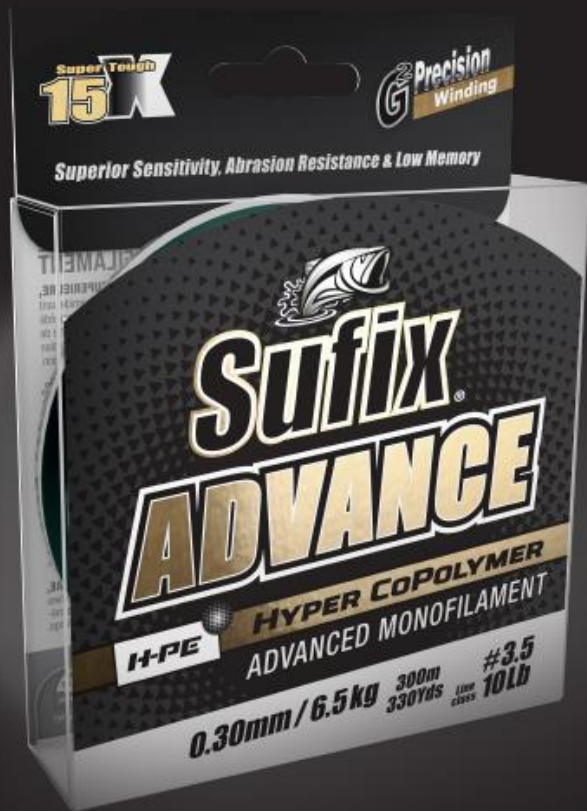




RAPALA VMC CORPORATION HIGHLIGHTS H1 2017

July 21, 2017

RAPALA VMC CORP.



BEST NEW MONOFILAMENT LINE 2017

**Rapala, Storm & VMC Pro Staff Angler
Brandon Palaniuk Wins Bassmaster Elite Tournament in May
with Storm Arashi Top Walker lure and VMC Jig Hooks**



RAPALA VMC CORP.

Rapala Pro Staff Anglers Hold Top 3 Positions on the Bassmaster Elite Tour



#1 Ott DeFoe



#2 Jacob Wheeler



#3 Brandon Palaniuk

RAPALA VMC CORP.



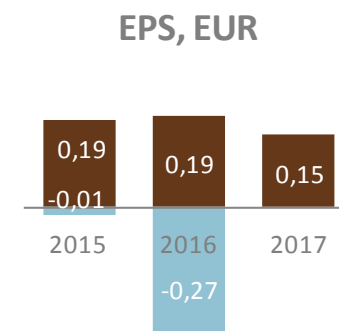
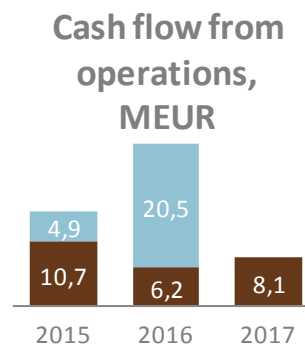
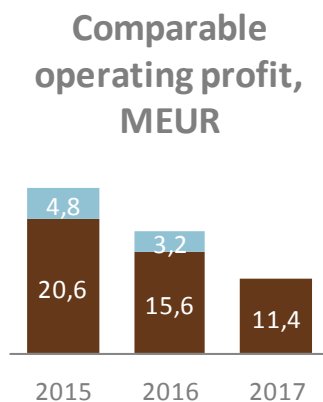
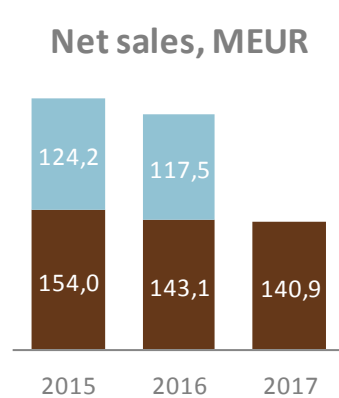
RAPALA VMC CORPORATION HALF YEAR H1 2017

July 21, 2017

RAPALA VMC CORP.

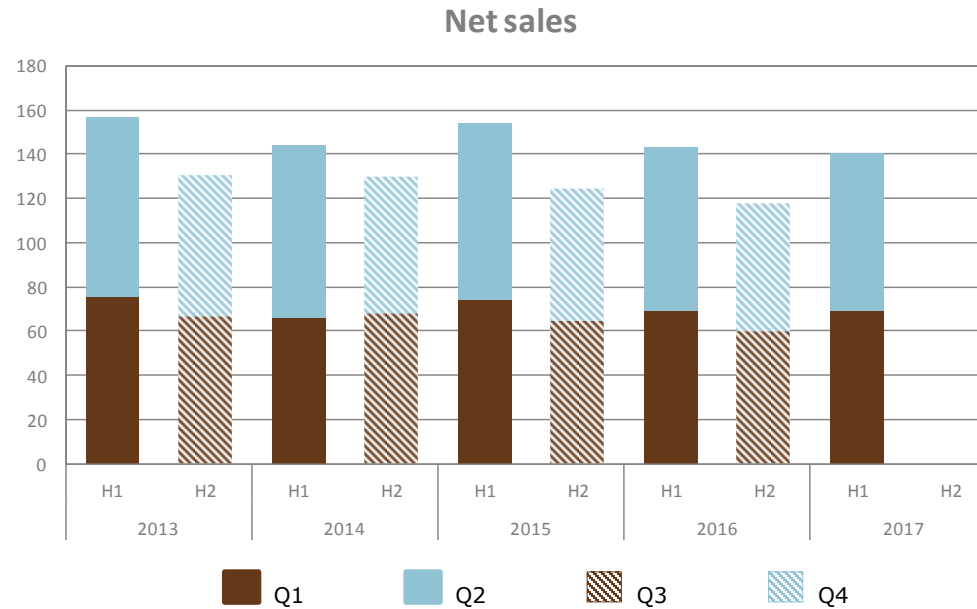
Summary of H1 2017

- NET SALES 140.9 MEUR (143.1) (-2%)
 - With comparable exchange rates sales down 4%
- COMPARABLE OPERATING PROFIT 11.4 MEUR (15.6) (-27%)
 - The decline in the half year profitability was primarily driven by lower sales in key markets and reduced gross margin.
- REPORTED OPERATING PROFIT 11.0 MEUR (14.2) (-23%)
 - Valuation loss of currency derivatives 0.1 MEUR (0.9)
 - Net expenses of other items affecting comparability 0.3 MEUR (0.5)
- CASH FLOW FROM OPERATIONS 8.1 MEUR (6.2) (31%)
 - Strong cash flow supported by decrease in inventories and timing of trade payables.
 - Combined with 25 MEUR hybrid bond, net debt record low at 71.3 MEUR (115.8)
- EPS 0.15 EUR (0.19)

