



RAPALA VMC CORPORATION HIGHLIGHTS

February 16, 2017

Global Hero Lure Launch

- Allround searchbait for multiple applications around the world
- Coordinated global launch in January 2017
- 500 000+ packs sold




RAPALA VMC CORP.

Jacob Wheeler wins with Storm 360GT

- Rapala Pro Staff angler wins Bassmaster Elite tournament on Tennessee's Cherokee Lake
- Key to success was to use the new Storm 360GT Searchbait to locate fish quickly



RAPALA VMC CORP.

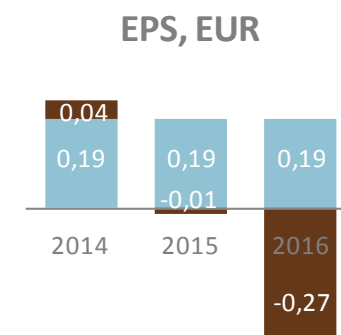
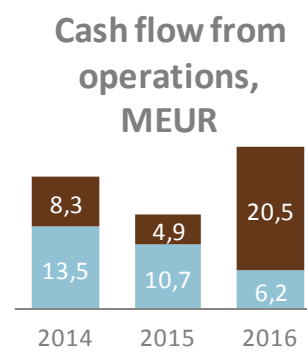
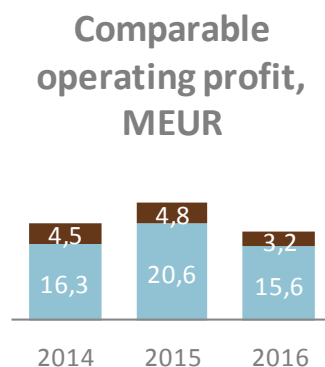
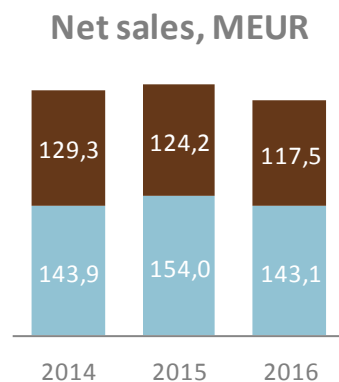


RAPALA VMC CORPORATION ANNUAL ACCOUNTS & HALF YEAR H2 2016

February 16, 2017

Summary of FY 2016

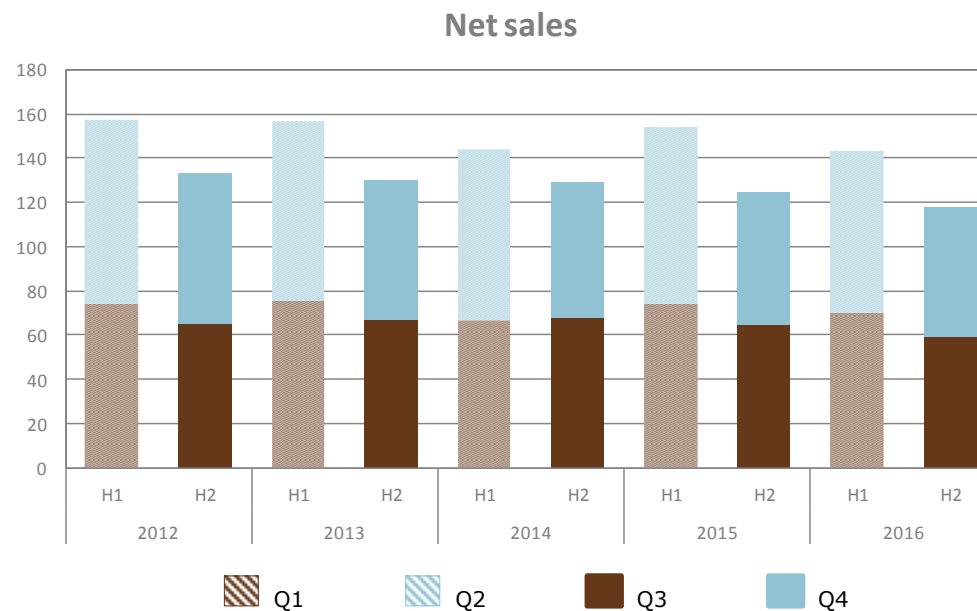
- NET SALES 260.6 MEUR (278.2) (-6%)
 - With comparable exchange rates sales down 5%
- COMPARABLE OPERATING PROFIT 18.8 MEUR (25.3) (-26%)
 - Decrease primarily driven by the lower sales, especially of higher margin Group Branded Products
- REPORTED OPERATING PROFIT 7.2 MEUR (21.0) (-66%)
 - Valuation loss of currency derivatives 1.6 MEUR (2.1) and net expenses of other items affecting comparability 10.0 MEUR (2.3)
 - Redefined inventory valuations 9.2 MEUR recognized in conjunction with the Group's strategy update
- CASH FLOW FROM OPERATIONS 26.7 MEUR (15.6) (71%)
 - Following the intense focus on cash flow and inventories, cash flow from operations record high
- EPS -0.08 EUR (0.17)



