

RAPALA VMC CORPORATION HIGHLIGHTS

July 19, 2019

Rapala Pike Lures



- Expanding the portfolio with new products to gain more market share following the 2018 success
- Second wave launched in January at the Clermont-Ferrand Show in France
- Targeted digital marketing reached over 4 million people interested in predator fishing in Europe



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Rapala Saltwater Lures

- New products designed for European in-shore fishing with great potential worldwide
- Hard baits launched under Rapala, pre-rigged soft plastics under Storm
- Launched for the main markets in Spain and France for the spring sea bass season



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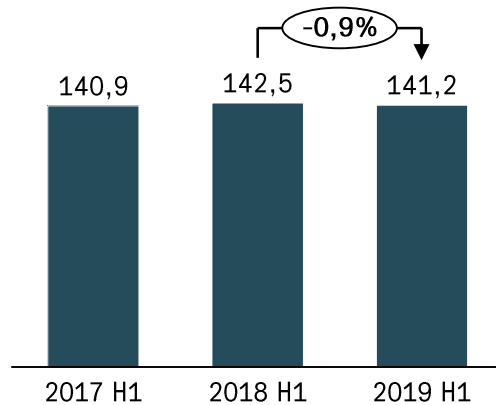
1ST HALF 2019

July 19, 2019

H1 2019

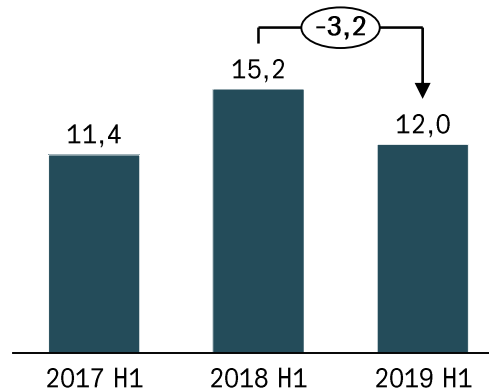
SALES AND PROFITABILITY DECREASED FROM LAST YEAR, INVENTORY INCREASED. FULL YEAR GUIDANCE UNCHANGED.

NET SALES
(MEUR)



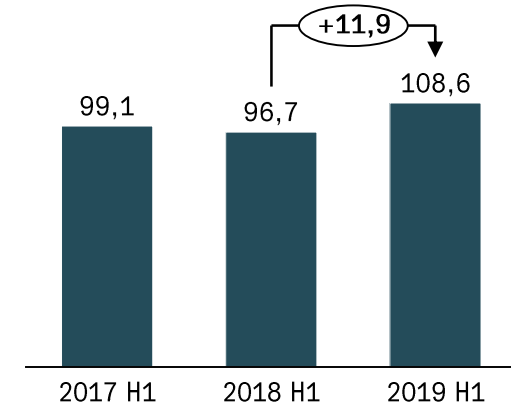
- FX comparable change: -2,4% (-3,4 MEUR)
- North American sales shifted to the second half of the year
- Third Party Products sales decreased in Western European countries
- Growth in Russia after many years of turmoil in the market

COMPARABLE OPERATING PROFIT
(MEUR)



- FX comparable change: -22,9% (-3,6 MEUR)
- Profitability decrease driven by slightly lower sales and sales margin and increased operating expenses
- Indonesian lure factory is having a negative impact on profitability

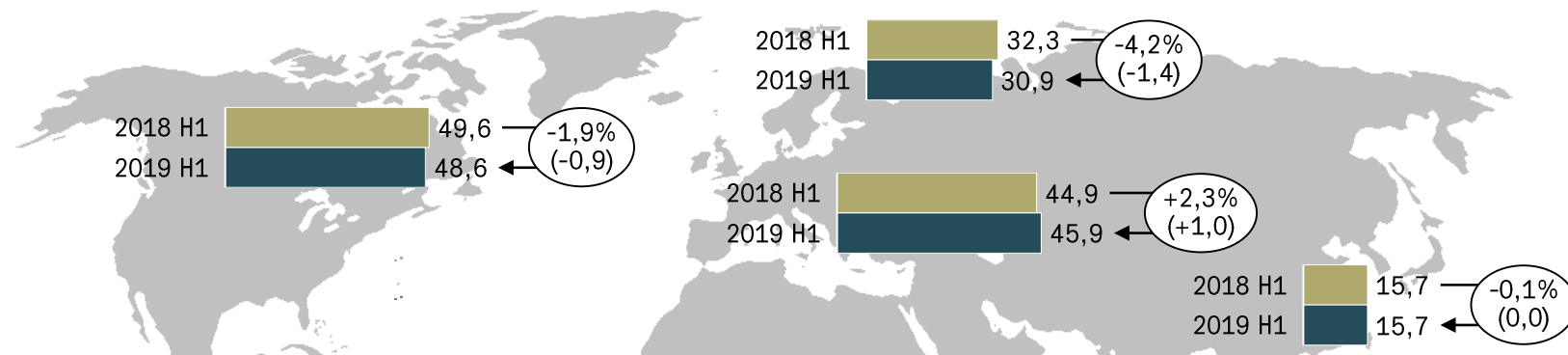
INVENTORY VALUE
(MEUR)