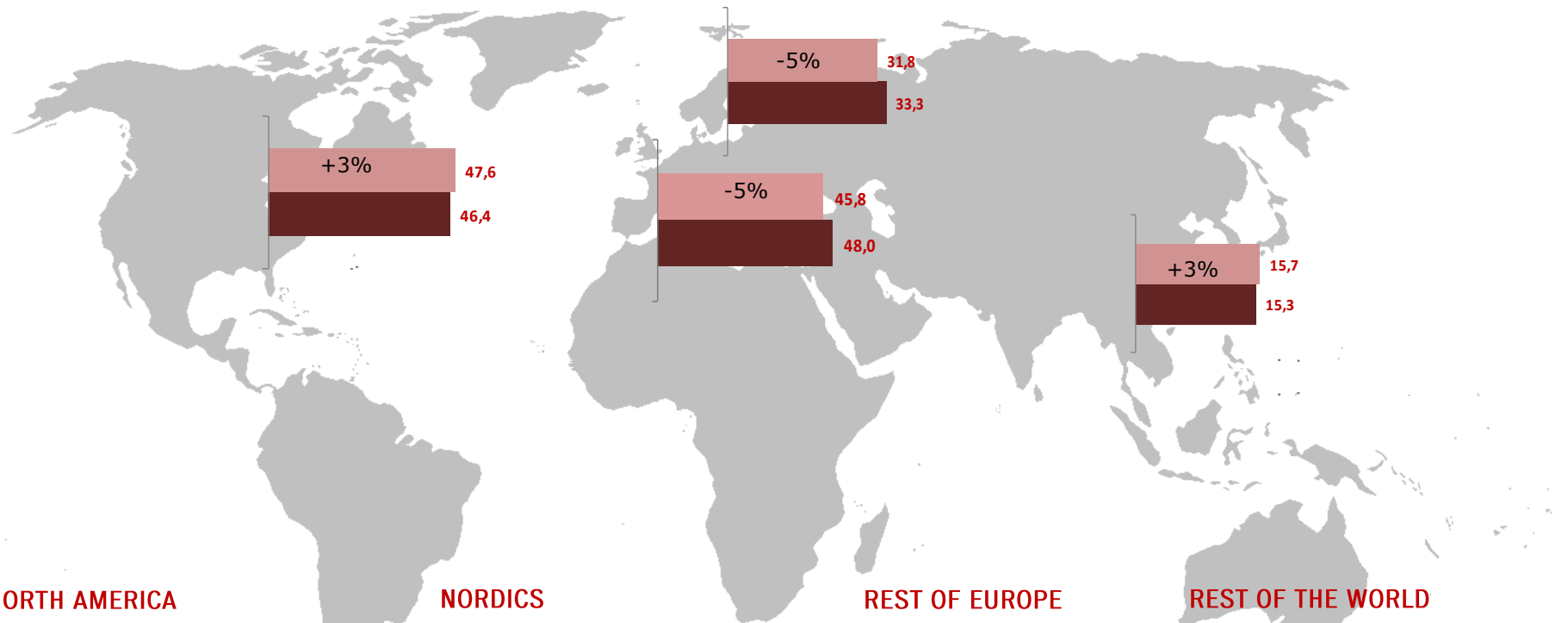


H1 2017 Net Sales

- NET SALES 140.9 MEUR (143.1) (-2%)
 - Changes in FX rates increased sales by approximately 3.2 MEUR. With comparable FX sales -4%
 - Challenging trading conditions continued, especially in big markets the US, Russia and France
 - Despite the turmoil in the US retail market, sales in North America at least year's level
 - Winter fishing and winter sports equipment sales positively impacted by more favorable winter weathers
 - Q2: 71.4 MEUR (73.4) (-3%, comparable -4%)



H1 2017 Net Sales – Geographical Areas



NORTH AMERICA

- Comparable net sales 0%
- Sales in the US impacted by the retail scene under some turmoil
- Successful campaigns in Canada bring sales above last year

NORDICS

- Comparable net sales -4%
- Lower hunting sales in Denmark
- Challenging Q2 in Finland due to cold weather
- Positive development in Norway and Sweden
- Marttiini knife sales up with the Finland 100 Anniversary knife

REST OF EUROPE

- Comparable net sales -8%
- Slowdown in sales especially in big markets Russia (instability) and France (tightened competition and reserved market sentiment)
- Positive development in the UK carp business

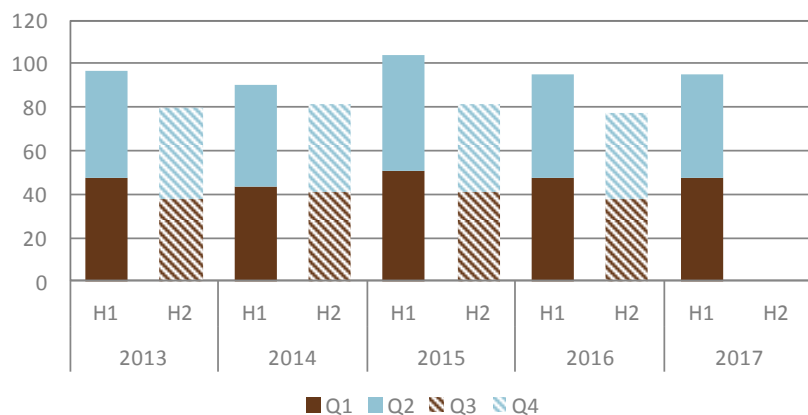
REST OF THE WORLD

- Comparable net sales -2%
- Struggling Asian markets, especially SEA with distribution organization being restructured
- Sales up South Africa, new hunting and outdoor business
- Strong Q2 in South Korea