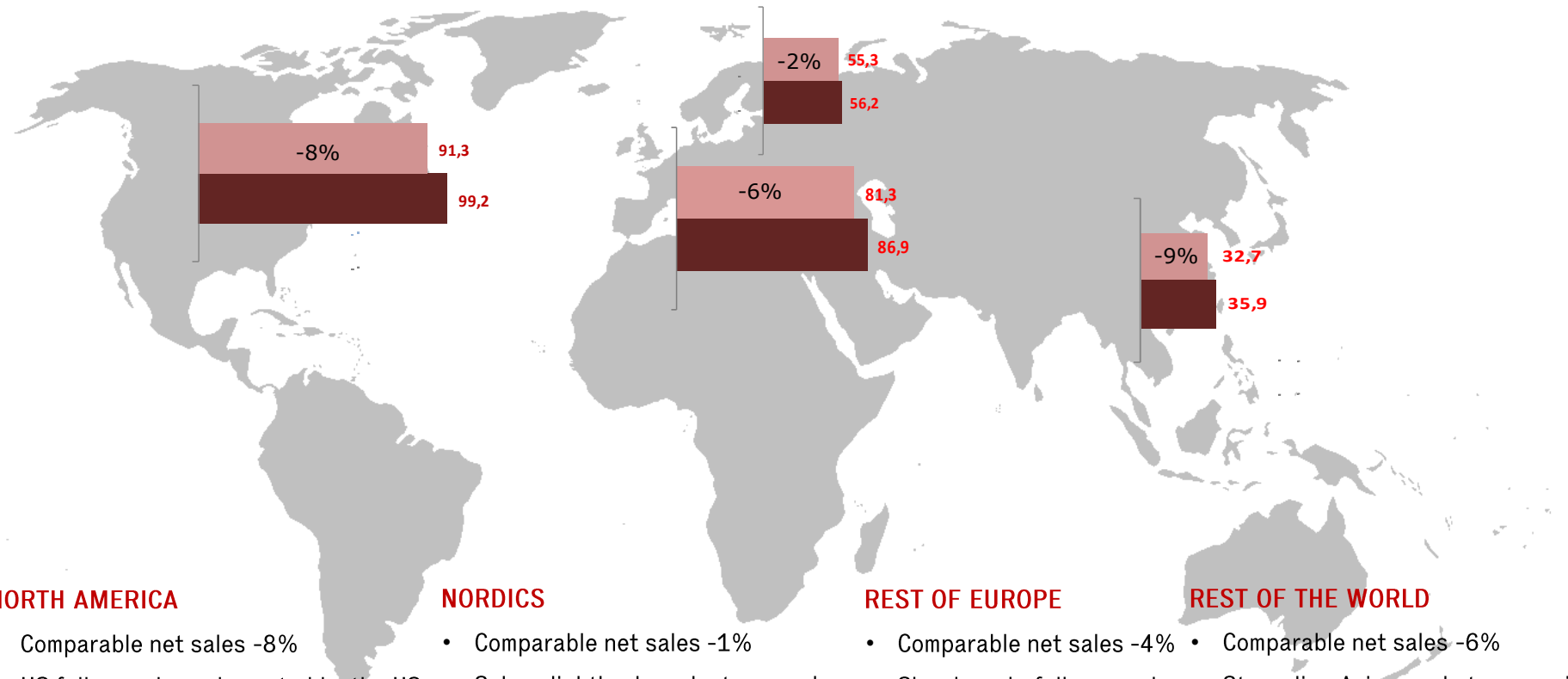
■ H1 ■ H2

Net Sales

- NET SALES 260.6 MEUR (278.2) (-6%)
 - Changes in FX rates explain approximately 3.3 MEUR. With comparable FX sales -5%
 - Challenging trading conditions, especially in big markets the US, Russia and France
 - Favourable late summer and early fall weathers supported summer fishing tackle sales, but not enough to offset the slower sales in early summer
 - Winter fishing and winter sports equipment sales negatively impacted by unfavorable winter weathers
 - H2: 117.5 MEUR (124.2) (-5%)
 - Q4: 58.1 MEUR (59.7) (-3%, comparable -4%)



FY 2016 Net Sales – Geographical Areas



NORTH AMERICA

- Comparable net sales -8%
- US full year down, impacted by the US retail scene under some turmoil and slowdown of winter fishing tackle sales
- US second half sales up, supported by strong sales of group branded lures
- Weak economy and trading conditions in Canada

NORDICS

- Comparable net sales -1%
- Sales slightly above last year, when FX impacts of accounts receivable excluded
- Stronger hunting sales, especially in Sweden and Denmark
- Positive development in Norway
- Winter fishing sales improved slightly

REST OF EUROPE

- Comparable net sales -4%
- Slowdown in full year sales especially in big markets Russia (instability) and France (poor weather, tightened competition and reserved market sentiment)
- Q4 up from last year, improved sales in Spain, Baltics and Russia

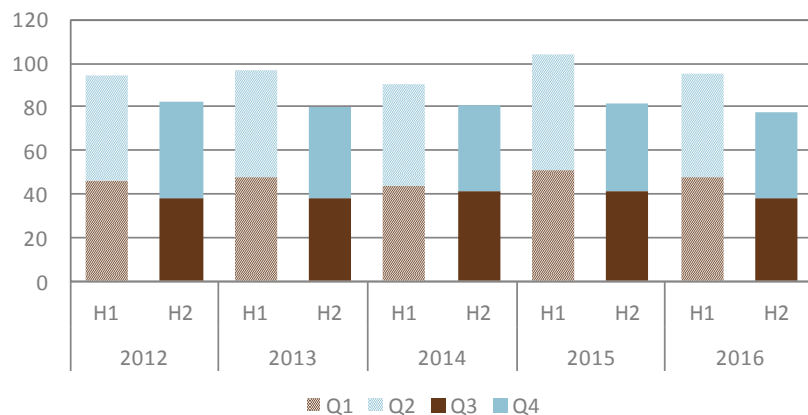
REST OF THE WORLD

- Comparable net sales -6%
- Struggling Asian markets, especially SEA with distribution organization being restructured
- Sales up in China, South Korea, Chile and Mexico
- Q4 sales in South Africa slowed down after a strong start of the year

