



RAPALA VMC CORPORATION HIGHLIGHTS

July 20, 2018



RAPALA VMC CORP.

Rapala Pike Lure Launch



- Deploying the strategy to find incremental growth in new categories
- Launched in January in France at the Clermont-Ferrand Show
- First 6 month targeted digital marketing reached over 3.5 million people interested in predator fishing in Europe
- Full-on approach with three big pike lures in broad color selections
- First year sales target reached on less than 6 months



RAPALA VMC CORP.

EFTTEX 2018

Best New Product Competition



**Sufix 131 G-Core
Best New Braided Line**



**Rapala Super Shadow Rap
Best New Hard Lure**




**Rapala X-Rap Peto
Best New Soft Lure**



**Storm R.I.P. Spinnerbait
Best New Metal Lure**



RAPALA VMC CORP.

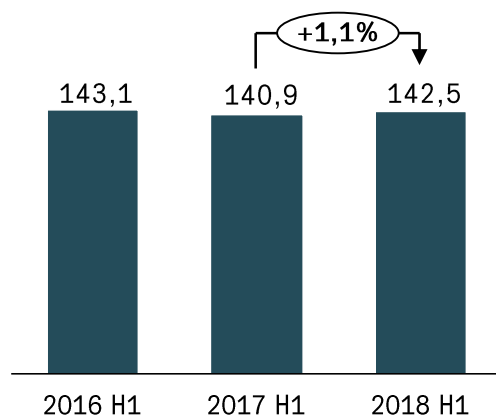


RAPALA VMC CORPORATION **1ST HALF 2018**

July 20, 2018

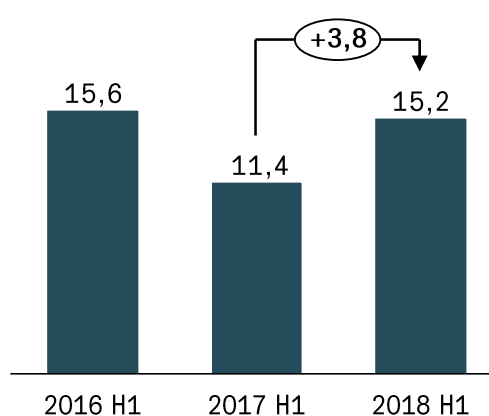
SALES AND PROFITABILITY GREW FROM LAST YEAR, INVENTORY CONTINUED TO DECREASE

NET SALES
(MEUR)



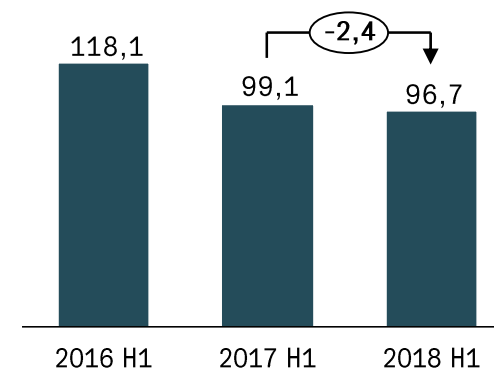
- FX comparable change: +6,5% (+8,7 MEUR)
- Strong growth in North America, especially in Rapala lures
- Russian market continues to be challenging

COMPARABLE OPERATING PROFIT
(MEUR)



- FX comparable change: +39% (+4,3 MEUR)
- Sales growth driving profitability
- Successful turnaround projects in the Group
- Production efficiency and footprint optimization of European lure manufacturing