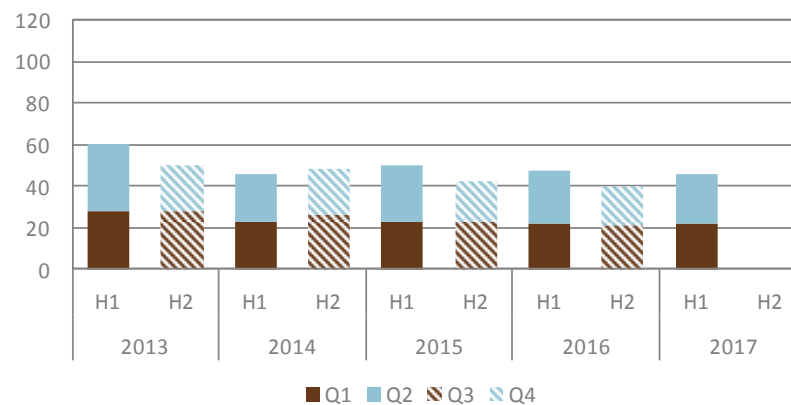
H1 2017 Net Sales – Product Segments

- **GROUP PRODUCTS 94.9 MEUR (95.0) (0%)**
 - Comparable net sales -2%
 - Turmoil in the US retail market affected the sales in H1
 - Winter fishing, winter sports and hunting products above last year
 - Q2: 47.4 MEUR (47.8) (-1%, comparable -1%)
- **THIRD PARTY PRODUCTS 45.9 MEUR (48.1) (-5%)**
 - Comparable net sales -8%
 - Lower sales of Third Party Fishing Products mainly due to challenges in Russia and France, loss of a category in Poland
 - Tightening price competition in Europe
 - Q2: 24.0 MEUR (25.7) (-7%, comparable -9%)