- FX comparable change: +11,3% (+11,0 MEUR)
- Inventory increase driven partly by postponed sales to the second half of the year and lower than expected third party hunting sales
- Anticipation of higher tariffs on Chinese goods to USA led to earlier purchases

- EPS is 0,17 EUR (0,23)
- Guidance unchanged: sales around the same level as 2018, comparable operating profit to increase

SALES IN LOCAL CURRENCIES UP IN REST OF EUROPE AND REST OF THE WORLD – NORDIC ARE SOFTER AND TIMING ISSUES IN NORTH AMERICA



NORTH AMERICA

- FX comparable change: -7,2% (-3,8 MEUR)
- Sales behind a very strong comparison period, but positive outlook for H2
- Decreased sales largely due to delivery issues of ice fishing products and postponement of shipments

NORDIC

- FX comparable change: -3,3% (-1,0 MEUR)
- Strong winter sports sales in Finland
- Lower hunting sales in Denmark

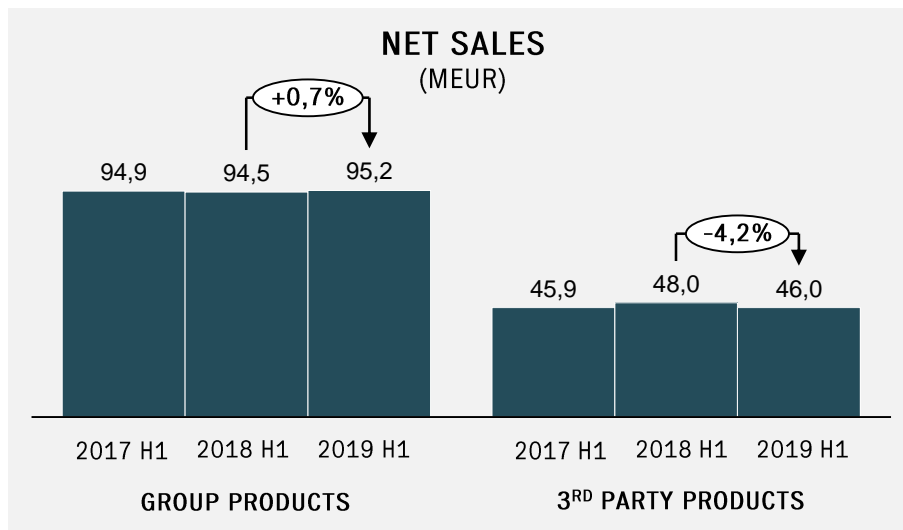
REST OF EUROPE

- FX comparable change: +2,9% (+1,3 MEUR)
- France at last year's level
- Growth in Russia, Baltics and many Eastern European countries

