



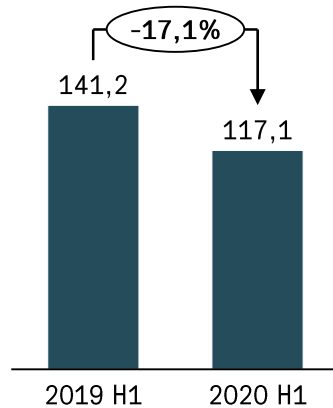
# RAPALA VMC CORPORATION 1<sup>ST</sup> HALF 2020

July 16, 2020



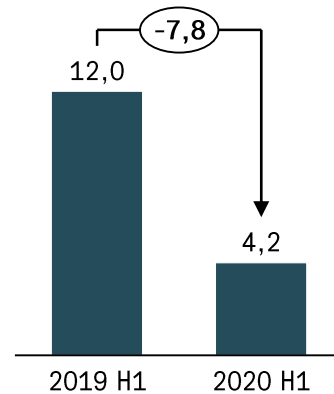
# SALES AND PROFITABILITY DECREASED FOLLOWING THE COVID-19 PANDEMIC. SUCCESFULL MITIGATION RESULTED IN IMPROVED OPERATING CASH FLOW AND DECREASED INVENTORIES

NET SALES  
(MEUR)



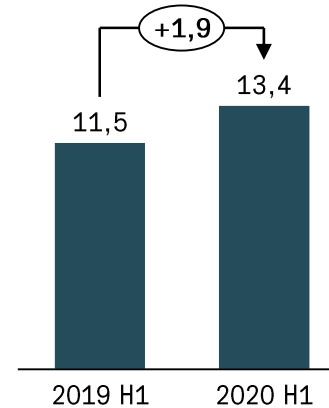
- FX comparable change: -16,6% (-23,3 MEUR)
- Exceptional first half as COVID-19 pandemic had a profound impact on the group
- Largest topline reduction from North America and Nordic region

COMPARABLE OPERATING PROFIT  
(MEUR)



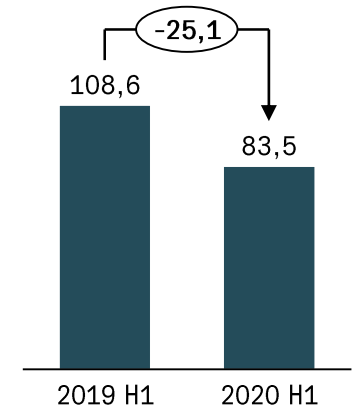
- Sales decrease driving profitability
- Rapid COVID-19 mitigation resulted in fast reduction of operating expenses

CASH FLOW FROM OPERATIONS  
(MEUR)



