



RAPALA VMC CORPORATION HIGHLIGHTS

February 15, 2019

Deploying the strategy to find incremental growth in new categories

Rapala Pike Lures



- Launched in January in France at the Clermont-Ferrand Show
- Targeted digital marketing reached over 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



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Rapala Saltwater Lures



- Launched first in March for the APAC region with X-Rap Magnum Explode
- Second wave with X-Rap Magnum Xtreme at AFTA Show in Australia in July
- Targeted digital marketing reached over 1.5 million people interested in saltwater big game fishing



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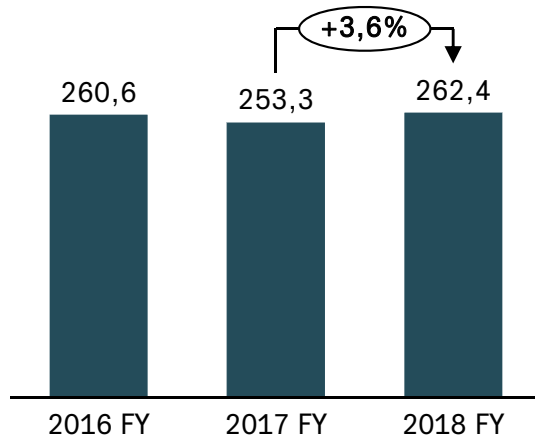


RAPALA VMC CORPORATION FULL YEAR 2018

February 15, 2019

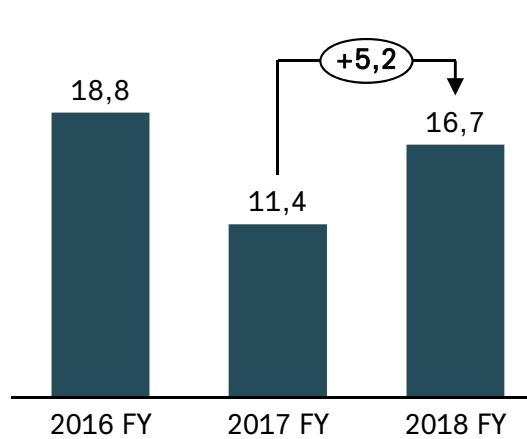
STRONG SALES AND PROFITABILITY GROWTH FROM LAST YEAR

NET SALES
(MEUR)



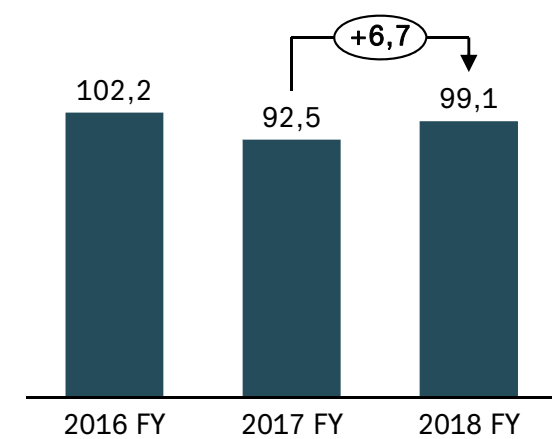
- FX comparable change: +6,9% (+17,0 MEUR)
- Sales growth in all geographical regions, especially North America
- Group Products grew 7% in local currencies
- Third Party Products grew 7% in local currencies

COMPARABLE OPERATING PROFIT
(MEUR)



- FX comparable change: +51,1% (+5,6 MEUR)
- Sales growth driving profitability
- Successfully executed performance improvement initiatives in European lure manufacturing and some other units
- Batam plant continues to burden profitability and has clear profit improvement potential