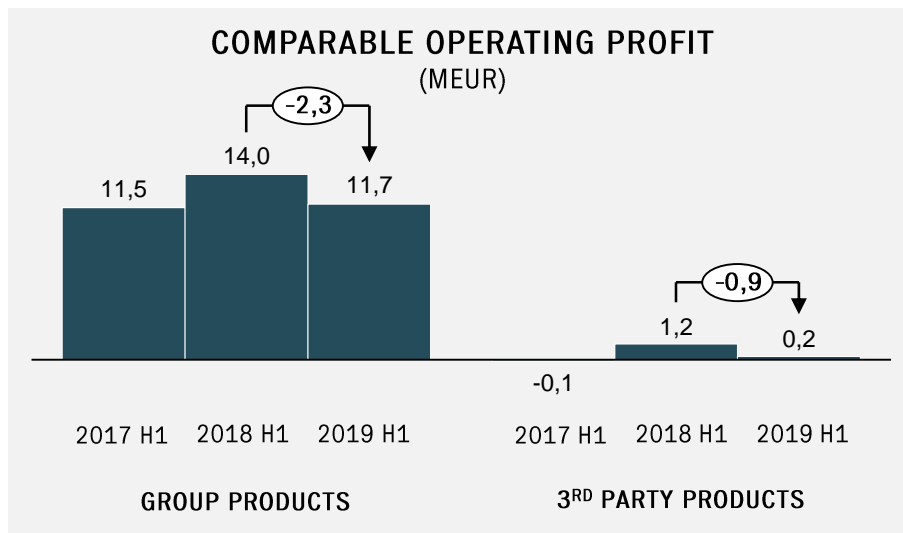
REST OF THE WORLD

- FX comparable change: +0,8% (+0,1 MEUR)
- Sales in South Africa and Latin American markets contributed to growth
- Decreased sales in Thailand due to a discontinued distribution agreement

SEGMENT REVIEW



- **Group Products'** sales down 2% in comparable currencies, mostly driven by North America as some sales shifted to second half of the year. Rest of Europe and Rest of the World markets grew from comparison period
- **Third Party Products'** sales (-3% in comparable FX) impacted by forthcoming changes in 3rd Party Rods & Reels business



- **Profitability decrease** mainly driven by topline development

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

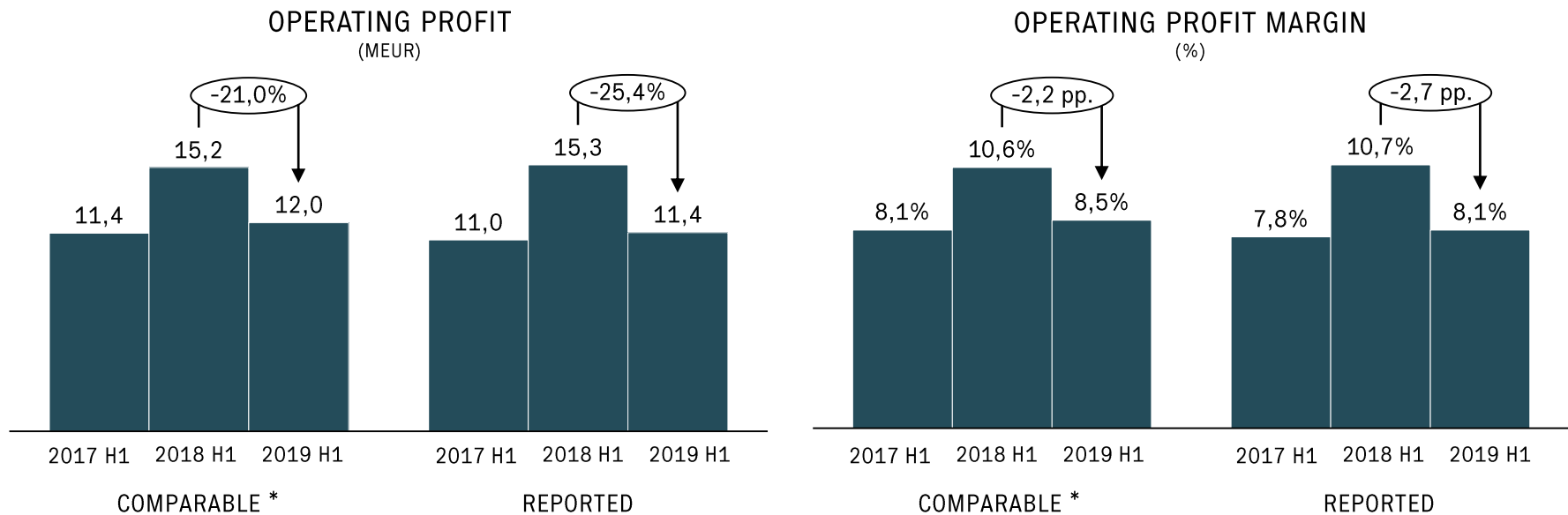
- Market outlook for North America is positive and the Group has a strong order book for the second half of 2019. The Group sees continued healthy consumer demand for its products via old and new sales channels. Furthermore, the Group's position with major customers in North America is strong. In Europe, the outlook and visibility is somewhat cautious as the market environment remains challenging in certain countries and product segments. Overall, the Group expects to grow sales in Group Products.
- 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, together with projects relating to changes in Group's partnership with Shimano and introduction of 13 Fishing products, will continue to trigger some additional expenses and investments in 2019.
- **The Group expects 2019 full year net sales with comparable FX rates to be around the same level as in 2018 and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to increase from 2018.** However, there is slightly lower visibility to sales of Shimano products in 2019 in those countries which are affected by the changes in the distribution agreements. Furthermore, the continuing risk of trade war between USA and China and potential slowdown in global economic growth might have some impact on retail and consumer demand. In addition, weather changes as well as retail customers' year-end purchase behavior may affect the sales of the Group. The guidance remains unchanged from February 15, 2019.