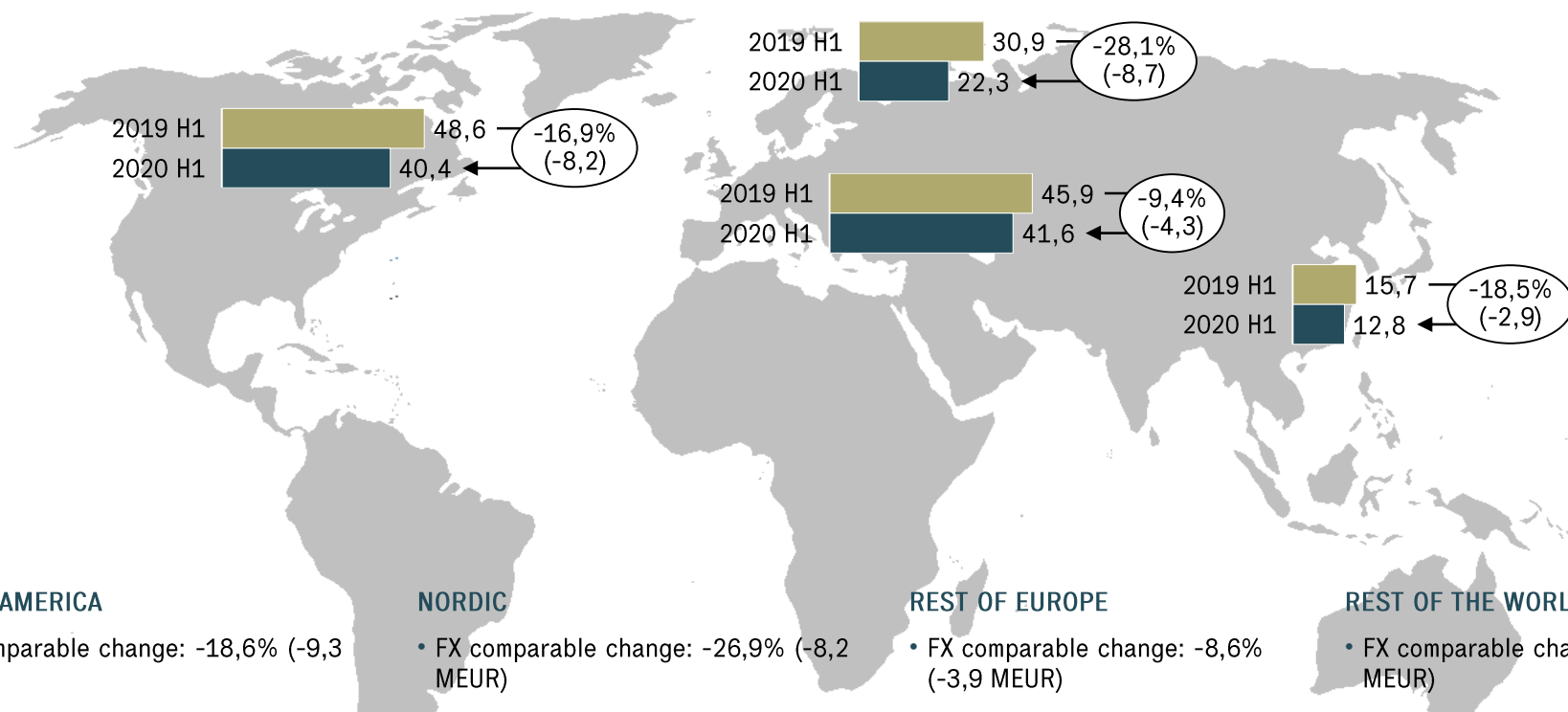
- COVID-19 mitigation focused on safeguarding the financial position of the Group
- Favorable development of working capital driving the cash flow improvement
- Implementation of watchtowers to monitor cash flow and account receivables

INVENTORY VALUE  
(MEUR)



- Lowest inventory value recorded in more than 10 years
- Strict purchase quota allocation and new strict sales and operations planning routines implemented

# SALES DECREASED IN ALL AREAS FOLLOW BY THE COVID-19 PANDEMIC



## NORTH AMERICA

- FX comparable change: -18,6% (-9,3 MEUR)
- The sales decrease was mostly driven by the COVID-19 pandemic and consequential governmental lockdowns that affected the Group's distribution centres in North America.
- E-commerce sales in North America grew strongly

## NORDIC

- FX comparable change: -26,9% (-8,2 MEUR)
- COVID-19 had a negative impact on retail and customer demand
- Changes in certain Third Party distribution agreements reduced sales
- Exceptionally mild winter reduced sales in winter sports business