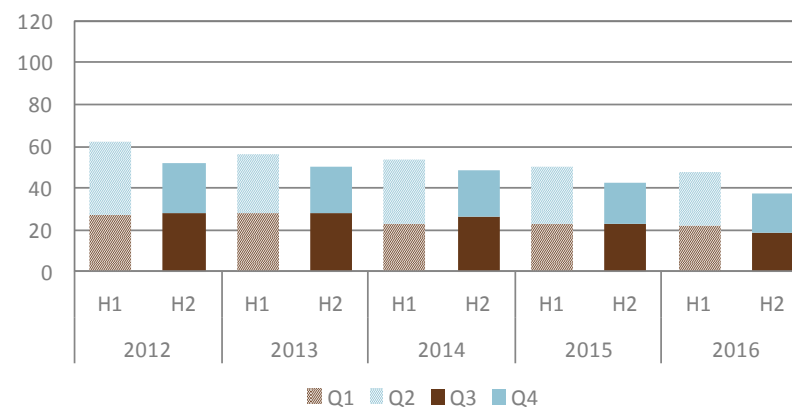
FY 2016 Net Sales – Product Segments

- **GROUP PRODUCTS 172.1 MEUR (184.7) (-7%)**
 - Comparable net sales -6%
 - Fishing lures, lines and accessories sales down especially in North America, but better sales of fishing lures in the US in Q4
 - Hooks sales down due to challenges in Rest of Europe market, while VMC hook sales growing in North America
 - H2: 77.1 MEUR (81.2) (-5%, comparable -5%)
 - Q4: 39.2 MEUR (40.2) (-2%, comparable -3%)
- **THIRD PARTY PRODUCTS 88.5 MEUR (93.5) (-5%)**
 - Comparable net sales -3%
 - Lower sales of Third Party Fishing Products mainly due to challenges in Russia and France
 - Third Party Hunting sales up in the Nordic and new hunting markets in Europe and Rest of the World
 - H2: 40.3 MEUR (43.1) (-6%, comparable -6%)
 - Q4: 18.9 MEUR (19.5) (-3%, comparable -5%)