FINANCIALS

RAPALA VMC CORP.

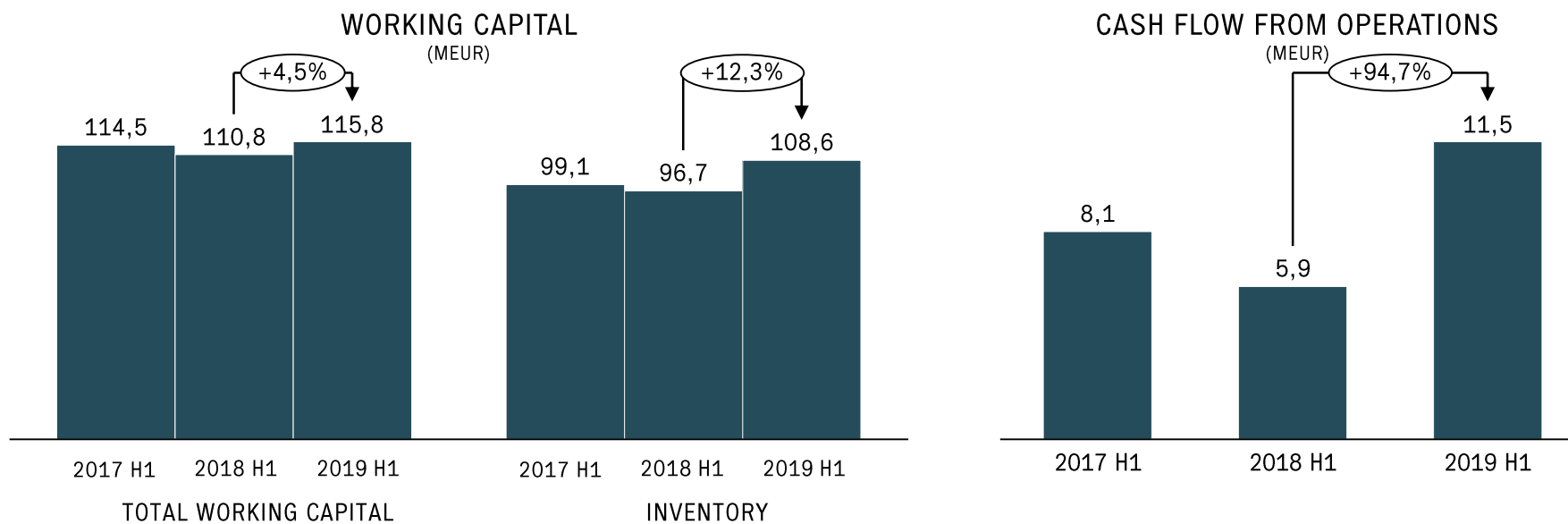
COMPARABLE AND REPORTED OPERATING PROFIT

- Comparable* operating profit was 12.0 MEUR (8.5%) for H1 2019
 - The effect of translation exchange rates was positive
 - Especially the lower Group product sales in North America, following the delivery issues of ice products and postponed sales of some other products, had a negative impact on profitability. Indonesian lure factory is still having a negative impact on the Group's performance.
- Reported operating profit included loss 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 0.2 MEUR. Items affecting comparability included mainly organizational restructuring expenses.