Group products

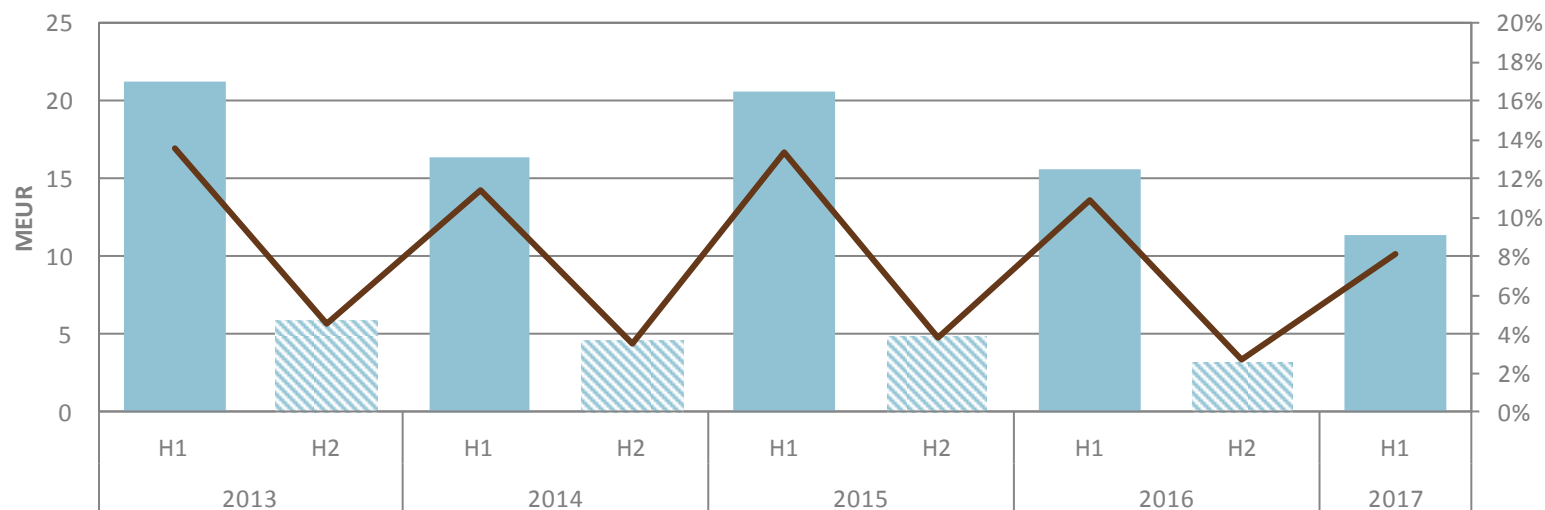


Third party products



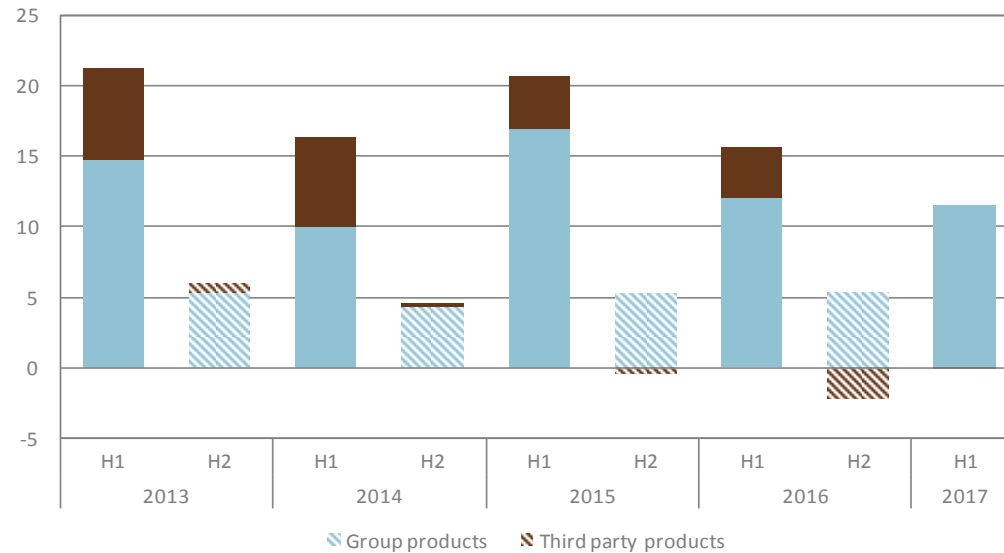
H1 2017 Comparable Operating Profit

- COMPARABLE OPERATING PROFIT 11.4 MEUR (15.6) (-27%)
 - Burdened by lower sales and lower gross margin
 - Lure manufacturing units hurt by lower volumes and some production disturbances. Additional impact from restructuring at the Rapala factory in Finland, where production phases being moved to Russia and Estonia.
- REPORTED OPERATING PROFIT 11.0 MEUR (14.2) (-23%)
 - Mark-to-market valuation of operative currency derivatives -0.1 MEUR (-0.9)
 - Other items affecting comparability -0.3 MEUR (-0.5)



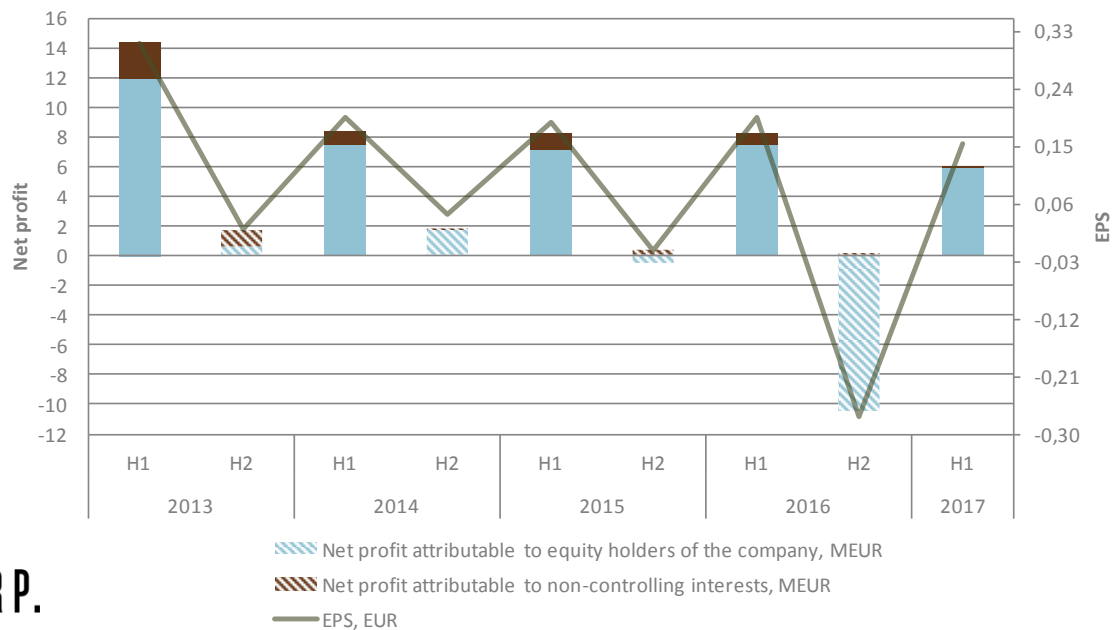
H1 2017 Comparable Operating Profit – Product segments

- GROUP PRODUCTS 11.5 (12.0) (-4%)
 - Burdened by lower sales
 - Lower profits at distribution and manufacturing level
- THIRD PARTY PRODUCTS -0.1 MEUR (3.6) (-103%)
 - Burdened by lower sales and increased price competition



H1 2017 Net Profit and EPS

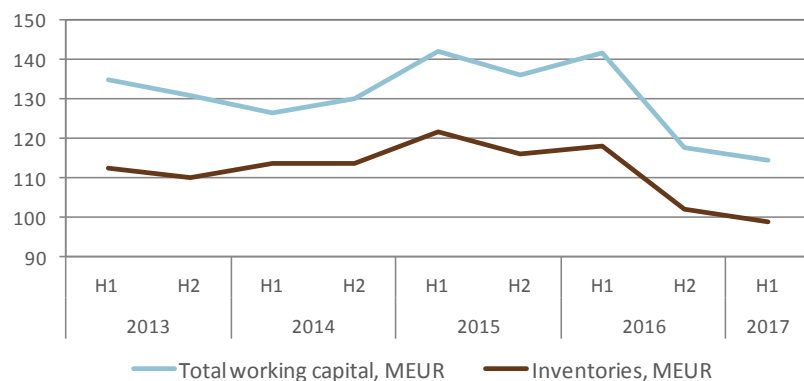
- FINANCIAL (NET) EXPENSES 1.8 MEUR (2.8) (-36%)
 - Impact of FX expenses of 0.7 MEUR (1.1)
 - Net interest and other financial expenses 1.2 MEUR (1.7)
- NET PROFIT 6.0 MEUR (8.2) (-27%)
- SHARE OF NON-CONTROLLING INTEREST 0.1 MEUR (0.8)
 - Decrease mainly due to challenges in Russia
- EPS 0.15 (0.19)