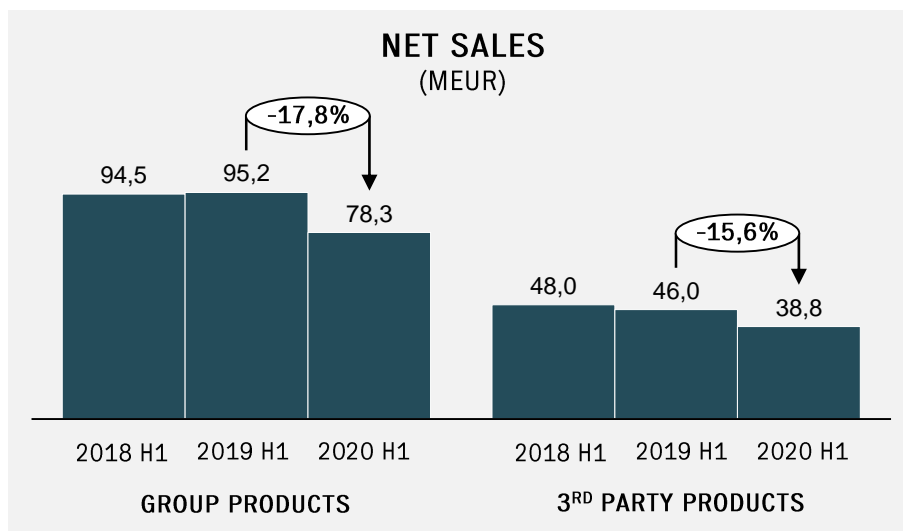
## REST OF EUROPE

- FX comparable change: -8,6% (-3,9 MEUR)
- Governmental lockdown measures impacting retail shops, which consequently had a negative impact on the Group's sales.
- Upcoming changes in Third Party rod and reel distribution decreased sales from the comparison period

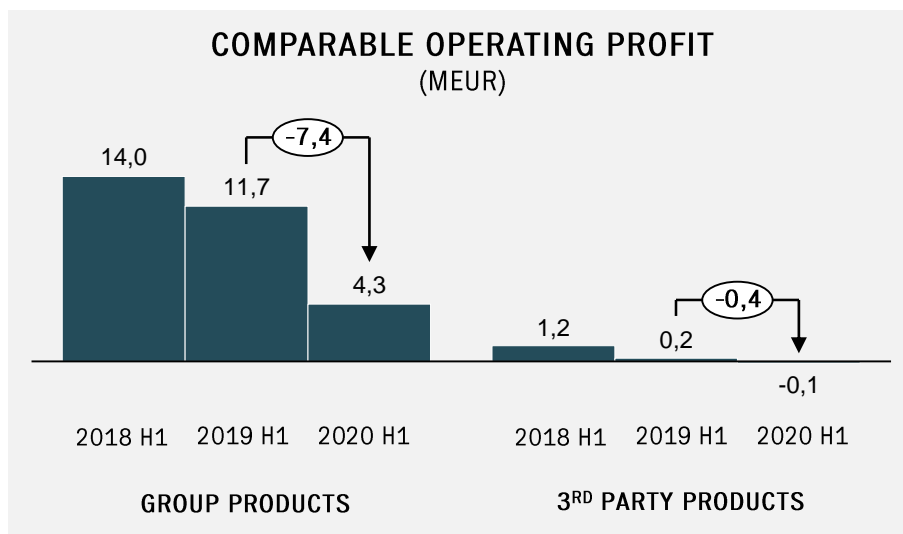
## REST OF THE WORLD

- FX comparable change: -12,8% (-1,9 MEUR)
- Governmental business closures and other lockdown measures decreased sales in many markets