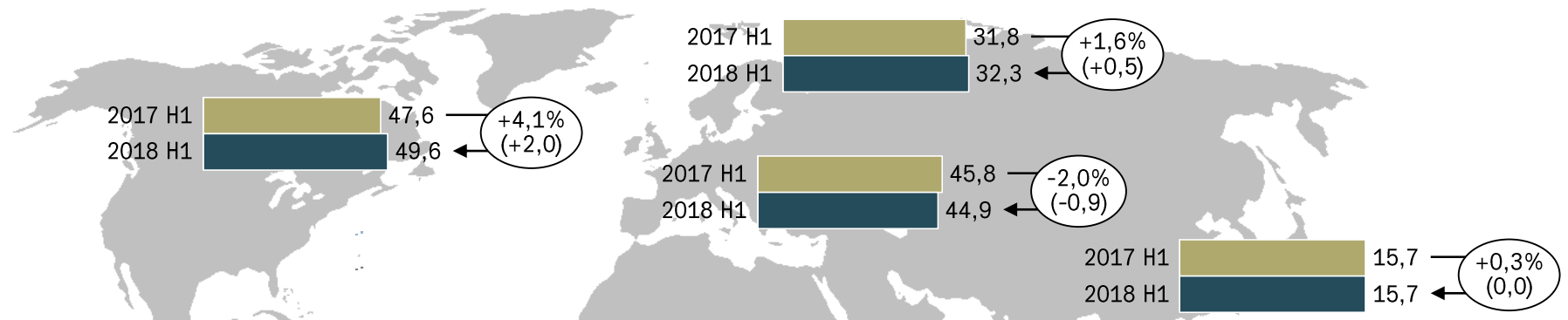
INVENTORY VALUE
(MEUR)



- FX comparable change: +0,4% (+0,4 MEUR)
- Working capital management and supply chain initiatives yielding results
- Inventories organically (excluding changes in inventory allowance) below last year's level

- EPS is 0,23 EUR (0,15)

SALES GROWTH IN ALL AREAS IN LOCAL CURRENCIES



NORTH AMERICA

- FX comparable change: +14,7% (+6,4 MEUR)
- Growth in most of the product categories, Rapala lures being the biggest growth category
- Turnaround in Canada successful

NORDIC

- FX comparable change: +4,1% (+1,3 MEUR)
- Hunting sales grew in Sweden
- Growth in winter sports products in Finland contributed to growth
- Marttiini sales below last year's record-high numbers, which were boosted by Finland 100 year anniversary knives

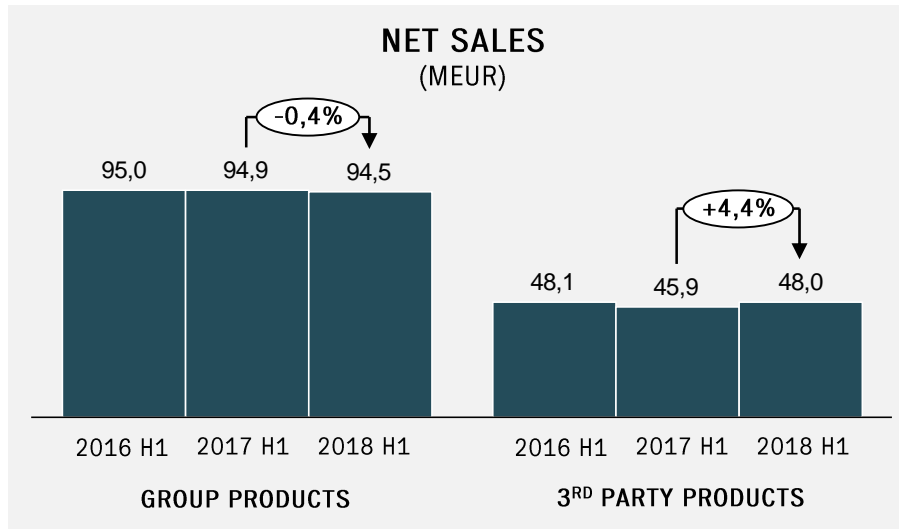
REST OF EUROPE

- FX comparable change: +0,4% (+0,2 MEUR)
- Growth in France
- Russian market continues to be challenging