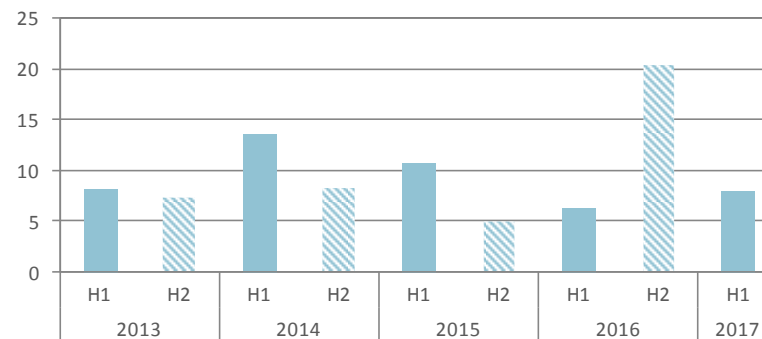
H1 2017 Cash Flow and Working Capital

- CASH FLOW FROM OPERATIONS 8.1 (6.2) (+31%)
 - Supported by decrease in inventories and timing of trade payables. Change in working capital -2.6 MEUR (-7.3).
 - Net cash used in investing activities decreased significantly from last year's level and totaled 2.6 MEUR (4.8) consisting mainly of normal operative capital expenditure.
 - Last year's higher capital expenditure were driven by investments in Indonesian manufacturing operations as well as extension of the hook factory in France.
- INVENTORIES 99.1 MEUR (118.1) (-16%)
 - Decreased 18.9 MEUR from last year. Currency impact decreased inventories by 0.7 MEUR.
 - Excluding the impact of allowance on inventories and translation differences, the organic decrease of inventories was 10.3 MEUR.

Working capital, MEUR



Cash flow from operations, MEUR



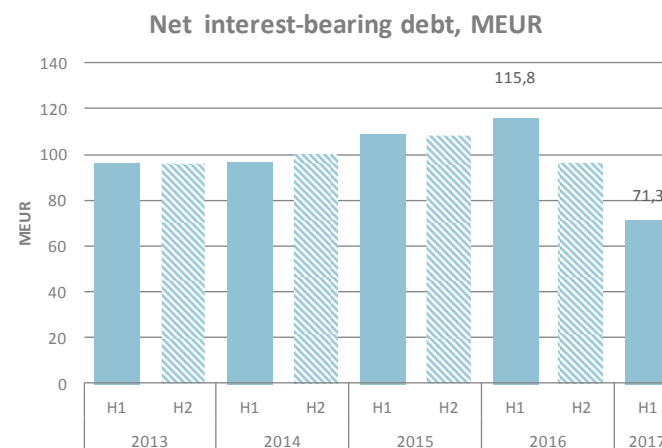
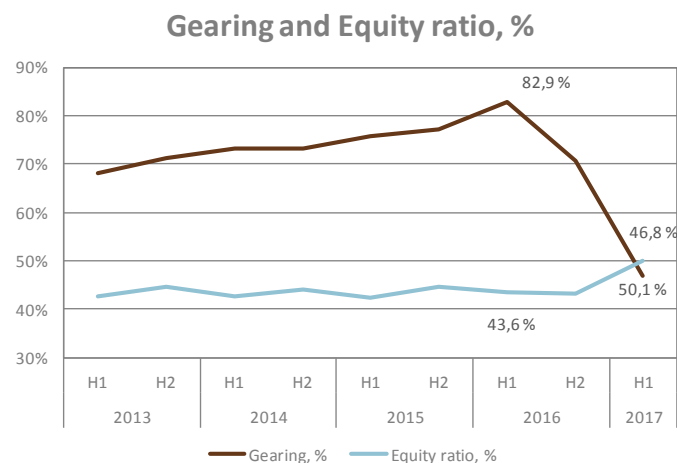
H1 2017 Financial Position

- LIQUIDITY POSITION OF THE GROUP

- Undrawn committed long-term credit facilities amounted to 59.9 MEUR
- Successful issuance of 25 MEUR hybrid bond

- GEARING AND NET INTEREST-BEARING DEBT

- Gearing at 46.8 (82.9%)
- Equity-to-assets ratio at 50.1% (43.6%)
- Following the issuance of the hybrid bond, gearing and net interest-bearing debt decreased significantly from last year and equity-to-assets ratio increased notably.
- The Group is compliant with all financial covenants



Short-term Outlook

- Following the continued market turmoil and structural changes especially in the US, the outlook for the full year is cautious. The market situation in the US is however expected to slowly stabilize and the Group sees continued consumer demand for its products via old and new channels. For example preorders for ice fishing products are significantly up from last year in the US.
- In Europe price competition in certain product categories has increased and this will continue to affect the second half of the year. The Russian market is still expected to be under pressure impacted by general low consumer demand. Increased political risks arising from North Korea affect consumer markets in South Korea and Japan.
- 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 trigger some additional expenses and investments in 2017.
- Following the decreased sales in key markets and tightened price competition the Group specifies its outlook. The profitability of the second half of the year is expected to be lower than last year. The Group expects full year net sales to be around last year's level and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be clearly below last year's level. Previous outlook expected net sales to be above last year's level and comparable operating profit below last year's level.
- Q3 Trading Report will be published on October 27, 2017

Group Strategy

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.

APPENDICES

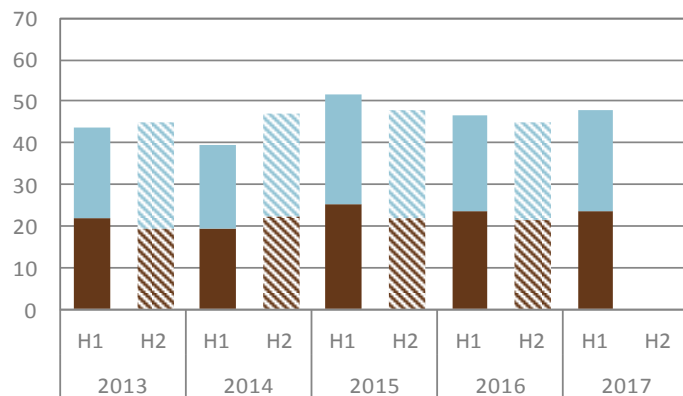
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H1 Key figures

