance with IAS 34 (Interim Financial Reporting) using the same accounting policies and methods of computation as in the previous annual financial statements, except for a reclassification of royalty income in the income statement from other operating income to net sales. Figures for the comparison periods have been restated to correspond the changed accounting principles, and as a result, net sales increased and other operating income decreased by EUR 0.9 million for Q3 2015, EUR 1.1 million for Q1–Q3 2015 and EUR 2.1 million for the full year 2015.

All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

The Group has implemented these new or amended IAS/IFRS standards and interpretations mandatory as of January 1, 2016:

- Amendments to IAS 1 Presentation of Financial Statements - Disclosure Initiative
- Annual Improvements to IFRSs 2012–2014 cycle

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

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

OPERATING SEGMENTS

EUR million	Q3 2016	Q3 2015	Change %	Q1–Q3 2016	Q1–Q3 2015	Change %	Q1–Q4 2015
Net sales							
Europe & Asia-Pacific	177.5	188.6	-6	539.0	438.2	23	663.6
Americas	116.4	119.1	-2	373.3	333.3	12	451.2
Other	1.6	6.1	-74	4.4	31.7	-86	40.5
Inter-segment sales*	-14.6	-24.0	-39	-46.1	-29.9	54	-48.2
Group total	280.8	289.7	-3	870.5	773.3	13	1,107.1
*Inter-segment sales							
Europe & Asia-Pacific	-12.5	-22.1		-41.0	-24.7		-41.5
Americas	-1.7	-1.4		-3.7	-3.8		-4.9
Other	-0.5	-0.5		-1.4	-1.4		-1.8

	Q3	Q3	Change	Q1–Q3	Q1–Q3	Change	Q1–Q4
EUR million	2016	2015	%	2016	2015	%	2015
Operating profit (EBIT)							
Europe & Asia-Pacific	15.0	5.3	184	19.1	20.2	-5	34.9
Americas	7.6	-0.2		43.0	26.3	64	28.1
Other and eliminations	-2.5	-6.7	-62	-3.5	-13.0	-73	-16.5
Group total	20.1	-1.6		58.6	33.5	75	46.5
Depreciation, amortization and impairment							
Europe & Asia-Pacific	5.1	8.6	-41	15.6	14.9	5	21.7
Americas	1.8	7.2	-76	5.1	10.6	-52	12.7
Other and eliminations	2.2	2.3	-4	6.6	6.3	5	8.4
Group total	9.1	18.2	-50	27.3	31.8	-14	42.8
Capital expenditure							
Europe & Asia-Pacific	4.7	9.2	-49	15.2	15.6	-2	20.2
Americas	3.4	1.6	109	7.0	3.1	130	4.0
Other and eliminations	1.5	1.9	-18	5.7	5.9	-3	8.2
Group total	9.6	12.6	-24	28.0	24.5	14	32.4
BUSINESS UNITS							
EUR million	Q3	Q3	Change	Q1–Q3	Q1–Q3	Change	Q1–Q4
	2016	2015	%	2016	2015	%	2015
Net sales							
Functional Products	111.4	116.6	-5	409.3	426.9	-4	524.5
Living Products	144.8	142.1	2	398.7	251.3	59	450.1
Outdoor Products	23.5	25.4	-7	59.4	64.8	-8	93.8
Other	1.1	5.6	-80	3.0	30.4	-90	38.8
Group total	280.8	289.7	-3	870.5	773.3	13	1,107.1
ADJUSTED OPERATING PROFIT AND EBITA							
EUR million	Q3	Q3	Change	Q1–Q3	Q1–Q3	Change	Q1–Q4
	2016	2015	%	2016	2015	%	2015
Operating profit (EBIT)	20.1	-1.6		58.6	33.5	75	46.5
Adjustments to operating profit							
Sale of boats business				-3.8			
Supply Chain 2017 program	1.1	6.2		4.7	6.2		6.4
Sale of container gardening business and related goodwill impairment		5.0		-2.1	5.0		5.0
Sale of Spring USA	-6.4			-6.4			
Ebertsankey related provisions and impairments	4.1			4.1			1.5
Integration activities	2.7	0.9	185	5.7	2.3	151	3.0
EMEA 2015 restructuring program	0.0	-0.1		0.0	1.3		2.6
Other adjustments to operating profit							0.2
Total adjustments to operating profit	1.5	12.0	-88	2.2	14.8	-85	18.6
Adjusted operating profit	21.6	10.4	107	60.8	48.3	26	65.1
Amortization	3.3	3.4	-2	10.0	7.4	34	10.6
Adjusted EBITA	24.9	13.8	80	70.8	55.7	27	75.7