# SEGMENT REVIEW



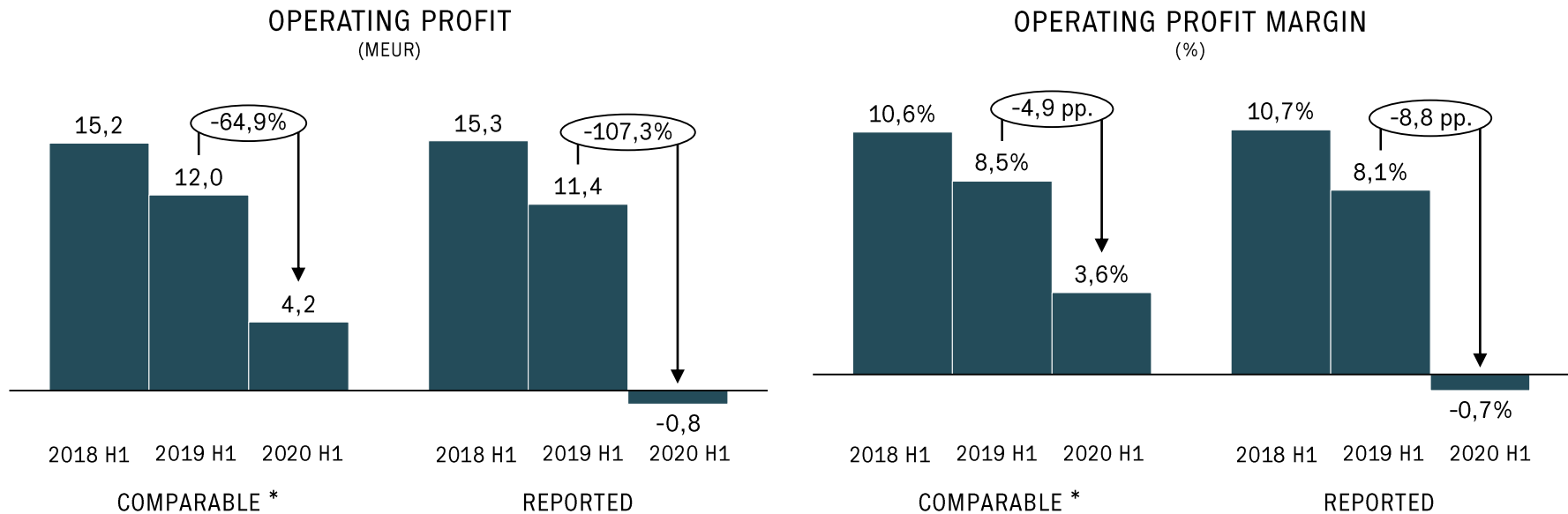
- Although the summer fishing season began strongly in many of the Group's key markets, the overall impact of the COVID-19 pandemic pulled **Group Products** sales below the first half of 2019.
- COVID-19 pandemic impacted sales of **Third Party Products** negatively. In