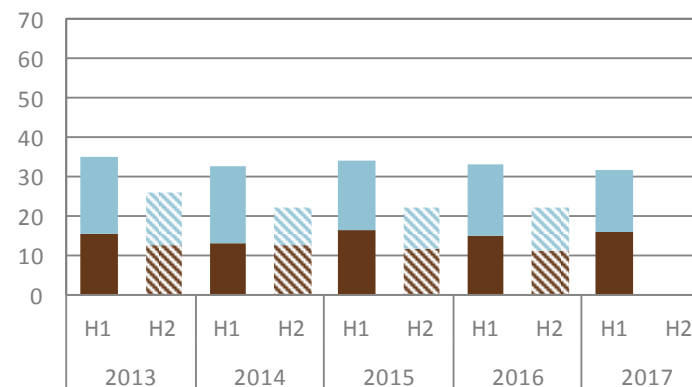
MEUR	H1/2017	H1/2016	FY/2016
Net sales	140.9	143.1	260.6
Operating profit	11.0	14.2	7.2
Operating profit, % of net sales	7.8%	9.9%	2.8%
Comparable operating profit	11.4	15.6	18.8
Comparable operating profit, % of net sales	8.1%	10.9%	7.2%
Net profit for the period	6.0	8.2	-2.0
EPS (basic), EUR	0.15	0.19	-0.08
Cash flow from operations	8.1	6.2	26.7
Net interest-bearing debt	71.3	115.8	96.1
ROCE, %	9.6%	11.3%	3.0%
Gearing, %	46.8%	82.9%	70.6%
Equity to assets, %	50.1%	43.6%	43.1%

H1 2017 Net Sales – Geographical Areas

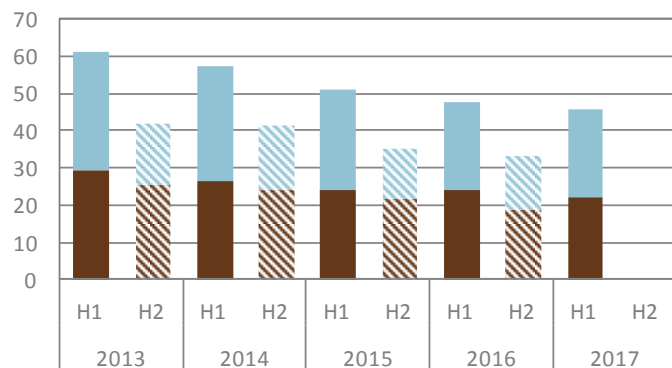
North America



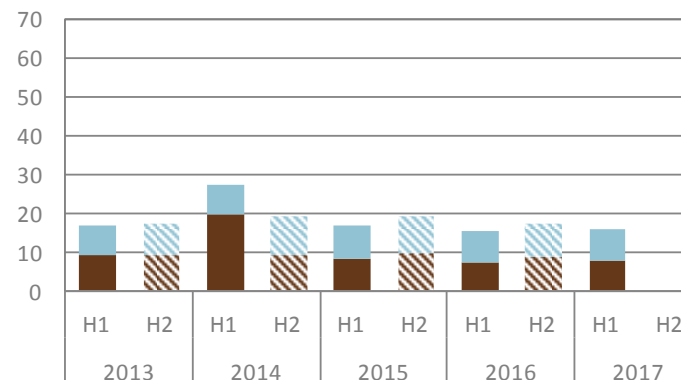
Nordic



Rest of Europe

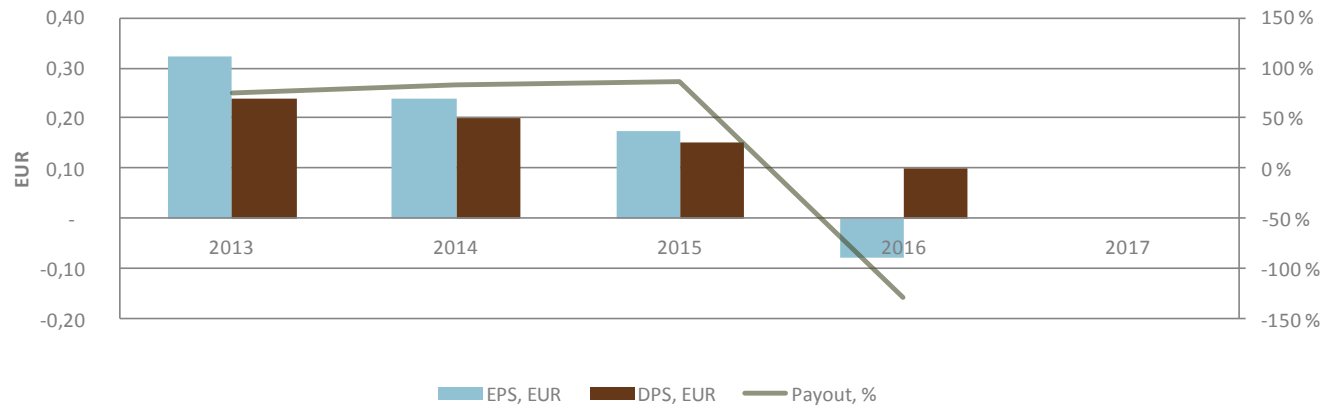
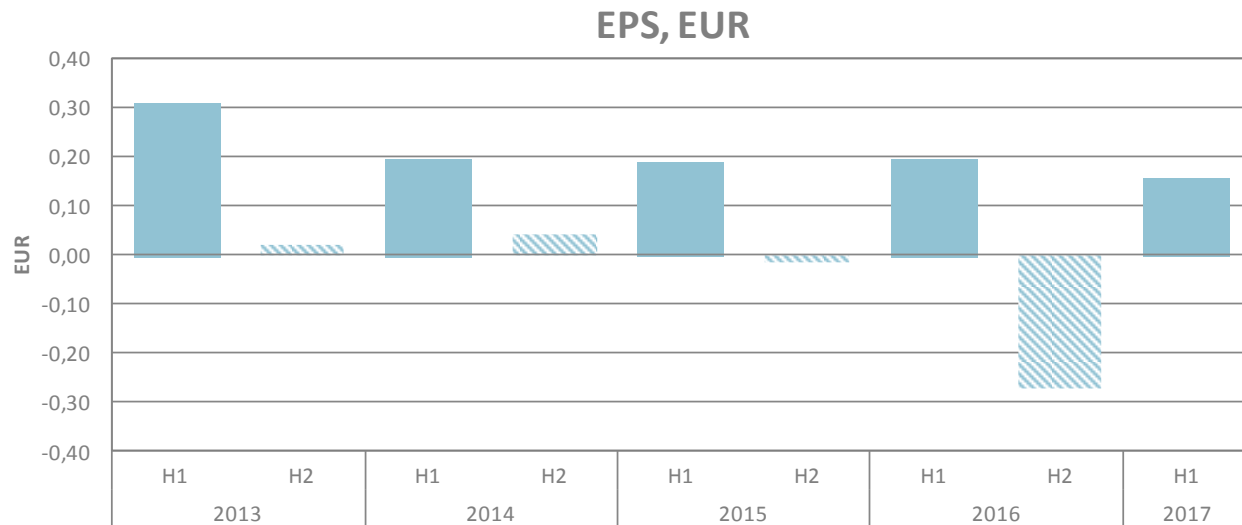