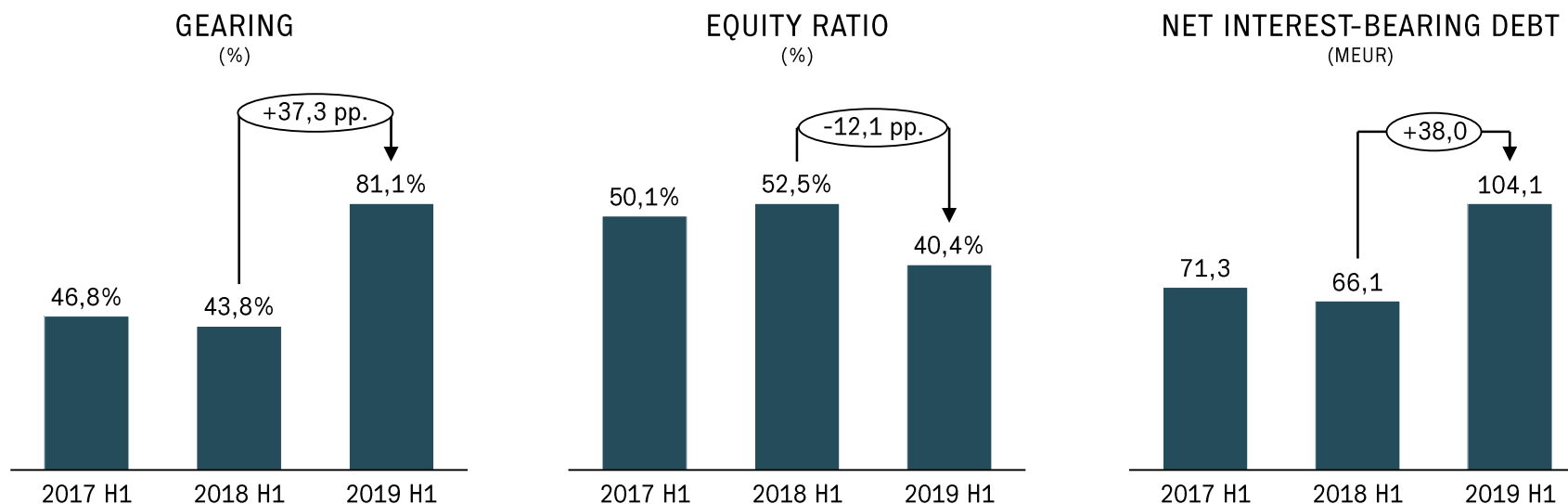
CASH FLOW AND WORKING CAPITAL

- Total working capital increased to 115.8 MEUR
 - The high inventory value resulted partly from the postponed sales but also from lower than expected third party hunting sales. In addition, the anticipation of higher tariffs on Chinese imported goods to USA led to earlier purchases and increased June inventory to some extent.
- Cash flow from operations was 11.5 MEUR
 - Excluding the impact from IFRS 16, cash flow from operations would have been 8.6 MEUR



FINANCIAL POSITION

- Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 59.9 MEUR. Gearing ratio increased and equity-to-assets ratio weakened from last year as a result of the redemption of the 25 MEUR hybrid loan in May.
- The application of the IFRS 16 accounting standard increased interest-bearing debt by 12.4 MEUR
- Following the higher ratio between net interest-bearing debt and reported EBITDA, the Group has agreed with its lenders on higher covenant level for the second quarter of 2019. The Group expects to fulfil the requirements of the lenders also during the second half of 2019.