REST OF THE WORLD

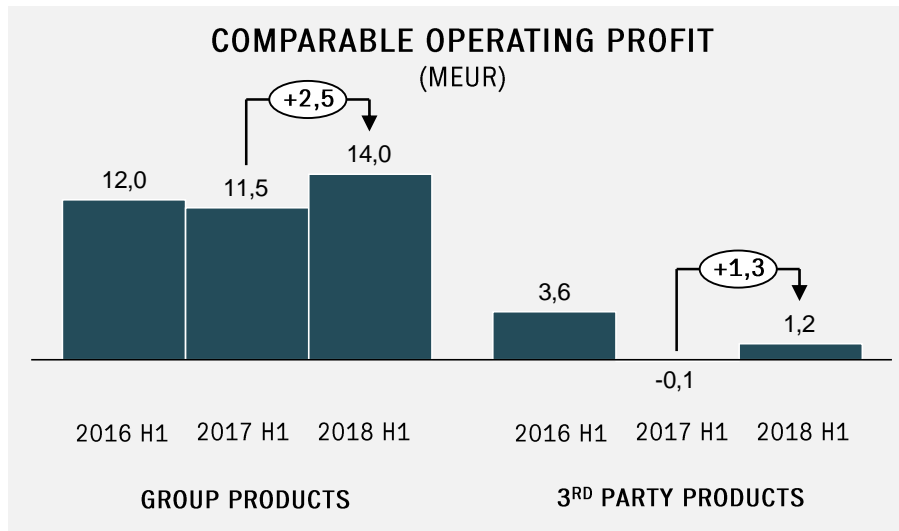
- FX comparable change: +6,1% (+0,9 MEUR)
- Expansion in hunting business supported growth of the area
- Strong growth in South-East Asia after successful restructuring

BOTH SEGMENTS GREW FROM LAST YEAR



- **Group Products’** sales mostly driven by increased Rapala lure sales. In addition, fishing lines, hooks and winter sports products grew from last year. Sales of hunting knives were below last year.

- **Third Party Products’** sales driven by expansion in hunting business and growth in rod and reel category



- **Profitability increase** mainly driven by topline growth and successful restructuring projects

EXECUTION OF GROUP STRATEGY PROCEEDING

Competitive advantages

1 Brand portfolio

2 Own manufacturing platform and established sourcing channels

3 Research and development capabilities

4 Broad own distribution network and strong local presence

Unique competitive advantages form the foundation for Rapala's strategy

Organic growth within fishing

- Market and customer focus
- Growth from niches and specific product categories
- Leveraging Group's brands with innovative marketing and brand management

Improving profitability and lightening balance sheet

- Rigid management of product portfolio
- Securing return on capital of all businesses
- Tight cost and capital control
- Supply chain development

Improving operational performance

- Operating in an integrated manner
- Optimizing end-to-end performance of the Group