Rest of the World



Q1
 Q2
 Q3
 Q4

EPS



Profit and loss account

MEUR	H1 2017	H1 2016	FY/2016
Net sales	140.9	143.1	260.6
Other operating income	0.6	0.2	1.3
Materials and services	63.5	63.6	129.0
Personnel expenses	35.2	35.1	67.6
Other costs and expenses	28.2	27.0	51.1
Share of results in associates and joint ventures	0.0	0.0	-0.1
EBITDA	14.5	17.6	14.1
Depreciation, amortization and impairments	3.6	3.4	6.9
Operating profit (EBIT)	11.0	14.2	7.2
Financial income and expenses	1.8	2.8	5.0
Profit before taxes	9.2	11.4	2.2
Income taxes	3.1	3.1	4.2
Net profit for the period	6.0	8.2	-2.0

Balance sheet

MEUR	H1 2017	H1 2016	FY/2016
ASSETS			
Non-current assets			
Intangible assets	74.9	76.5	78.2
Property, plant and equipment	34.2	35.7	36.2
Non-current assets			
Interest-bearing	0.0	0.9	0.0
Non-interest-bearing	8.5	11.2	9.1
	117.6	124.4	123.5
Current assets			
Inventories	99.1	118.1	102.2
Current assets			
Interest-bearing	0.9	1.0	0.9
Non-interest-bearing	63.0	66.7	55.8
Cash and cash equivalents	24.0	10.4	33.8
	187.0	196.2	192.7
Total assets	304.6	320.6	316.1
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	120.0	131.6	127.5
Non-controlling interests	7.2	8.1	8.6
Hybrid bond	25.0		
	152.3	139.7	136.1
Non-current liabilities			
Interest-bearing	40.6	56.3	41.5
Non-interest-bearing	11.0	12.5	11.6
	51.6	68.9	53.1
Current liabilities			
Interest-bearing	55.6	71.8	89.3
Non-interest-bearing	45.2	40.2	37.6
	100.8	112.1	126.9

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Shares and Shareholders

SHARE RELATED DATA (6/2017)

- Market capitalization 152,9 MEUR
- 12-month high/low 4.90/3.97 EUR
- All-time high/low 8.40/2.50 EUR

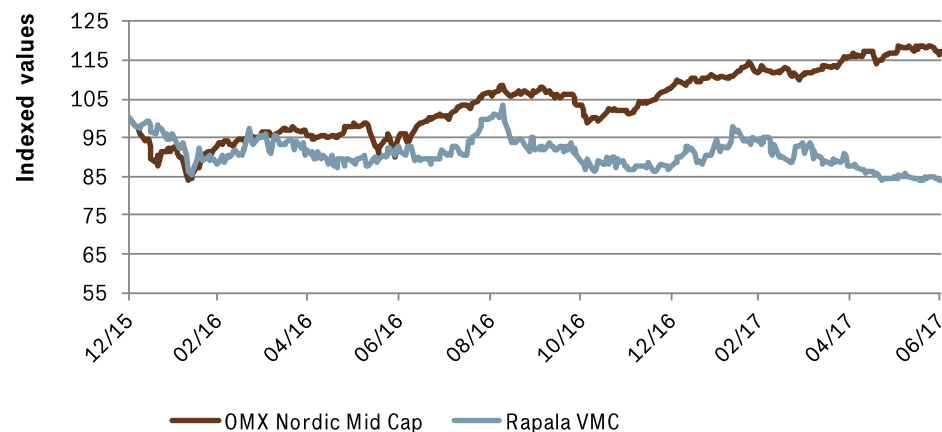
MAJOR SHAREHOLDERS (6/2017)

- VMC Holdings 38%
- Sofina 19%
- Nordea Funds 10%
- Odin Funds 3%
- State Pension fund 3%
- Shimano 2%
- Taaleritehdas funds 2%
- Ilmarinen 1%
- Elo 0.4%
- Norvestia 0.3%

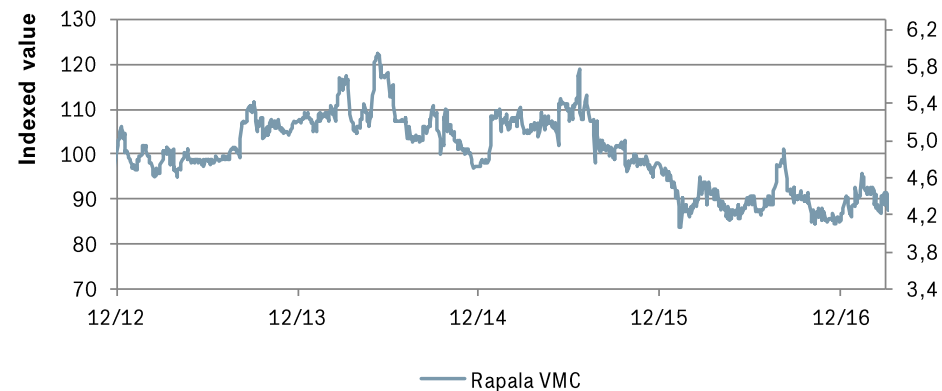
Own shares: 677 208 shares (1.7%)