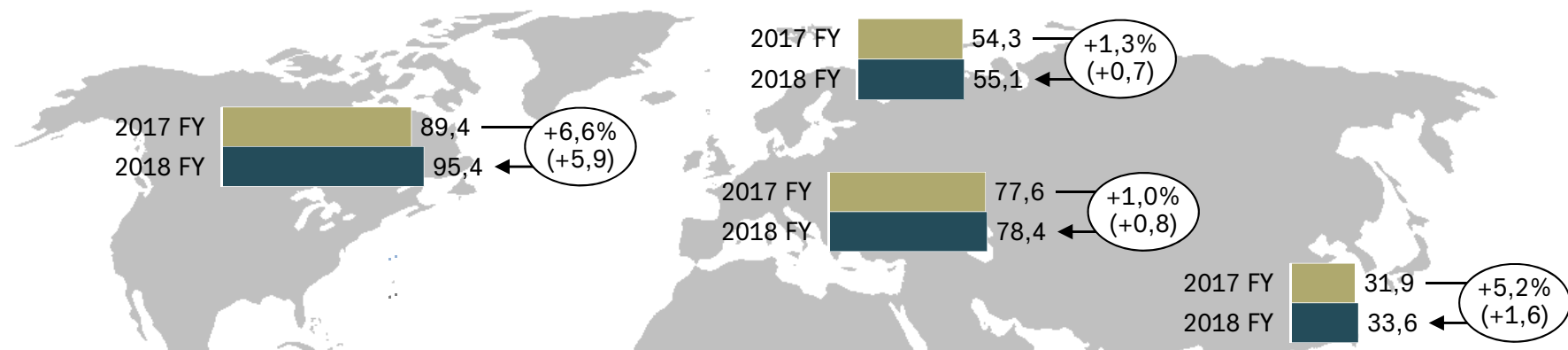
INVENTORY VALUE
(MEUR)



- FX comparable change: +7,9% (+7,2 MEUR)
- Absolute level of inventories grew from 2017
- Despite increase in absolute inventory, average rolling inventory decreased from 2017

- EPS is 0,13 EUR (0,05)
- Board's proposal for dividend: 0,06 EUR (0,04)

SALES GROWTH IN ALL AREAS IN LOCAL CURRENCIES



NORTH AMERICA

- FX comparable change: +11,4% (+9,7 MEUR)
- Growth in most of the product categories, especially in Rapala lures and ice fishing products
- Successful turnaround in Canada

NORDIC

- FX comparable change: +3,4% (+1,8 MEUR)
- Strong sales in winter sports products
- Marttiini sales below last year's record-high numbers, which were boosted by Finland 100 year anniversary knives

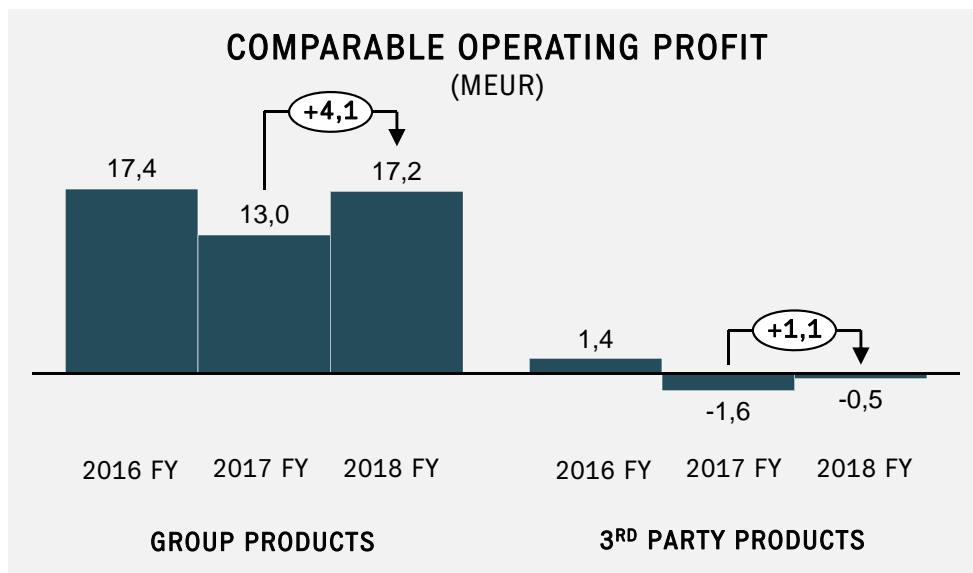
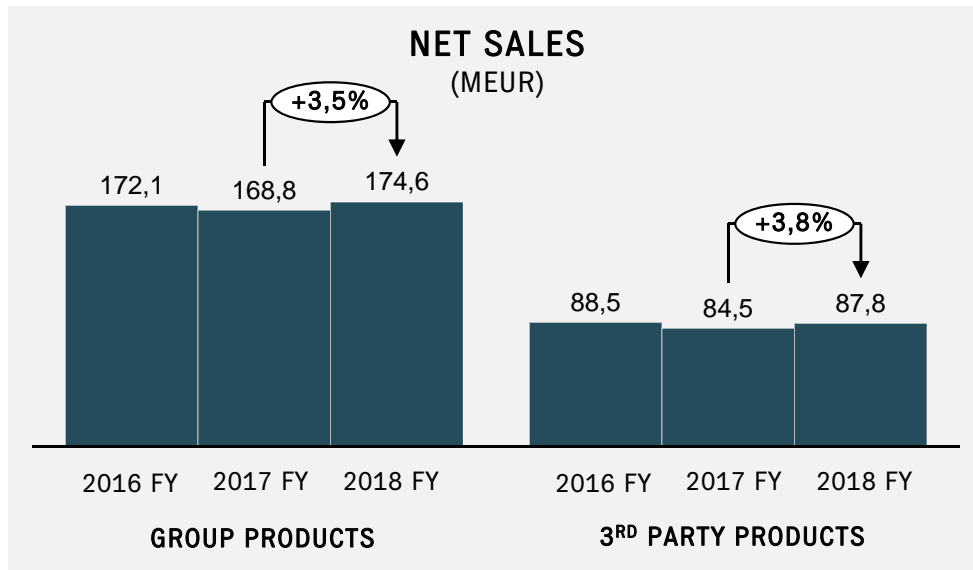
REST OF EUROPE