addition, certain changes in Third Party distribution agreements decreased sales in the Nordic market and the upcoming changes in third party rod and reel distribution more broadly in the Group.



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

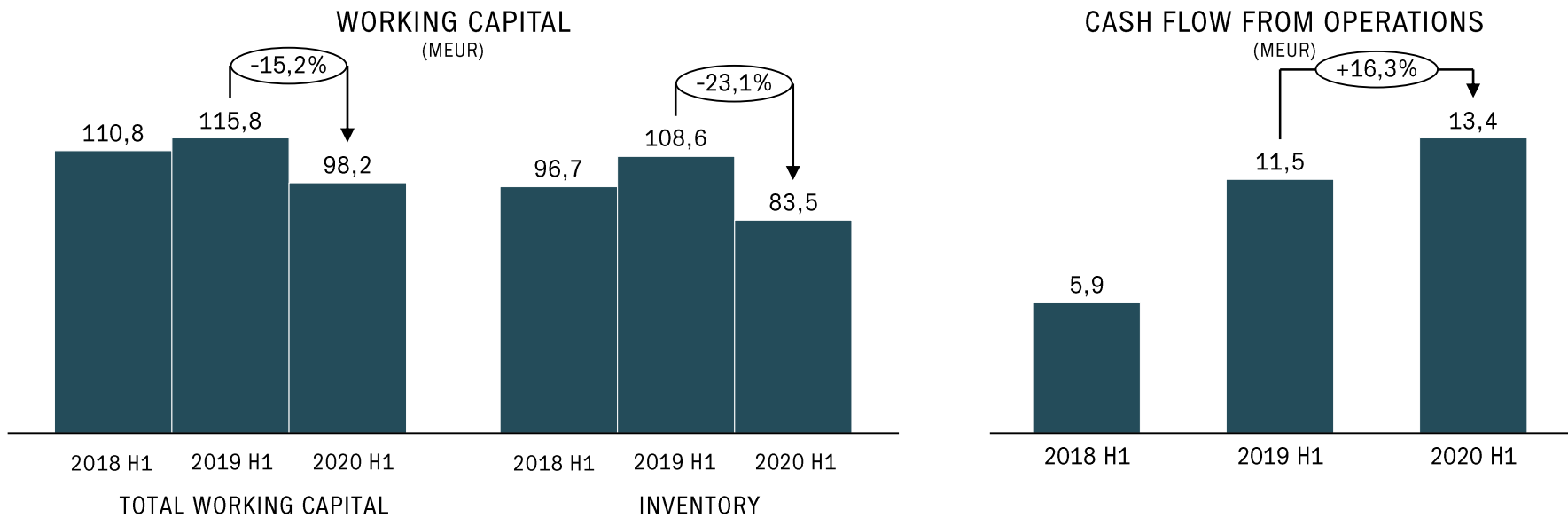
# COMPARABLE AND REPORTED OPERATING PROFIT