INTANGIBLE AND TANGIBLE ASSETS

EUR million	Sep 30 2016	Sep 30 2015	Dec 31 2015
Intangible assets and goodwill			
Book value, Jan 1	540.6	284.6	284.6
Currency translation adjustment	-8.7	0.7	3.1
Acquisitions		256.7	262.5
Additions	4.2	4.7	6.8
Divestments	-5.3		
Amortization and impairment	-10.0	-11.8	-15.7
Decreases and transfers	0.1	0.2	-0.6
Book value at end of period	521.0	535.2	540.6
Investment commitments for intangible assets	0.2	4.4	2.7
Tangible assets and investment property			
Book value, Jan 1	162.4	109.6	109.6
Currency translation adjustment	-4.4	1.5	2.0
Acquisitions		72.0	59.4
Additions	24.8	19.5	25.6
Divestments	-0.1		
Depreciation and impairment	-17.3	-19.9	-27.4
Decreases and transfers	-2.2	-0.5	-6.8
Book value at end of period	163.1	182.3	162.4
Investment commitments for property, plant and equipment	5.8	7.4	9.2

NON-CURRENT ASSETS HELD FOR SALE

EUR million	Sep 30 2016	Sep 30 2015	Dec 31 2015
Tangible and intangible assets	0.2	13.5	18.7
Inventories	2.1		11.5
Other assets			11.2
Total non-current assets held for sale	2.3	13.5	41.4
Interest-bearing liabilities			12.8
Provisions		3.0	0.3
Other non-interest bearing liabilities			9.4
Total liabilities directly associated with the non-current assets held for sale		3.0	22.5

At the end of September 2016 the non-current assets held for sale consisted of tangible assets and inventories related to the Ebertsankey pottery business. At the end of September 2015, non-current assets held for sale related to land sold in Europe & Asia-Pacific. At the end of December 2015 the items held for sale included also the assets and liabilities of the boats business and the assets of the container gardening business in Americas.

CONTINGENCIES AND PLEDGED ASSETS

EUR million	Sep 30 2016	Sep 30 2015	Dec 31 2015
As security for own commitments			
Lease commitments	117.7	85.8	91.3
Guarantees	19.0	17.2	26.2
Other contingencies*	17.7	20.8	21.7
Contingencies and pledged assets total	154.4	123.7	139.2

*Other contingencies include a commitment of USD 18 million to invest in private equity funds.

Tax risks

Fiskars Group entities are subject to tax audits in several countries. It is possible that tax audits may lead to reassessment of taxes.

On July 6, 2016 Fiskars Corporation received a tax reassessment decision from the Finnish Large Taxpayers' Office, which obliged the company to pay EUR 21.7 million additional tax as a result of a tax audit carried out in 2014. The decision concerned intra-group loans forgiven by the company in 2003 and their tax treatment in subsequent tax years. Besides the re-assessed tax, the company was obliged to pay interest expenses of EUR 6.5 million and punitive tax increases of EUR 0.1 million.

The reassessment decision had a negative effect of EUR 28.3 million on Fiskars's cash flow during the third quarter of 2016. Fiskars and its external advisors consider the decision unfounded and do not recognize the related taxes and other costs in the income statement. Fiskars will appeal the decision to the Board of Adjustment in the Finnish Large Taxpayers' Office, and will continue the appeal process in court, if necessary. Possible appeal process in court may take years.

DERIVATIVES

EUR million	Sep 30 2016	Sep 30 2015	Dec 31 2015
Nominal amounts of derivatives			
Foreign exchange forwards and swaps	373.1	401.9	375.9
Interest rate swaps	80.0	108.4	93.4
Electricity forward agreements	1.1	1.7	1.5
Fair value of derivatives			
Foreign exchange forwards and swaps	-1.0	0.8	0.0
Interest rate swaps	-2.0	-1.8	-1.8
Electricity forward agreements	-0.1	-0.4	-0.3

Derivatives have been valued at market value.

EXCHANGE RATE SENSITIVITY OF THE OPERATIONS

Less than 20% of Fiskars' commercial cash flows are exposed to fluctuations in foreign exchange rates. The most significant risks relate to the appreciation of THB and GBP against EUR and depreciation of JPY, AUD and SEK against EUR. The following table presents the estimated annual net commercial cash flows in the most significant currencies:

EUR million	THB	JPY	AUD	SEK	CAD	IDR	GBP
Operational currency position	-33	26.8	25.9	23.1	16.1	-14.9	-14.5
Exchange rate sensitivity of the operations*	3.3	-2.7	-2.6	-2.3	-1.6	1.5	1.5

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

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

Sep 30, 2016

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	436.0		15.7	451.8
Other investments	0.5		9.9	10.3
Total assets	436.5		25.6	462.1
Derivative liabilities		3.1		3.1
Total liabilities		3.1		3.1