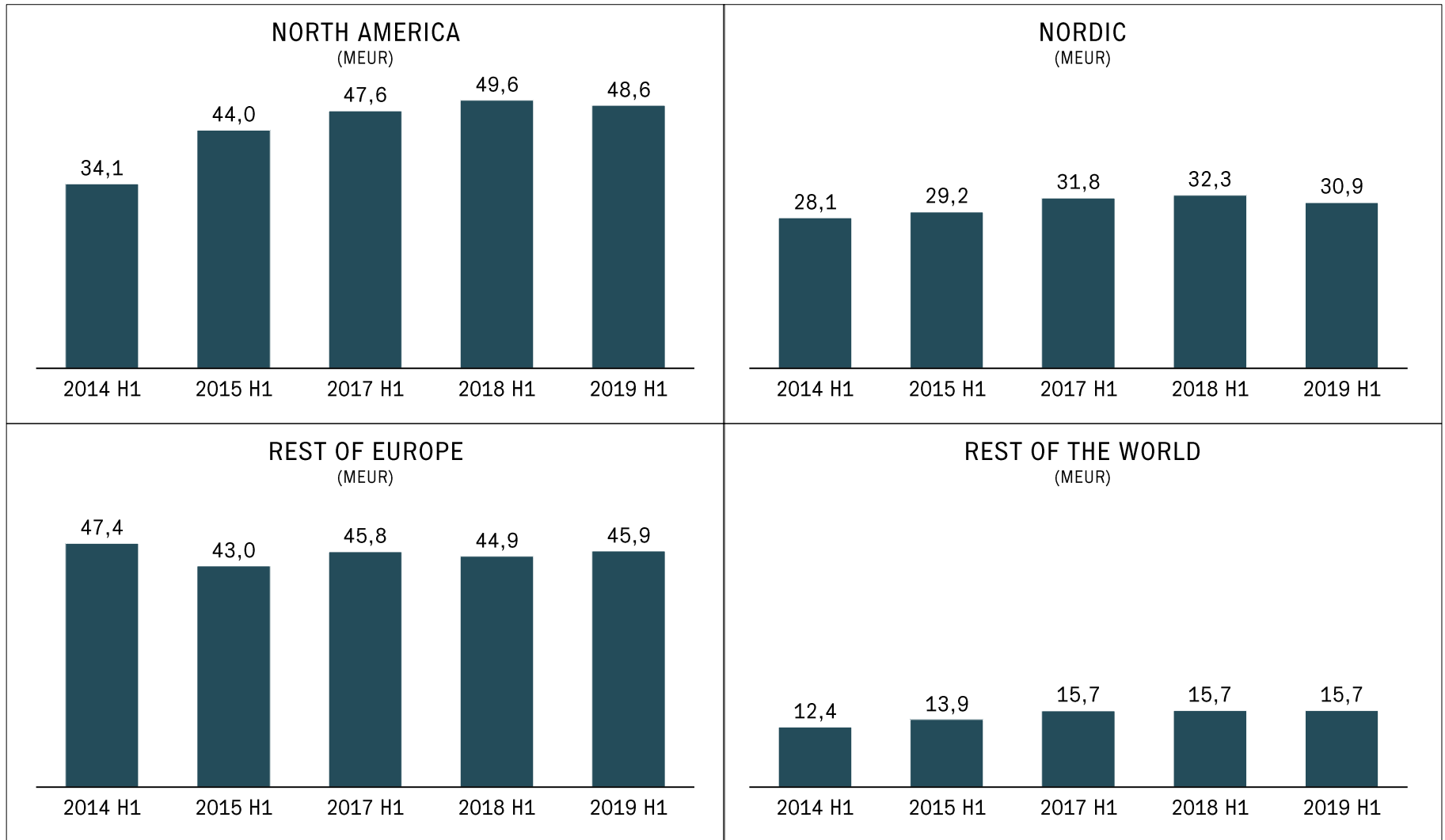
APPENDICES

RAPALA VMC CORP.

KEY FIGURES

MEUR	2019 H1	2018 H1
Net sales	141,2	142,5
Operating profit	11,4	15,3
Operating profit, % of net sales	8,1 %	10,7 %
Comparable operating profit	12,0	15,2
Comparable operating profit, % of net sales	8,5 %	10,6 %
Net profit for the period	7,4	9,7
EPS (basic), EUR	0,17	0,23
Cash flow from operations	11,5	5,9
Net interest-bearing debt	104,1	66,1
ROCE, %	10,2 %	14,3 %
Gearing, %	81,1 %	43,8 %
Equity to assets, %	40,4 %	52,5 %