- Increased speed and agility, responsiveness and efficiency
- Utilizing strong local presence

Solid financial and operational platform for long term growth

Mid- to long term target is to return to more aggressive growth track and actively seek synergistic growth opportunities also outside of fishing tackle business.

SHORT-TERM OUTLOOK AND GUIDANCE

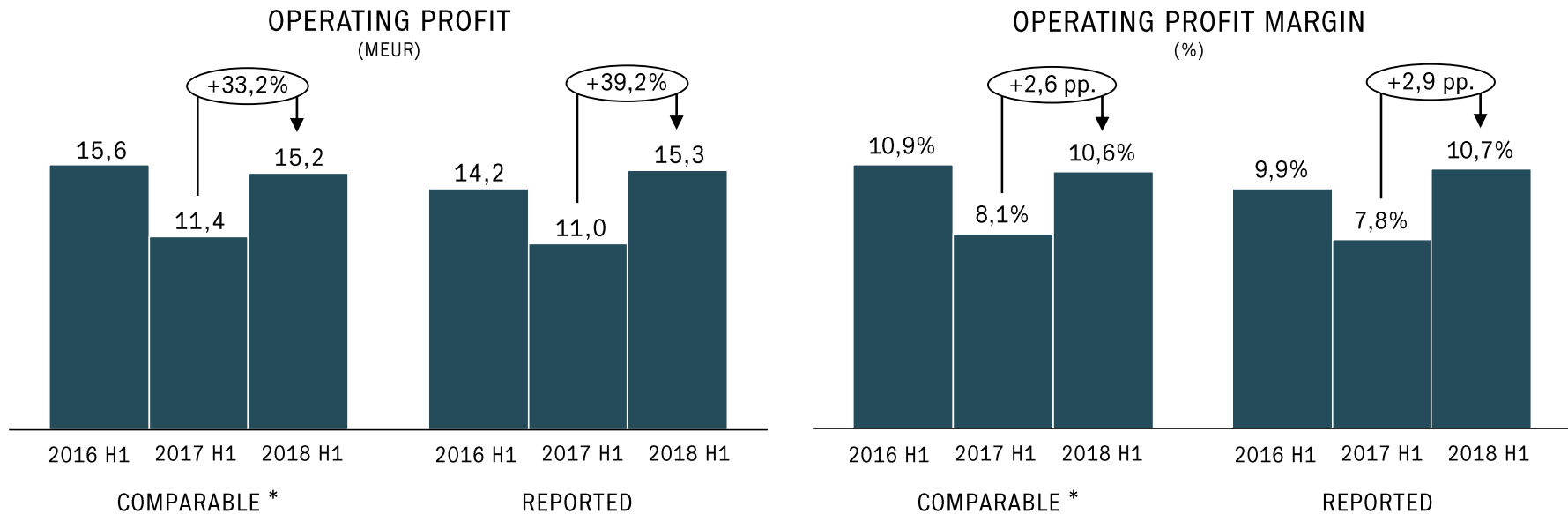
- For the first six months, the Group witnessed growth in all regions from last year in local currencies. The Group continues to see healthy consumer demand for its products via old and new channels in North America despite the ongoing evolution of retail business. In Europe, the price competition in certain product categories has increased and the markets continue to be very competitive.
- Presales of winter fishing equipment in USA has been strong and the overall outlook for North America is positive for the second half of the year. The outlook and visibility for Europe is somewhat cautious as the market environment remains challenging in certain markets.
- The Group has launched various strategic initiatives to boost organic growth and improve cost and capital efficiency as well as operational performance in the future. These initiatives will continue to trigger some additional expenses and investments in 2018.
- **The Group expects full year net sales with comparable FX rates to be above last year's level and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to exceed 15 MEUR.** The guidance remains unchanged from February 16, 2018.