Group products

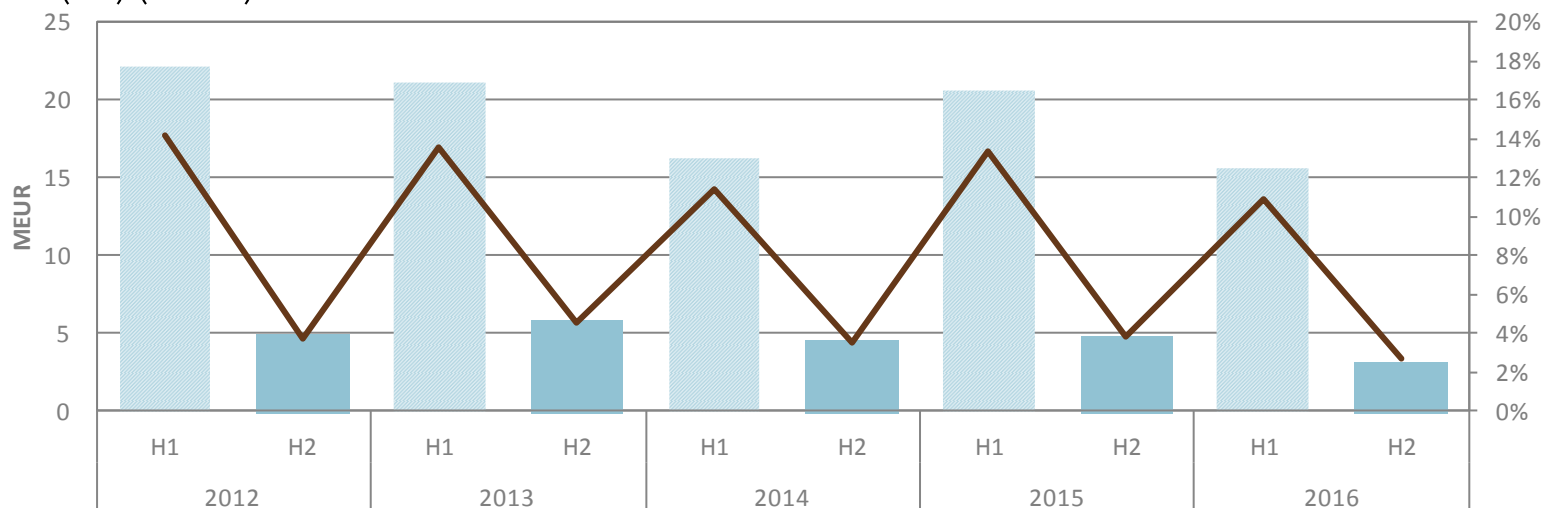


Third party products



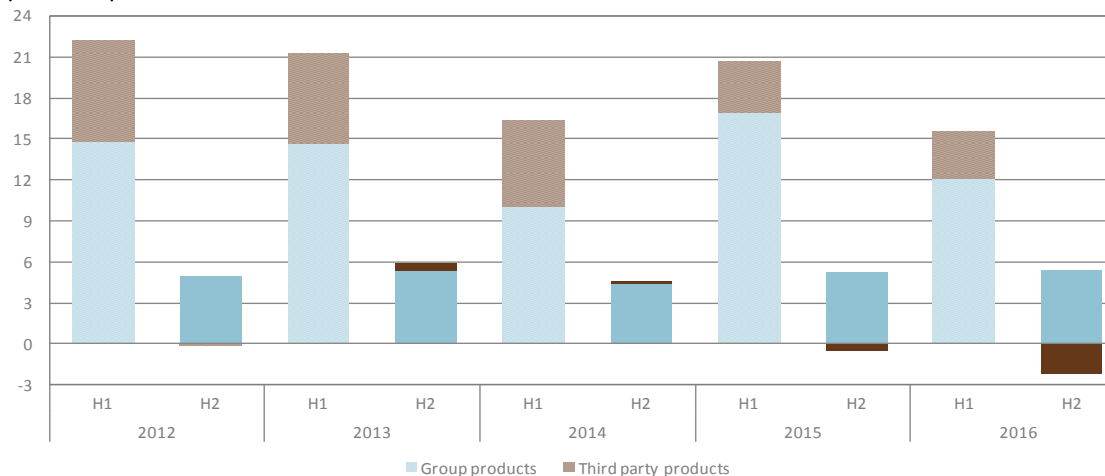
Comparable Operating Profit

- COMPARABLE OPERATING PROFIT FY 18.8 MEUR (25.3) (-26%)
 - Burdened by lower sales, especially of higher margin Group branded products
 - Further hurt by lower result of the UK joint venture that was sold in September 2016
 - Despite the cost savings fixed costs' decrease did not offset the reduced gross profit caused by lower sales
 - H2: 3.2 (4.8) (-33%)
- REPORTED OPERATING PROFIT FY 7.2 MEUR (21.0) (-66%)
 - Mark-to-market valuation of operative currency derivatives 1.6 MEUR (2.1)
 - Other items affecting comparability 10.0 (2.3) included 9.2 MEUR relating to redefined inventory valuations recognized in conjunction with the Group's strategy update and restructuring costs in various units
 - H2: -7.0 (3.6) (-294%)



Comparable Operating Profit – Product segments*

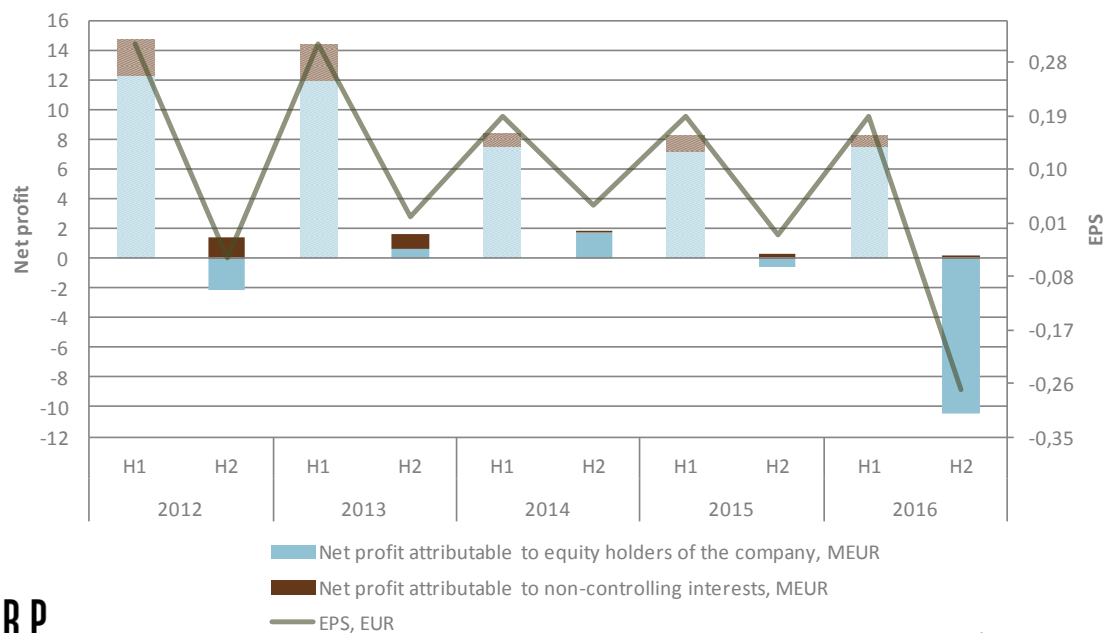
- GROUP PRODUCTS 17.4 (22.2) (-22%)
 - Burdened by lower sales reducing profitability both at distribution and manufacturing level
 - Fixed costs down driven by cost savings measures, but not sufficient to offset the reduced gross profit
 - Other Group Products' profitability improved from last year
 - H2: 5.4 (5.2) (4%)
- THIRD PARTY PRODUCTS 1.4 MEUR (3.2) (-56%)
 - Burdened by lower sales and aggressive sales campaigns' negative impact on margins
 - Supported by price increases issued to offset the unfavorable development in purchase currencies last year
 - H2: -2.2 (-0.5) (-349%)



* The graph changed starting from 2016, as the Group has changed the measurements of segment performance by excluding items affecting comparability from operating profit. Previous years have been restated.