GEOGRAPHICAL NET SALES



PROFIT AND LOSS STATEMENT

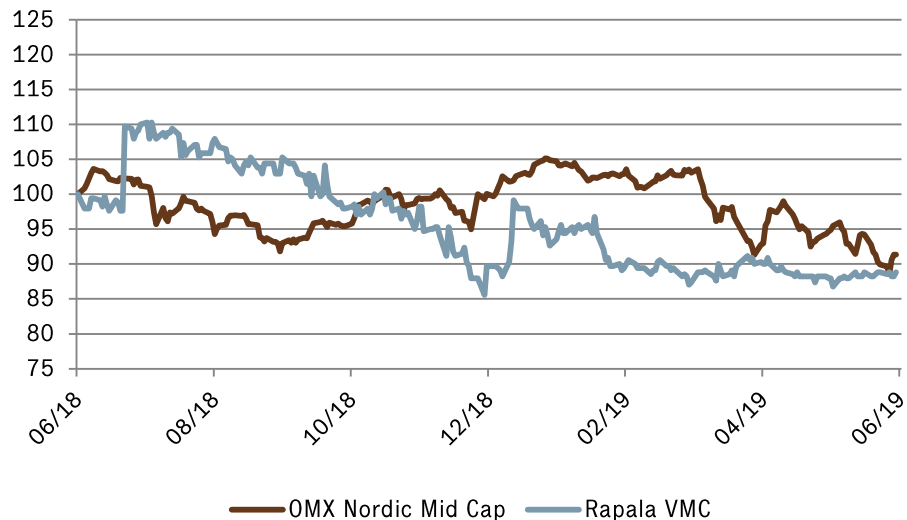
MEUR	2019 H1	2018 H1
Net sales	141,2	142,5
Other operating income	0,5	0,5
Materials and services	63,6	63,2
Personnel expenses	35,9	35,1
Other costs and expenses	24,4	26,2
Share of results in associates and joint ventures	0,0	0,0
EBITDA	17,7	18,5
Depreciation, amortization and impairments	6,3	3,2
OPERATING PROFIT (EBIT)	11,4	15,3
Financial income and expenses	1,3	1,2
PROFIT BEFORE TAXES	10,1	14,1
Income taxes	2,7	4,4
NET PROFIT FOR THE PERIOD	7,4	9,7

BALANCE SHEET

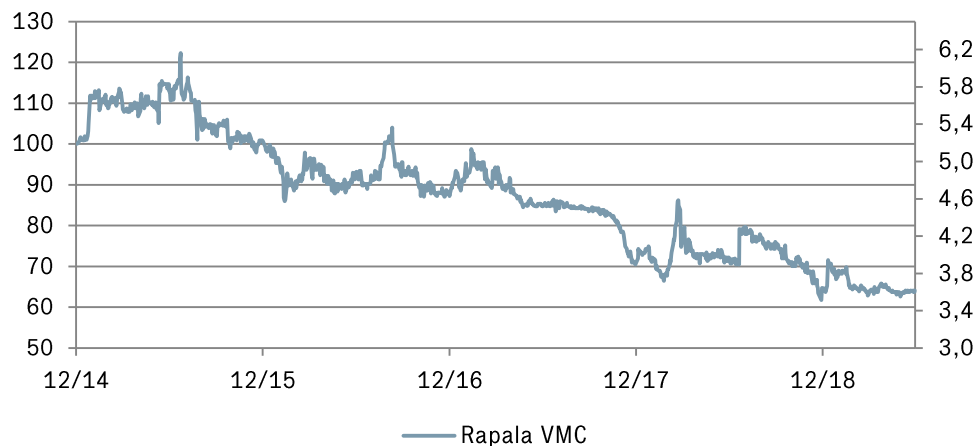
MEUR	2019 H1	2018 H1
ASSETS		
Non-current assets		
Intangible assets	74,8	74,3
Property, plant and equipment	41,8	31,8
Non-current assets		
Interest-bearing	0,0	0,0
Non-interest-bearing	6,0	6,5
	122,7	112,6
Current assets		
Inventories	108,6	96,7
Current assets		
Interest-bearing	0,0	0,0
Non-interest-bearing	61,4	65,8
Cash and cash equivalents	24,7	12,3
	194,7	174,8
TOTAL ASSETS	317,4	287,4
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the company	122,4	118,7
Non-controlling interests	5,8	7,1
Hybrid bond	0,0	25,0
	128,3	150,8
Non-current liabilities		
Interest-bearing	58,4	15,3
Non-interest-bearing	7,9	8,7
	66,3	24,0
Current liabilities		
Interest-bearing	70,4	63,1
Non-interest-bearing	52,4	49,4
	122,8	112,5
TOTAL EQUITY AND LIABILITIES	317,4	287,4

SHARES AND SHAREHOLDERS

Share price index performance



Share price performance



SHARE RELATED DATA (6/2019)

Market capitalization	115,7 MEUR
12-month high / low	3.81 / 2.85 EUR
All-time high / low	8.40 / 2.50 EUR

MAJOR SHAREHOLDERS (6/2019)

	% OF TOTAL
Viellard Migeon & Cie	38,5 %
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 %
De Pruines Industries SAS	0,3 %
Own shares	1,7 %

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