FINANCIALS

RAPALA VMC CORP.

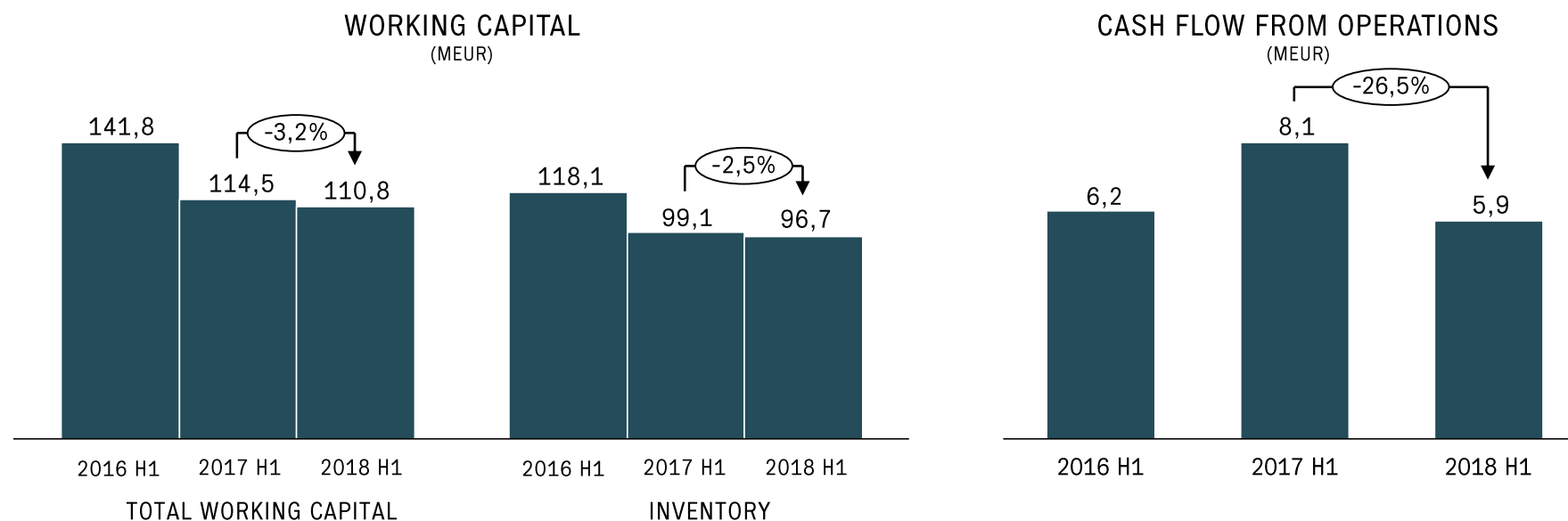
COMPARABLE AND REPORTED OPERATING PROFIT

- Comparable* operating profit was 15.2 MEUR (10.6%) for H1 2018
 - The effect of translation exchange rates was negative
 - Strong sales, especially in North America
 - Strategic projects are yielding results both in distribution and manufacturing
 - Indonesian lure operations still burdening Group profitability
- Reported operating profit included profit of mark-to-market valuation of operative currency derivatives of 0.3 MEUR. Net expenses of other items affecting comparability included in the reported operating profit were 0.1 MEUR. Items affecting comparability included mainly organizational restructuring expenses and a gain on sale of a real estate.



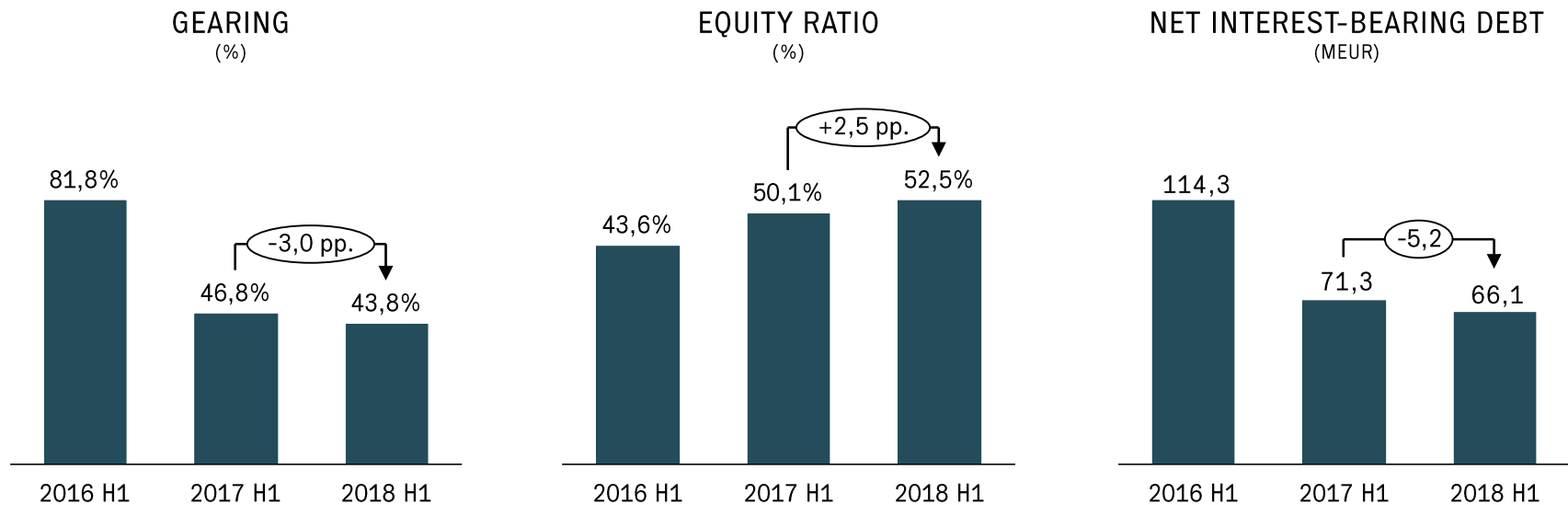
CASH FLOW AND WORKING CAPITAL

- Total working capital decreased to 110.8 MEUR
 - Several supply chain management initiatives yielded results
 - Organic decrease of inventory 1.9 MEUR from last year (excluding inventory allowance and foreign exchange rate changes)
- Cash flow from operations was 5.9 MEUR as cash flow impact from change in working capital was lower than last year.



FINANCIAL POSITION

- Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 59.9 MEUR. Gearing and equity ratios improved from last year.
- Following higher profitability, leverage level was below covenant level and the Group is compliant with all financial covenants.