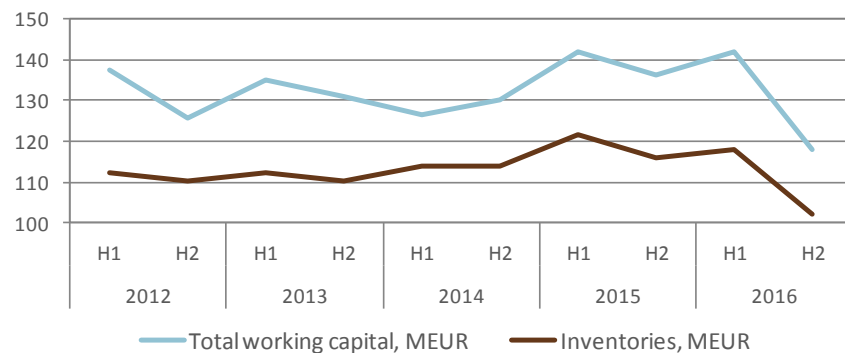
Net Profit and EPS

- FINANCIAL (NET) EXPENSES FY 5.0 MEUR (6.8) (-27%), H2 2.2 MEUR (2.7) (-18%)
 - Impact of FX expenses of FY 1.3 MEUR (3.3)
 - Net interest and other financial expenses 3.7 MEUR (3.5)
- NET PROFIT FY -2.0 MEUR (8.1), H2 -10.2 (-0.2)
 - Driven by items affecting comparability net profit fell below zero. Excluding inventory allowance, net of tax impact, the net profit for the full year would have been about 5.7 MEUR
- SHARE OF NON-CONTROLLING INTEREST FY 1.0 MEUR (1.4), H2 0.2 MEUR (0.3)
- EPS FY -0.08 (0.17), H2 -0.27 EUR (-0.01)
 - Excluding inventory allowance, net of tax impact, EPS for the full year would have been about EUR 0.12

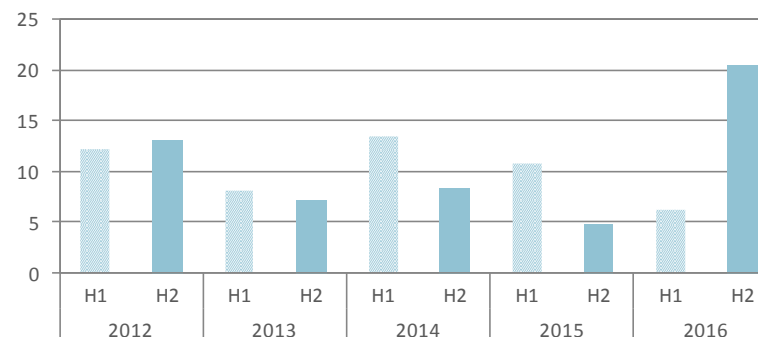


Cash Flow and Working Capital

- CASH FLOW FROM OPERATIONS FY 26.7 (15.6), H2 20.5 MEUR (4.9)
 - Record high annual cash flow from operations despite challenging trading conditions. Change in working capital FY 10.5 MEUR (-3.3), H2 17.8 MEUR (3.5)
- INVENTORIES 102.2 MEUR (116.2)
 - Decreased 14.0 MEUR from last year, of which 9.5 MEUR results from non-cash allowances relating to redefined inventory valuation
 - On comparable basis the Group's inventories decreased by 8.1 MEUR from last December despite slowdown in sales
 - Currency impact increased inventories by 3.7 MEUR
- INVESTING ACTIVITIES MAINLY NORMAL CAPITAL EXPENDITURE
 - Including annual installment 1.0 MEUR related to disposal of gift business in 2011 and 1.2 MEUR for sale of UK joint venture shares



Cash flow from operations, MEUR



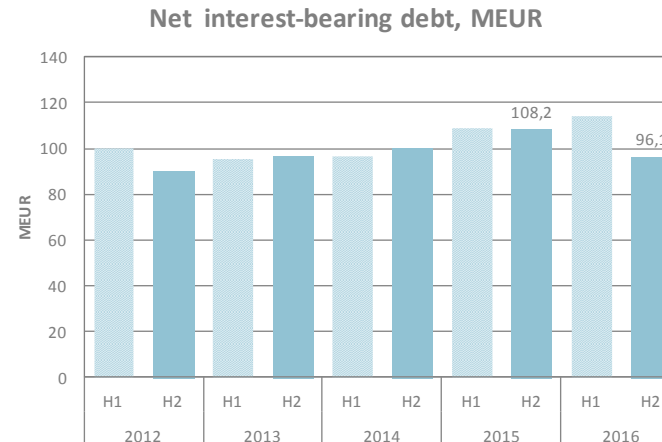
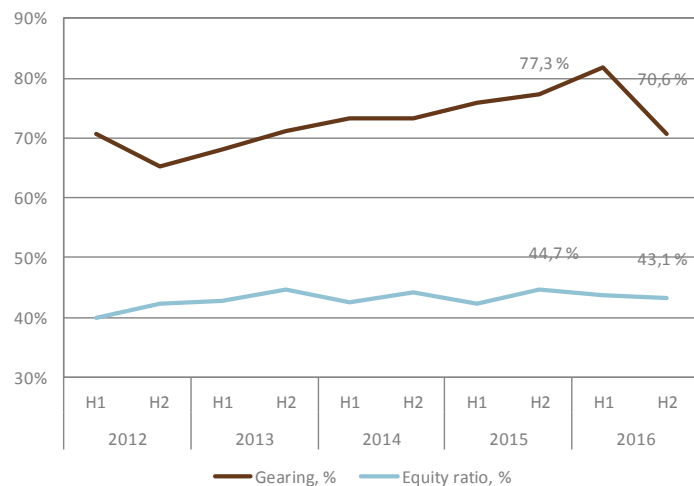
Financial Position