- Comparable\* operating profit was 4.2 MEUR (3.6%) for H1 2020
  - The change in translation exchange rates did not have a material impact
- Reported operating profit included impact of mark-to-market valuation of operative currency derivatives of -0.1 MEUR. Net expenses of other items affecting comparability included in the reported operating profit were 4.9 MEUR.
- Other items affecting comparability consisted mainly of expenses related to the ramp down of Asian lure manufacturing operations.



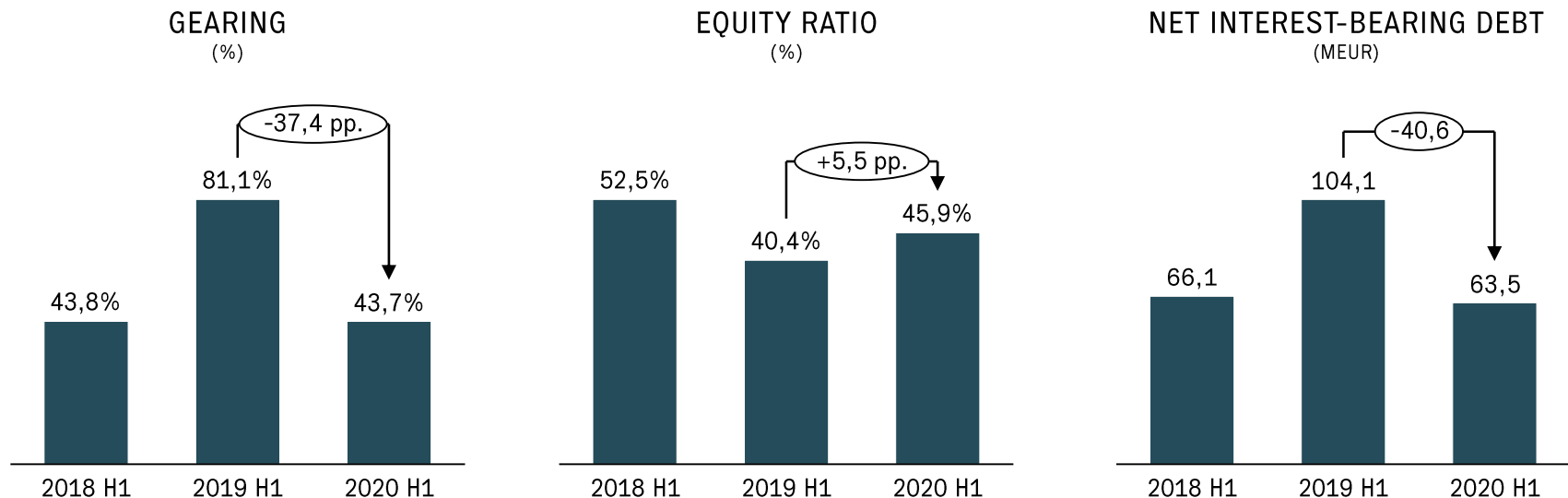
# CASH FLOW AND WORKING CAPITAL

- Total working capital decreased to 98.2 MEUR
  - The improvement of the inventory value resulted from tight inventory and purchase control, which was a crucial part of the COVID-19 mitigation plan.
- Cash flow from operations increased by 1.9 MEUR from the comparison period being 13.4 MEUR



# FINANCIAL POSITION

- Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 49.9 MEUR. Gearing and equity ratios improved from last year.
- Improvement in gearing ratio and equity ratio



# SHORT-TERM OUTLOOK

- The Group withdrew its guidance for 2020 on March 26, 2020 due to lack of visibility caused by the COVID-19 pandemic.
- End-consumer demand for recreational fishing products is currently on a good level in the Group's key markets. The Group's supply chain, including own factories and subcontractors, is currently working robustly and fulfilling customer orders.
- However, there is still lack of visibility caused by direct and indirect impacts of the COVID-19 pandemic in the Group's key markets. Furthermore, several risks have arisen from the pandemic for the second half of the year. Daily new infections of COVID-19 have lately increased in the United States and risks for a second wave in Europe and Asia have increased. Furthermore, potential lockdown measures could have a significant impact either on the Group's operations or customers' retail shops. As a result, it is still impossible to issue a financial guidance for 2020.