Sep 30, 2015

EUR million	Level 1	Level 2	Level 3	Total
Investments at fair value through profit and loss	452.3		13.8	466.1
Other investments	0.4		6.7	7.1
Derivative assets		0.8		0.8
Total assets	452.7	0.8	20.5	473.9
Derivative liabilities		2.2		2.2
Total liabilities		2.2		2.2

Dec 31, 2015

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

Fair value categories

Investments EUR million	At fair value through profit or loss		Other		Total
	Level 1	Level 3	Level 1	Level 3	
Book value, Dec 31, 2014	766.7	11.1	0.3	4.7	782.8
Additions	33.0	4.0			37.0
Acquisitions				1.9	1.9
Decreases	-330.5	-1.8			-332.3
Change in fair value	-16.9	0.4	0.0	0.1	-16.3
Book value, Sep 30, 2015	452.3	13.8	0.4	6.7	473.1
Additions	4.8				4.8
Acquisitions				1.9	1.9
Decreases	-10.0	0.0			-10.0
Change in fair value	72.9	1.1	0.1	-2.0	72.1
Book value, Dec 31, 2015	520.0	14.9	0.4	6.6	541.9
Additions		3.9			3.9
Decreases	-61.7	-0.7			-62.4
Change in fair value	-22.3	-2.4	0.1	3.3	-21.3
Book value, Sep 30, 2016	436.0	15.7	0.5	9.9	462.1

Investments at fair value through profit or loss comprise listed and unlisted shares as well as unlisted funds. Listed shares have been recognized at their fair value based on quotation at the end of the reporting period (fair value hierarchy level 1). Level 1 investments consist of 10,881,781 shares in Wärtsilä with fair value of EUR 436.0 million. A 10% change in the Wärtsilä share price would have an impact of EUR 43.6 million in the results before taxes. The fair value of unlisted funds is based on the market value reported by the fund (level 3). Changes in the fair value are recognized in the income statement.

Other investments comprise mostly of non-current receivables and unlisted shares and they are measured at the lower of cost and fair value.

ACQUISITIONS AND DIVESTMENTS

The following acquisition and divestments have an impact on the comparability of figures.

Sale of the boats business in 2016

Fiskars sold its boats business to Yamaha Motor Europe N.V on January 4, 2016. The transaction included the sale of shares in Inha Works Ltd. as well as the sale of the Buster brand and related factory real estate in Ähtäri, Finland. In 2015, boats business net sales amounted to EUR 35 million.

Sale of the container gardening business in the U.S. in 2016

Fiskars Brands, Inc. sold its container gardening business in the U.S. to Bloem, LLC on January 22, 2016. The transaction included the sale of the container gardening brand American Designer Pottery and related manufacturing and distribution facilities in Apopka, Florida, U.S. In 2015, container gardening net sales amounted to EUR 23 million.

Divestment of two businesses in September 2016

In September 2016, Fiskars entered into an agreement to divest its European Ebertsankey container gardening business to Good(s) Factory BV, a member of the Elho Group, European market leader in synthetic pottery and related products. In addition, Fiskars sold Spring USA, the U.S. based provider of foodservice equipment, to an affiliate of ShoreView Industries.

In the full year 2015, the net sales of Spring USA and Ebertsankey were in the aggregate EUR 26 million and operating profit EUR 3 million. The divestment of Spring USA generated a positive effect on cash flow during the third quarter of 2016. The divestment of Ebertsankey is expected to be completed during the Q4 2016. The divestments are not expected to have a significant impact on Fiskars' financial position or results during 2016.

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

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

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

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

The purchase price allocation has been completed with no changes in 2016. The following table summarizes the consideration paid for WWRD, the fair value of assets acquired and liabilities assumed and the non-controlling interest at the acquisition date.

EUR million

Non-current assets	
Intangible assets	134.0
Property, plant & equipment	59.4
Deferred tax assets	6.8
Other non-current assets	1.5
Non-current assets total	201.7
Current assets	
Inventories	93.4
Trade and other receivables	56.8
Cash and cash equivalents	15.0
Current assets total	165.2
Non-current assets held for sale*	12.9
Assets total	379.8

Non-current liabilities

Interest bearing liabilities	105.0
Other non-current liabilities	9.3
Non-current liabilities total	114.3

Current liabilities

Interest bearing debt	0.6
Trade and other current liabilities	81.0
Current liabilities total	81.6

Liabilities directly associated with the non-current assets held for sale*	2.9
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Non-controlling interest**	1.3
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Net assets	179.6
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Consideration transferred	308.1
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Goodwill	128.5
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*Relates to land to be sold in Europe & Asia-Pacific

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