- FX comparable change: +3,3% (+2,5 MEUR)
- Many countries in the area grew
- On the other hand, sales decline in Russia offset most of sales growth in other countries

REST OF THE WORLD

- FX comparable change: +9,6% (+2,9 MEUR)
- Expansion in hunting business supported growth of the area
- Positive development in Latin America

BOTH SEGMENTS GREW FROM LAST YEAR



- **Group Products'** net sales growth mostly driven by increased sales in Rapala lures, fishing lines, hooks, ice fishing products and winter sports products. Sales of hunting knives were below last year.
- **Third Party Products'** sales driven by expansion in hunting business, growth in rod and reel category and increased third party winter sports sales.
- **Profitability increase** mainly driven by topline growth and successful restructuring projects

EXECUTION OF GROUP STRATEGY PROGRESSING

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

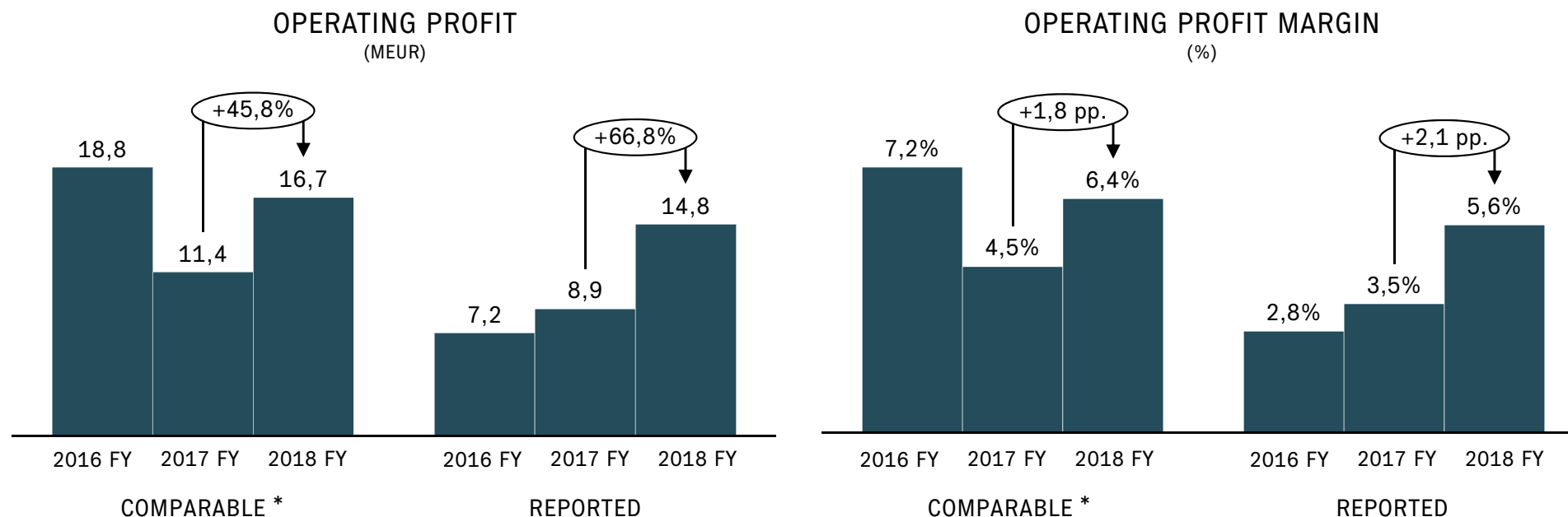
- Market outlook for North America is positive and the Group has a strong order book for 2019. The Group sees continued healthy consumer demand for its products via old and new channels. Furthermore, the Group's position with major customers in North America is strong. In Europe, the price competition in certain product categories has increased and the markets continue to be very competitive. 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, 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 potential slowdown in global economic growth might have some impact on retail and consumer demand. In addition, weather changes may affect the sales of the Group.
- The Board of Directors proposes to the Annual General Meeting that a dividend of 0,06 EUR (0,04 EUR) per share would be paid in two equal installments.