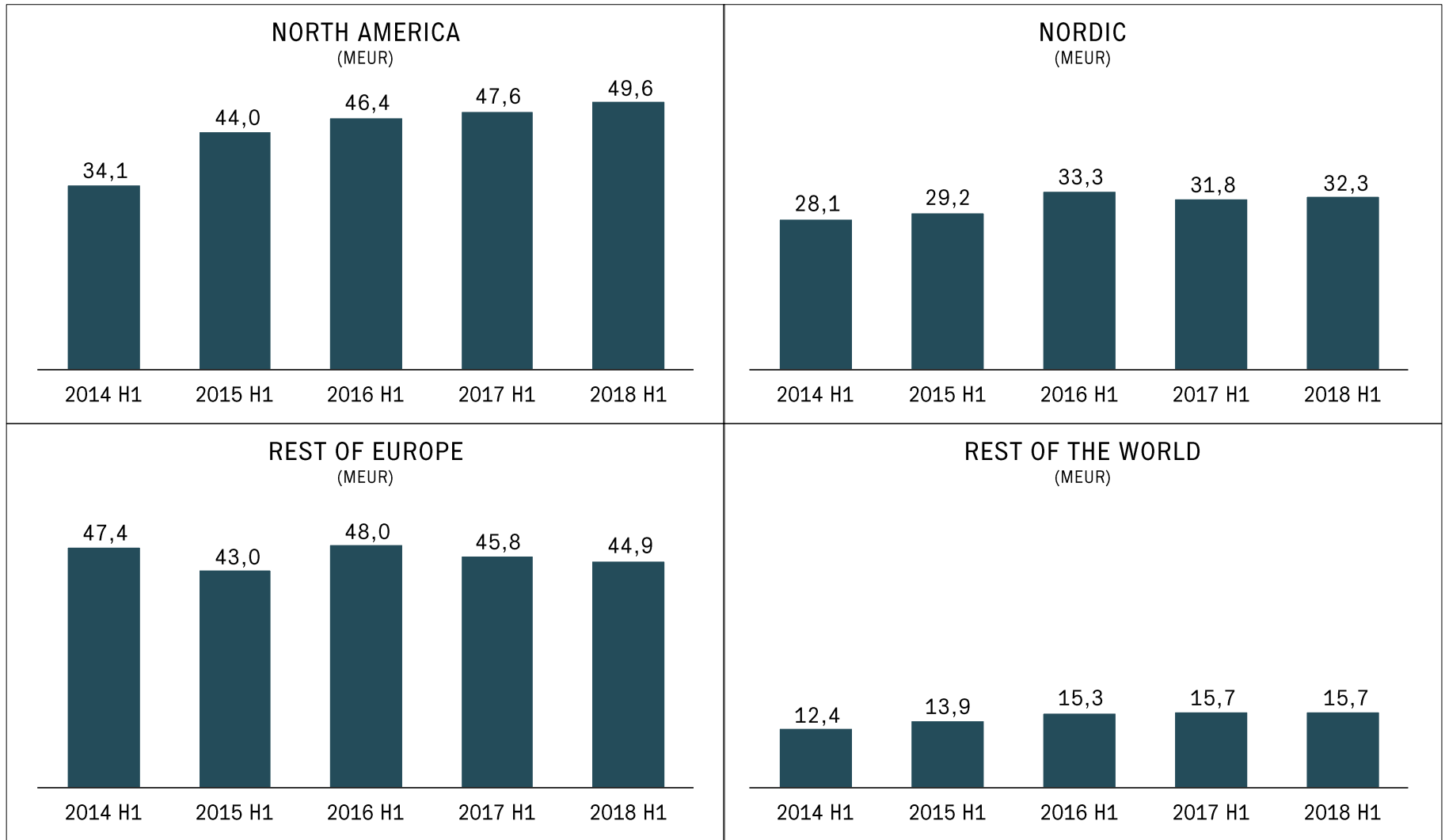
APPENDICES

RAPALA VMC CORP.