- LIQUIDITY POSITION OF THE GROUP

- Undrawn committed long-term credit facilities amounted to 59.9 MEUR

- GEARING AND NET INTEREST-BEARING DEBT

- Gearing at 70.6 (77.3%)
- Equity-to-assets ratio slightly below last year level at 43.1% (44.7%)
- Following the higher ratio between net interest-bearing debt and reported EBITDA, the Group has during the year agreed with its lenders on higher covenant levels covering also the last quarter of 2016. The Group expects to fulfill the requirements of the lenders also at the end of the first quarter of 2017.



Short-term Outlook

- In 2016 the Group's sales decreased in many big markets and the outlook for 2017 is still somewhat cautious. In many countries changes in political regimes are causing uncertainties on the future development of the economic activity.
- In North America sales picked up during latter part of 2016 and this development is expected to continue. New product introductions, including the new Storm 360GT soft bait manufactured in the Batam factory, are expected to support the sales. In Russia the market continues to be challenging, although the strengthening of Ruble has slightly improved the sentiment. In Central Europe the markets continue to be competitive. Sales in Rest of the World markets are expected to improve.
- Following the updated strategy, the Group will launch various initiatives to boost the organic growth and improve the cost and capital efficiency as well as operational performance in the future. These initiatives will trigger some additional expenses and investments in 2017.
- The Group expects full year net sales 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) in the same range as in 2016.

- Annual General Meeting planned for March 30, 2017
 - Dividend proposal 0.10 EUR per share that is distributed in two equal installments
 - Financial Statements for 2016 and Corporate Governance Statement published in week 10
- Q1 Trading Report will be published on April 28, 2017

APPENDICES

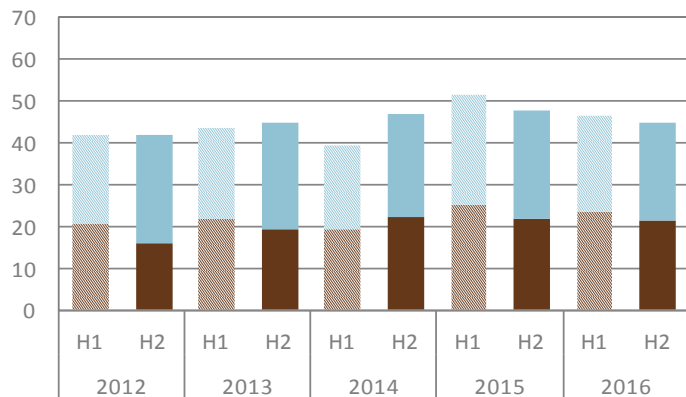
RAPALA VMC CORP.

H2 & FY Key figures

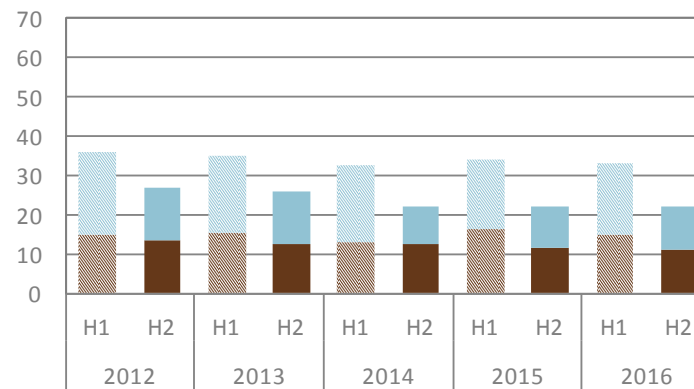
MEUR	H2/2016	H2/2015	FY/2016	FY/2015
Net sales	117.5	124.2	260.6	278.2
Operating profit	-7.0	3.6	7.2	21.0
Operating profit, % of net sales	-6.0%	2.9%	2.8%	7.6%
Comparable operating profit	3.2	4.8	18.8	25.3
Comparable operating profit, % of net sales	2.7%	3.8%	7.2%	9.1%
Net profit for the period	-10.2	-0.2	-2.0	8.1
EPS (basic), EUR	-0.27	-0.01	-0.08	0.17
Cash flow from operations	20.5	4.9	26.7	15.6
Net interest-bearing debt	96.1	108.2	96.1	108.2
ROCE, %	-5.8%	2.9%	3.0%	8.7%
Gearing, %	70.6%	77.3%	70.6%	77.3%
Equity to assets, %	43.1%	44.7%	43.1%	44.7%