FINANCIALS

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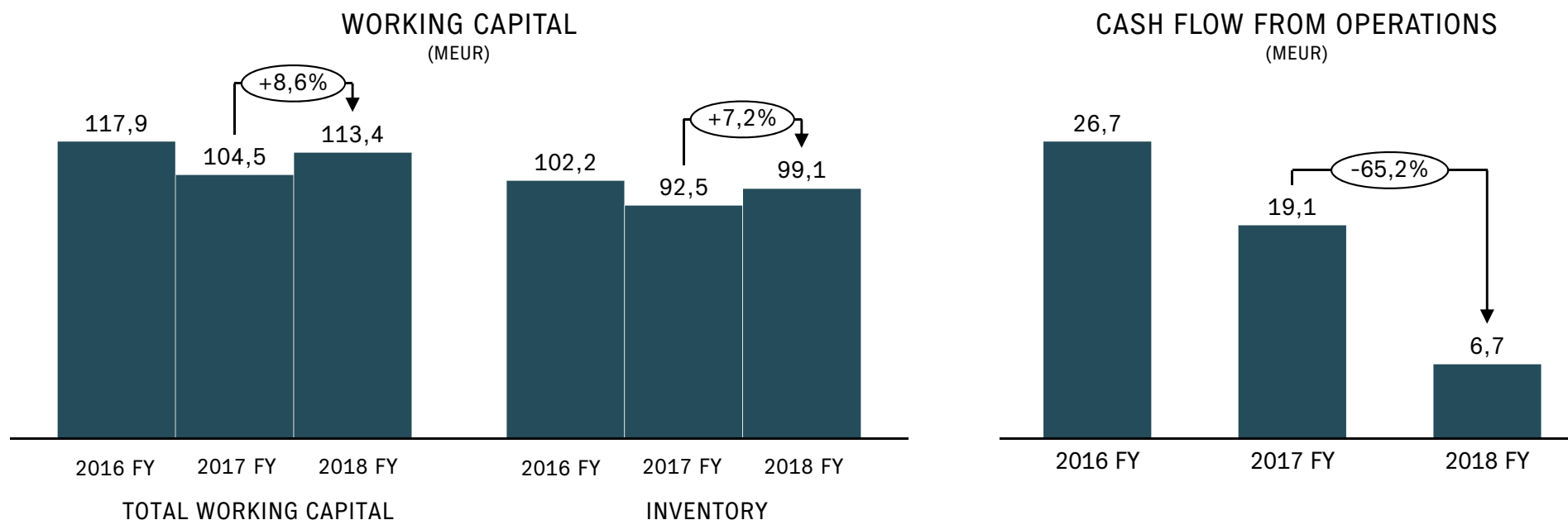
COMPARABLE AND REPORTED OPERATING PROFIT

- Comparable* operating profit was 16.7 MEUR (6.4%) for FY 2018
 - The effect of translation exchange rates was slightly 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 a profit of mark-to-market valuation of operative currency derivatives of 0.7 MEUR. Net expenses of other items affecting comparability included in the reported operating profit were 2.6 MEUR. Items affecting comparability included mainly restructuring expenses of the Batam plant in Indonesia, other restructuring expenses and a gain on sale of a real estate.