KEY FIGURES

MEUR	2018 H1	2017 H1
Net sales	142,5	140,9
Operating profit	15,3	11,0
Operating profit, % of net sales	10,7 %	7,8 %
Comparable operating profit	15,2	11,4
Comparable operating profit, % of net sales	10,6 %	8,1 %
Net profit for the period	9,7	6,0
EPS (basic), EUR	0,23	0,15
Cash flow from operations	5,9	8,1
Net interest-bearing debt	66,1	71,3
ROCE, %	14,3 %	9,6 %
Gearing, %	43,8 %	46,8 %
Equity to assets, %	52,5 %	50,1 %

GEOGRAPHICAL NET SALES



PROFIT AND LOSS STATEMENT

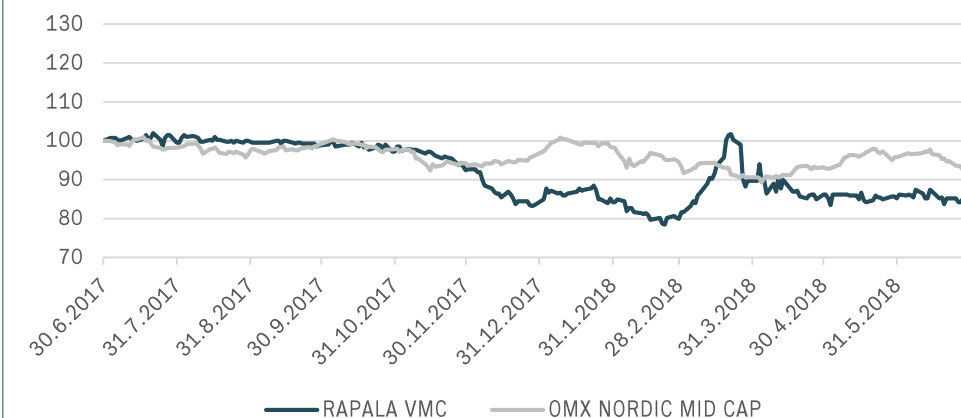
MEUR	2018 H1	2017 H1
Net sales	142,5	140,9
Other operating income	0,5	0,6
Materials and services	63,2	63,5
Personnel expenses	35,1	35,2
Other costs and expenses	26,2	28,2
Share of results in associates and joint ventures	0,0	0,0
EBITDA	18,5	14,5
Depreciation, amortization and impairments	3,2	3,6
OPERATING PROFIT (EBIT)	15,3	11,0
Financial income and expenses	1,2	1,8
PROFIT BEFORE TAXES	14,1	9,2
Income taxes	4,4	3,1
NET PROFIT FOR THE PERIOD	9,7	6,0

BALANCE SHEET

MEUR	2018 H1	2017 H1
ASSETS		
Non-current assets		
Intangible assets	74,3	74,9
Property, plant and equipment	31,8	34,2
Non-current assets		
Interest-bearing	0,0	0,0
Non-interest-bearing	6,5	8,5
	112,6	117,6
Current assets		
Inventories	96,7	99,1
Current assets		
Interest-bearing	0,0	0,9
Non-interest-bearing	65,8	63,0
Cash and cash equivalents	12,3	24,0
	174,8	187,0
TOTAL ASSETS	287,4	304,6
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the company	118,7	120,0
Non-controlling interests	7,1	7,2
Hybrid bond	25,0	25,0
	150,8	152,3
Non-current liabilities		
Interest-bearing	15,3	40,6
Non-interest-bearing	8,7	11,0
	24,0	51,6
Current liabilities		
Interest-bearing	63,1	55,6
Non-interest-bearing	49,4	45,2
	112,5	100,8
TOTAL EQUITY AND LIABILITIES	287,4	304,6

SHARES AND SHAREHOLDERS

SHARE PRICE INDEX PERFORMANCE



SHARE PRICE PERFORMANCE



SHARE RELATED DATA (6/2018)

Market capitalization	130,3 MEUR
12-month high / low	4,10 / 3,13 EUR
All-time high / low	8.40 / 2.50 EUR

MAJOR SHAREHOLDERS (6/2018)

	% OF TOTAL
Viellard Migeon & Cie	38,4 %
Sofina S.A.	19,2 %
Nordea Funds	12,5 %
The State Pension Fund	3,3 %
Odin Funds	2,8 %
Shimano Singapore Private Limited	2,3 %
Taaleritehdas Funds	1,6 %
Ilmarinen Mutual Pension Insurance	1,0 %
Elo Mutual Pension Insurance	0,4 %
Norvestia Oyj	0,3 %
Own shares	1,7 %