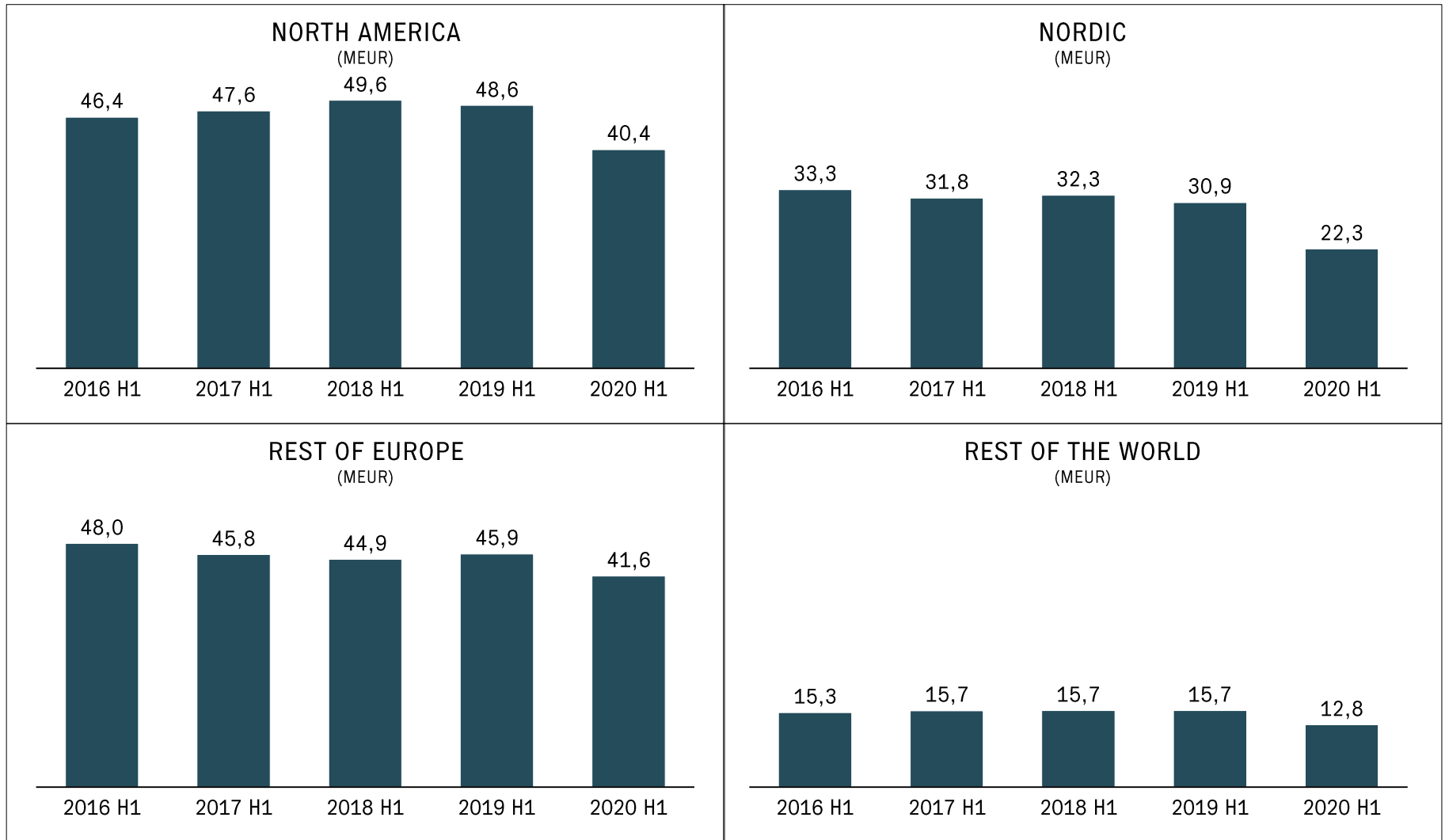


# APPENDICES

# KEY FIGURES

MEUR	2020 H1	2019 H1
Net sales	117,1	141,2
Operating profit	-0,8	11,4
Operating profit, % of net sales	-0,7 %	8,1 %
Comparable operating profit	4,2	12,0
Comparable operating profit, % of net sales	3,6 %	8,5 %
Net profit for the period	-3,8	7,4
EPS (basic), EUR	-0,12	0,17
Cash flow from operations	13,4	11,5
Net interest-bearing debt	63,5	104,1
ROCE, %	-0,8 %	10,2 %
Gearing, %	43,7 %	81,1 %
Equity to assets, %	45,9 %	40,4 %

# GEOGRAPHICAL NET SALES



# PROFIT AND LOSS STATEMENT

MEUR	2020 H1	2019 H1
Net sales	117,1	141,2
Other operating income	0,5	0,5
Materials and services	57,7	63,6
Personnel expenses	32,8	35,9
Other costs and expenses	19,5	24,4
Share of results in associates and joint ventures	-0,8	0,0
EBITDA	6,8	17,7
Depreciation, amortization and impairments	7,6	6,3
OPERATING PROFIT (EBIT)	-0,8	11,4
Financial income and expenses	1,9	1,3
PROFIT BEFORE TAXES	-2,7	10,1
Income taxes	1,1	2,7
NET PROFIT FOR THE PERIOD	-3,8	7,4