FY2016 Net Sales – Geographical Areas

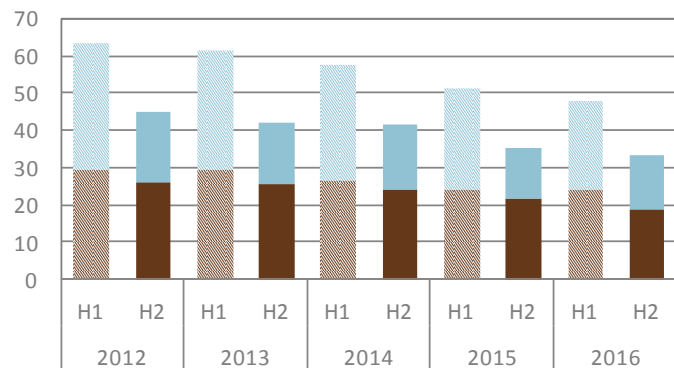
North America



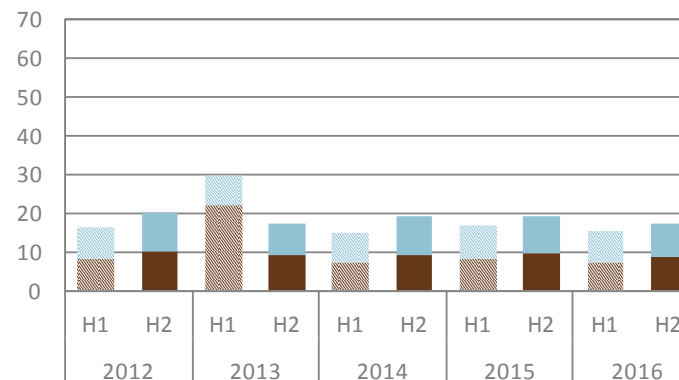
Nordic



Rest of Europe



Rest of the World



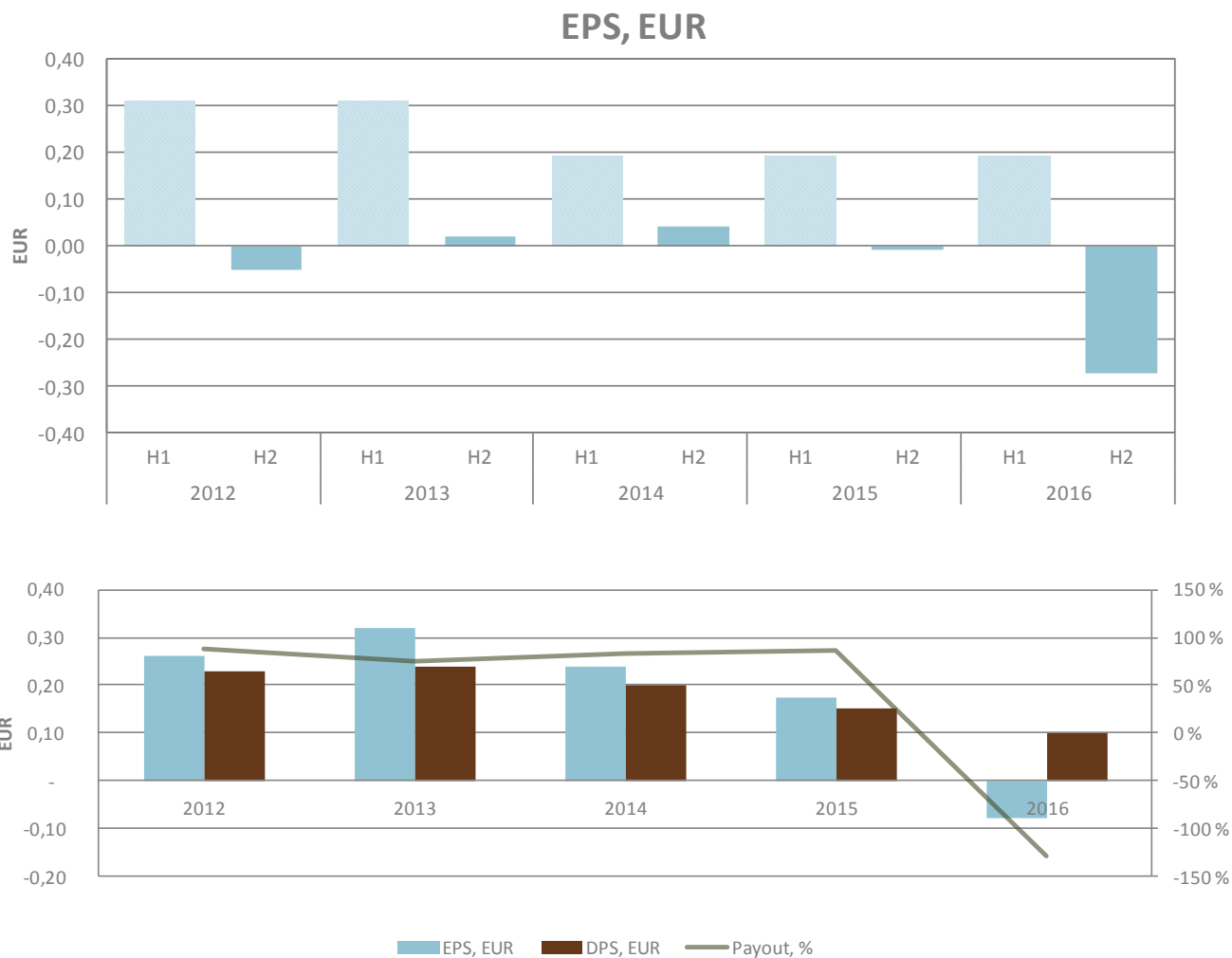
▨ Q1

▨ Q2

■ Q3

■ Q4

EPS



Profit and loss account

MEUR	H2 2016	H2 2015	FY/2016	FY/2015
Net sales	117.5	124.2	260.6	278.2
Other operating income	1.1	0.7	1.3	1.0
Materials and services	65.3	60.2	129.0	130.9
Employee benefit expenses	32.5	33.1	67.6	68.4
Other operating expenses	24.1	24.5	51.1	52.3
Share of results in associates and joint ventures	-0.1	0.1	-0.1	0.4
EBITDA	-3.5	7.2	14.1	28.1
Depreciation, amortization and impairments	3.5	3.6	-6.9	7.1
Operating profit (EBIT)	-7.0	3.6	7.2	21.0
Financial income and expenses	2.2	2.7	-5.0	6.8
Profit before taxes	-9.2	0.9	2.2	14.2
Income taxes	1.1	1.2	-4.2	6.1
Net profit for the period	-10.2	-0.2	-2.0	8.1

Balance sheet

MEUR	FY/2016	FY/2015
ASSETS		
Non-current assets		
Intangible assets	78.2	78.2
Property, plant and equipment	36.2	33.9
Non-current assets		
Interest-bearing	0.0	2.8
Non-interest-bearing	9.1	11.8
	123.5	126.7
Current assets		
Inventories	102.2	116.2