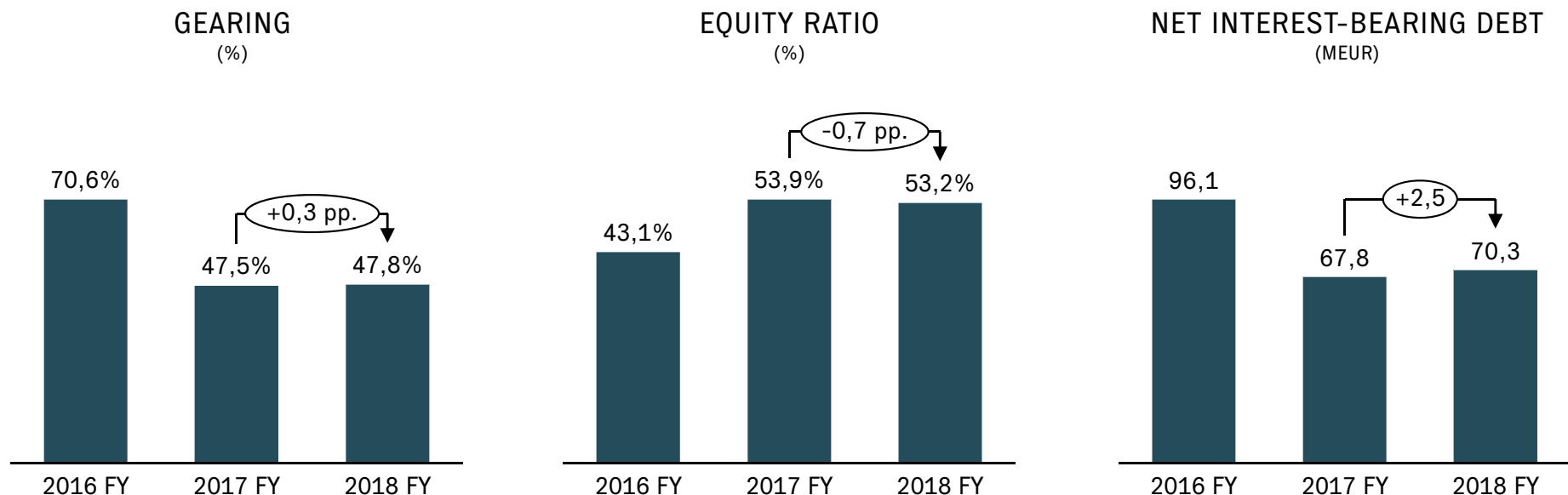
CASH FLOW AND WORKING CAPITAL

- Total working capital increased to 113.4 MEUR
 - Several supply chain management initiatives ongoing
 - Inventory grew in absolute terms from last year as sales grew and a centralized lure inventory was built up to Estonia at the latter part of the year
 - Rolling 12 month average inventory and inventory-to-sales ratio decreased from the previous year
- Cash flow from operations was 6.7 MEUR as cash flow impact from change in working capital was significantly lower than last year.



FINANCIAL POSITION

- Liquidity position of the Group was good. Undrawn committed long-term credit facilities amounted to 49.9 MEUR.
- Following higher profitability, leverage level was below covenant level and the Group is compliant with all financial covenants.