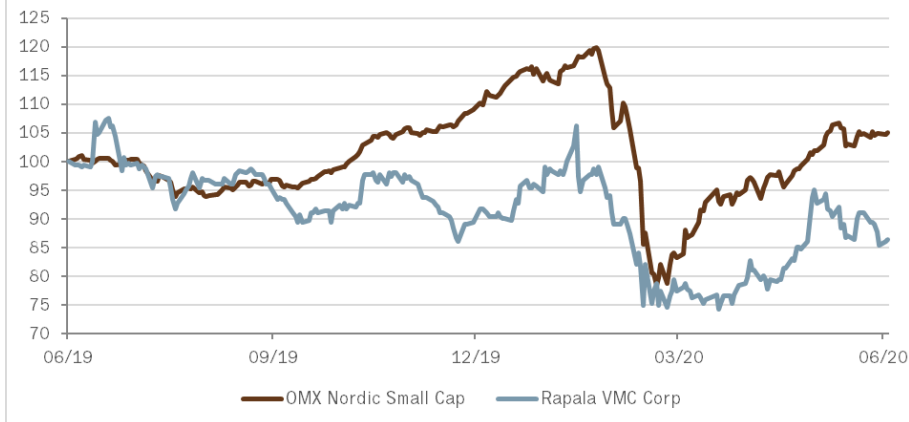
# BALANCE SHEET

MEUR	2020 H1	2019 H1
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	74,3	74,8
Property, plant and equipment	24,3	29,5
Right-of-use asset	11,9	12,3
<b>Non-current assets</b>		
Interest-bearing	7,8	0,0
Non-interest-bearing	8,5	6,0
	<b>126,9</b>	<b>122,7</b>
<b>Current assets</b>		
Inventories	83,5	108,6
<b>Current assets</b>		
Interest-bearing	-	-
Non-interest-bearing	56,2	61,4
Cash and cash equivalents	50,0	24,7
	<b>189,7</b>	<b>194,7</b>
<b>TOTAL ASSETS</b>	<b>316,6</b>	<b>317,4</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to the equity holders of the company	115,3	122,4
Non-controlling interests	4,9	5,8
Hybrid bond	25,0	0,0
	<b>145,2</b>	<b>128,3</b>
<b>Non-current liabilities</b>		
Interest-bearing	46,0	51,0
Non-interest-bearing	9,7	7,9
Lease liabilities	7,6	7,4
	<b>63,2</b>	<b>66,3</b>
<b>Current liabilities</b>		
Interest-bearing	63,2	65,3
Non-interest-bearing	40,4	52,4
Lease liabilities	4,6	5,0
	<b>108,2</b>	<b>122,8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>316,6</b>	<b>317,4</b>

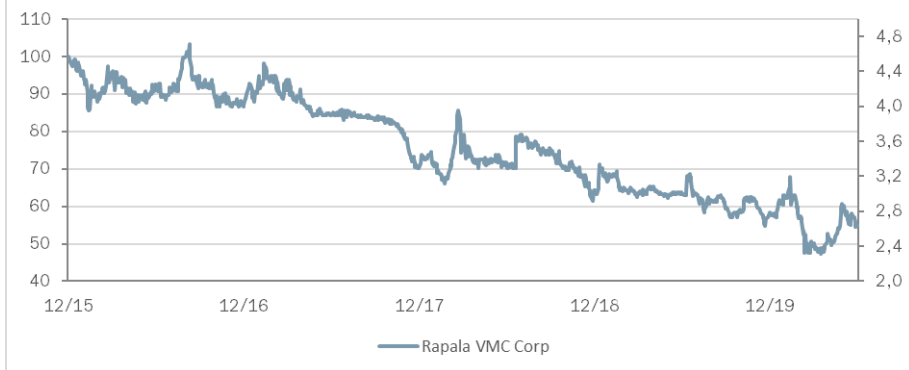


# SHARES AND SHAREHOLDERS

Share Price Index Performance



Share Price Development, 2016-2020



## SHARE RELATED DATA (6/2020)

Market capitalization	100,6 MEUR
12-month high / low	3.43 / 2.15 EUR
All-time high / low	8.40 / 2.15 EUR

## MAJOR SHAREHOLDERS (6/2020)

	% OF TOTAL
Viellard Migeon & Cie	38,5 %
Sofina S.A.	19,2 %
Nordea Funds	13,5 %
The State Pension Fund	3,3 %
Shimano Singapore Private Limited	2,3 %
Taaleritehdas Funds	1,5 %
Ilmarinen Mutual Pension Insurance	0,7 %
Säästöpankki Funds	0,6 %
Coble James Jay	0,6 %
Elo Mutual Pension Insurance	0,4 %
Own shares	1,2 %