Current assets		
Interest-bearing	0.9	1.0
Non-interest-bearing	55.8	58.1
Cash and cash equivalents	33.8	11.4
	192.7	186.7
Total assets	316.1	313.4
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the parent company	127.5	131.5
Non-controlling interests	8.6	8.5
	136.1	140.0
Non-current liabilities		
Interest-bearing	41.5	58.6
Non-interest-bearing	11.6	13.4
	53.1	72.0
Current liabilities		
Interest-bearing	89.3	64.8
Non-interest-bearing	37.6	36.6
	126.9	101.5
Total equity and liabilities	316.1	313.4

Shares and Shareholders

SHARE RELATED DATA (12/2016)

- Market capitalization 158,3 MEUR
- 12-month high/low 4.90/3.90 EUR
- All-time high/low 8.40/2.50 EUR

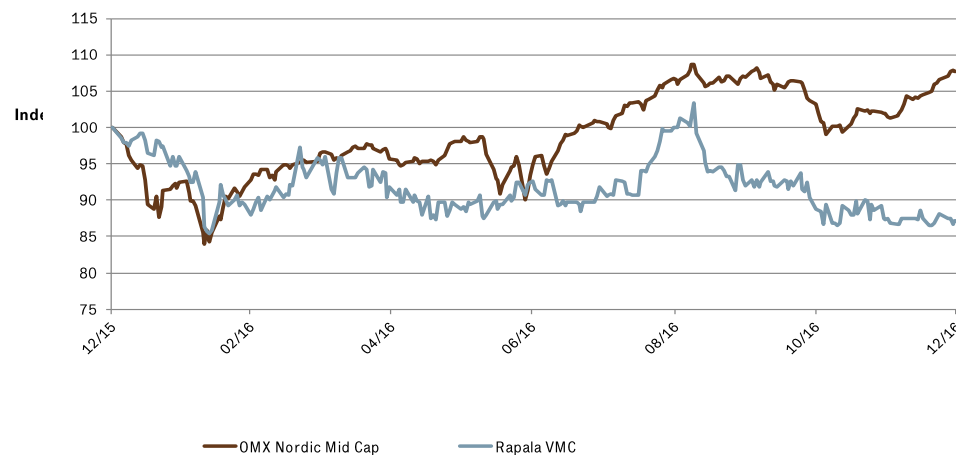
MAJOR SHAREHOLDERS (12/2016)

- VMC Holdings 38%
- Sofina 19%
- Nordea Funds 11%
- Odin Funds 3%
- State Pension fund 3%
- Shimano 2%
- Taaleritehdas funds 2%
- Ilmarinen 1%
- LähiTapiola Funds 1%
- Elo 0.4%

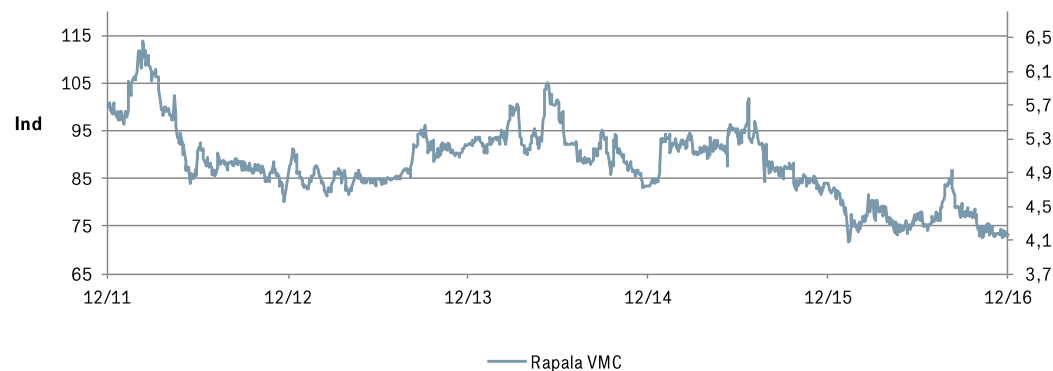
Own shares: 677 208 shares (1.7%)

RAPALA VMC CORP.

Share price index performance from Jan 2015 – Dec 2016



Share price performance from Jan 2012 – Dec 2016



Financial Trends