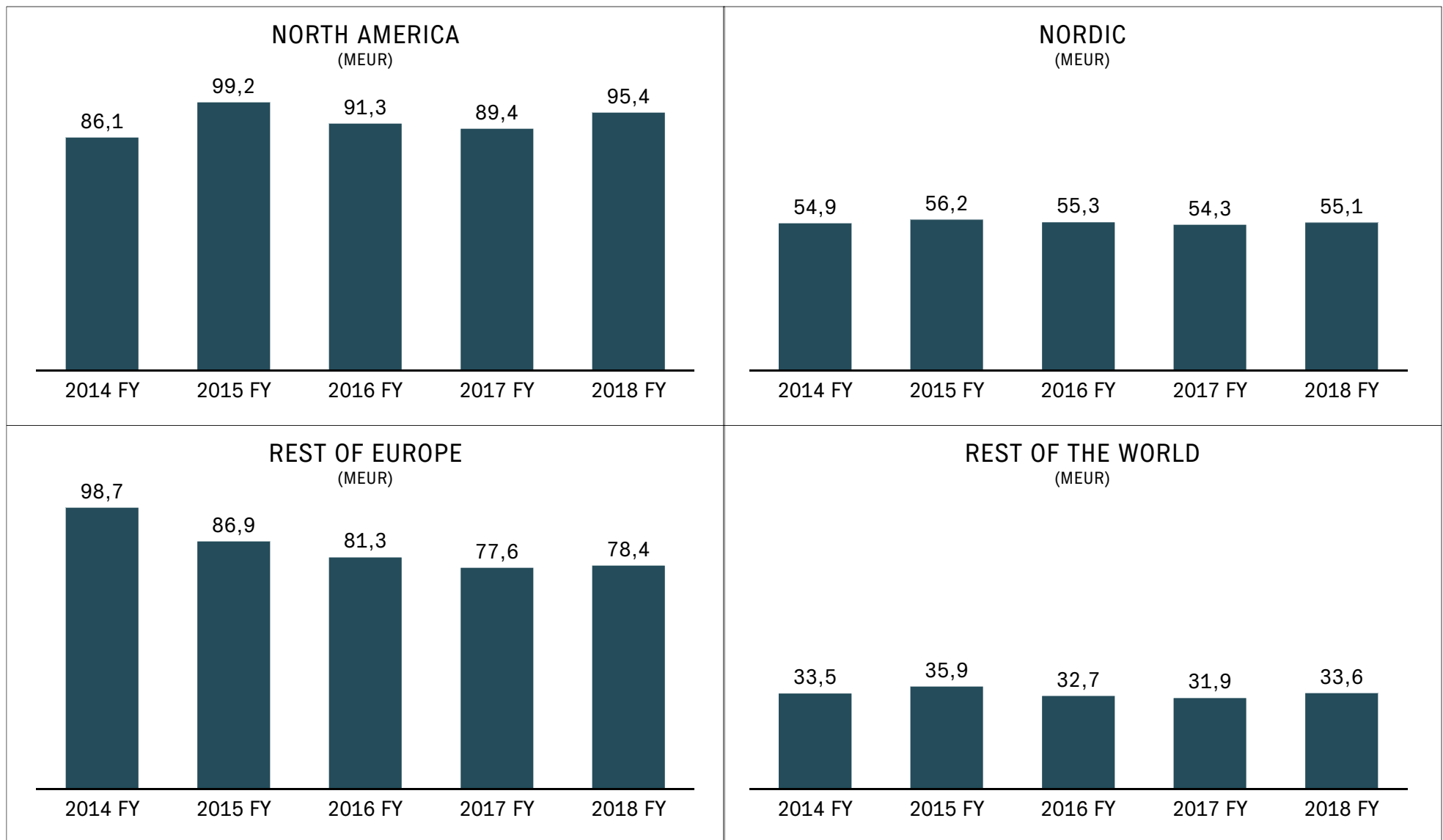
APPENDICES

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KEY FIGURES

MEUR	2018 FY	2017 FY
Net sales	262,4	253,3
Operating profit	14,8	8,9
Operating profit, % of net sales	5,6 %	3,5 %
Comparable operating profit	16,7	11,4
Comparable operating profit, % of net sales	6,4 %	4,5 %
Net profit for the period	6,5	2,3
EPS (basic), EUR	0,13	0,05
Cash flow from operations	6,7	19,1
Net interest-bearing debt	70,3	67,8
ROCE, %	6,9 %	4,0 %
Gearing, %	47,8 %	47,5 %
Equity to assets, %	53,2 %	53,9 %