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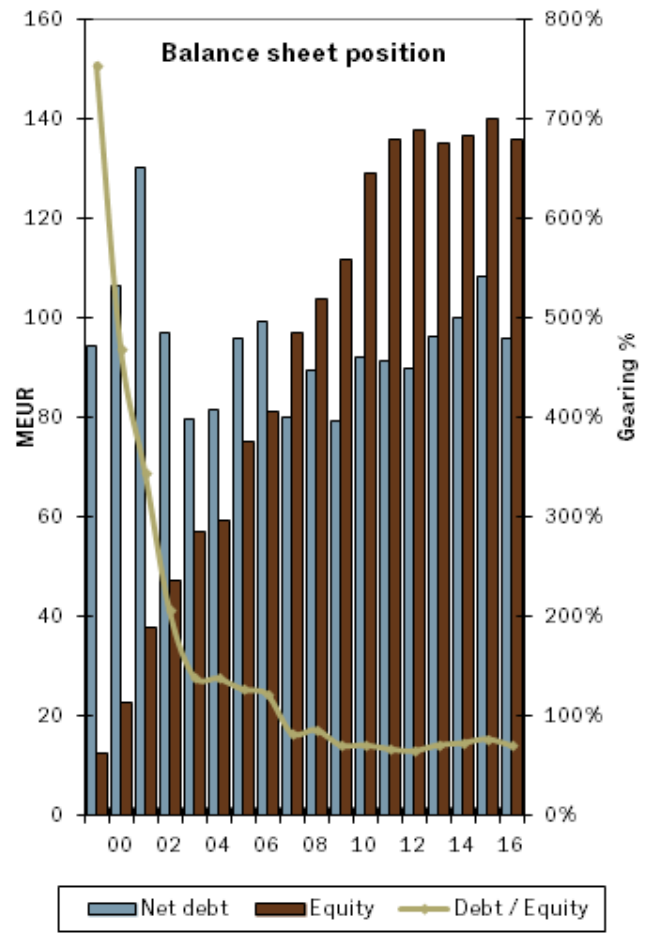
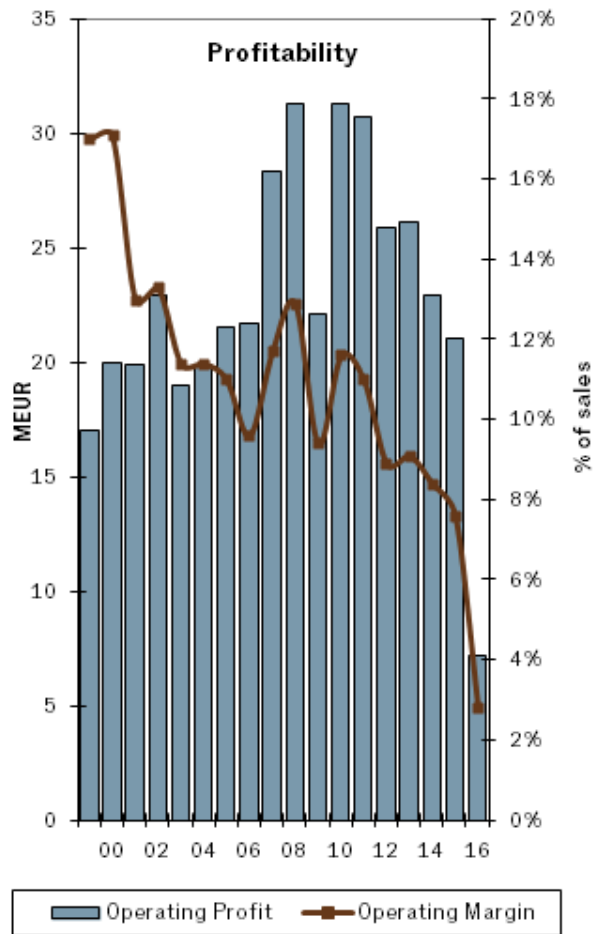
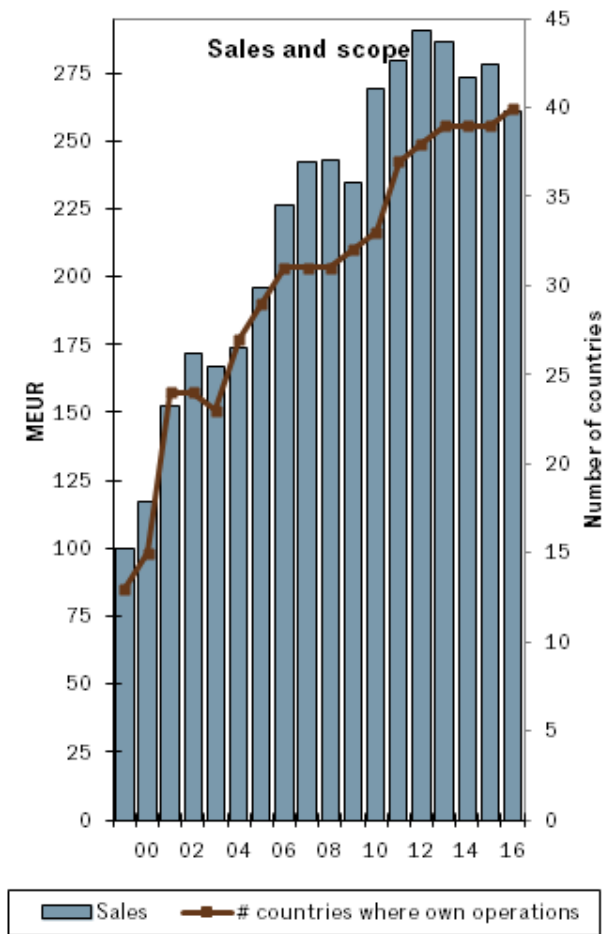
Share price index performance from Jan 2016 – Jun 2017



Share price performance from Jan 2013 – Jun 2017



Financial Trends



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