GEOGRAPHICAL NET SALES



PROFIT AND LOSS STATEMENT

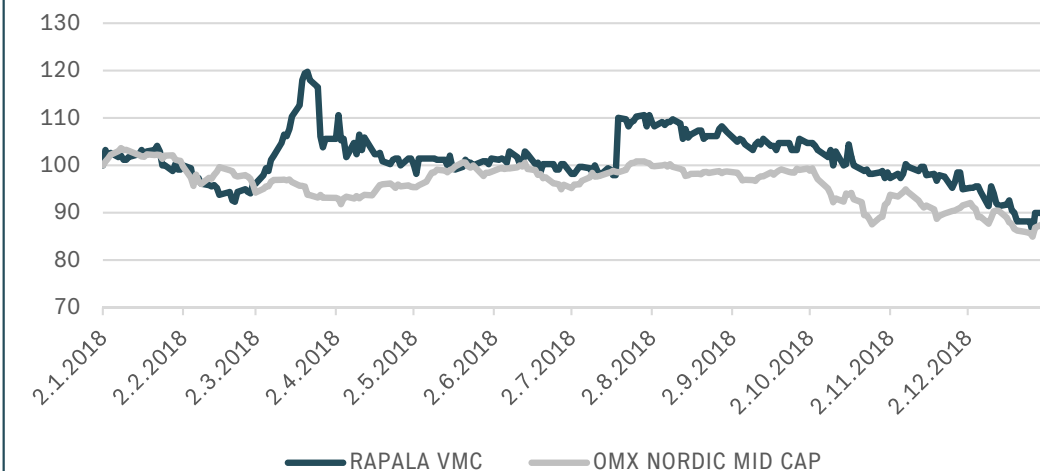
MEUR	2018 FY	2017 FY
Net sales	262,4	253,3
Other operating income	0,9	1,1
Materials and services	121,7	117,0
Personnel expenses	68,8	67,6
Other costs and expenses	50,4	54,1
Share of results in associates and joint ventures	0,0	0,0
EBITDA	22,4	15,7
Depreciation, amortization and impairments	7,6	6,9
OPERATING PROFIT (EBIT)	14,8	8,9
Financial income and expenses	2,1	3,2
PROFIT BEFORE TAXES	12,7	5,6
Income taxes	6,2	3,3
NET PROFIT FOR THE PERIOD	6,5	2,3

BALANCE SHEET

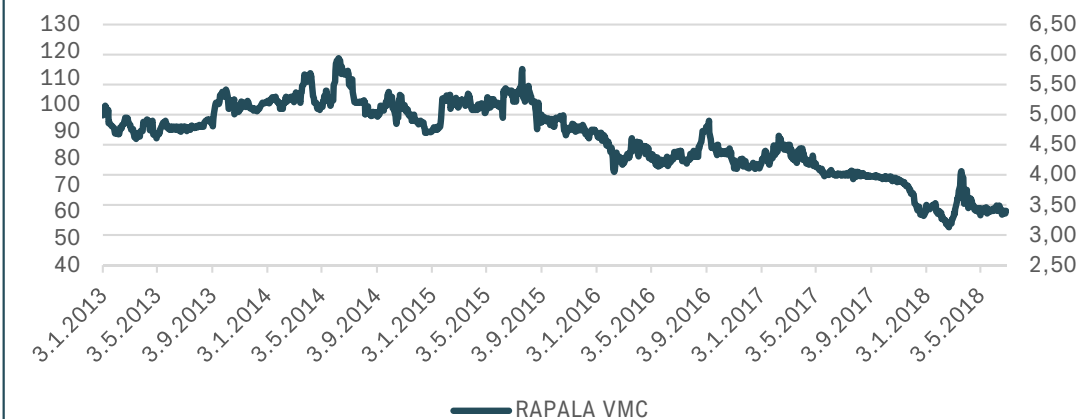
MEUR	2018 FY	2017 FY
ASSETS		
Non-current assets		
Intangible assets	74,5	73,3
Property, plant and equipment	29,5	32,7
Non-current assets		
Interest-bearing	0,0	0,0
Non-interest-bearing	5,8	7,1
	109,8	113,2
Current assets		
Inventories	99,1	92,5
Current assets		
Interest-bearing	0,0	0,0
Non-interest-bearing	54,8	49,7
Cash and cash equivalents	13,4	10,3
	167,3	152,4
TOTAL ASSETS	277,1	265,6
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the equity holders of the company	117,0	110,7
Non-controlling interests	5,1	6,9
Hybrid bond	25,0	25,0
	147,1	142,7
Non-current liabilities		
Interest-bearing	10,1	34,6
Non-interest-bearing	8,1	9,3
	18,2	43,9
Current liabilities		
Interest-bearing	73,7	43,5
Non-interest-bearing	38,1	35,5
	111,8	79,0
TOTAL EQUITY AND LIABILITIES	277,1	265,6

SHARES AND SHAREHOLDERS

SHARE PRICE INDEX PERFORMANCE



SHARE PRICE PERFORMANCE



SHARE RELATED DATA (12/2018)

Market capitalization	116,9 MEUR
12-month high / low	4.07 / 2.89 EUR
All-time high / low	8.40 / 2.50 EUR

MAJOR SHAREHOLDERS (12/2018)

	% 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	1,5 %
Ilmarinen Mutual Pension Insurance	0,9 %
Elo Mutual Pension Insurance	0,4 %
Capman Oyj	0,3 %
Own shares	1,7 %

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