



RAPALA VMC CORPORATION HIGHLIGHTS H1 2016

July 22, 2016

RAPALA 80th ANNIVERSARY CAMPAIGN

- CAMPAIGNS ON ALL MAJOR MARKETS
- EXTENSIVE VISIBILITY IN FINLAND



RAPALA 80

CELEBRATING 80TH ANNIVERSARY

RAPALA VMC CORP.

H1 2016

2

RAPALA SHADOW RAP SHAD

- INTRODUCED AT THE BASS MASTER CLASSIC IN MARCH 2016
- FOLLOWS THE GREAT SUCCESS OF RAPALA SHADOW RAP INTRODUCED IN 2015
- INNOVATIVE JERKBAIT ACTION THAT MIMICS DYING BAITFISH
- MORE THAN A MILLION PIECES OF SHADOW RAP SERIES LURES SOLD SINCE 2015



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EFTTEX 2016 BEST NEW PRODUCT COMPETITION

- RAPALA URBAN CLASSIC SLING BAG WINS BEST NEW BAG CATEGORY AT EFTTEX 2016
- RUNNER UP RECOGNITIONS FOR RAPALA TOOLS & WADERS AND STORM SOFT BAIT RIG



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WORLD PREDATOR CLASSIC 2016 TOURNAMENT

- TEAM RAPALA FINLAND WINS THE WORLD PREDATOR CLASSIC 2016 TOURNAMENT IN NETHERLANDS
- TEAM RAPALA FINLAND – TEAM RAPALA FRANCE WIN THE WPC TEAM EVENT THIRD TIME IN ROW



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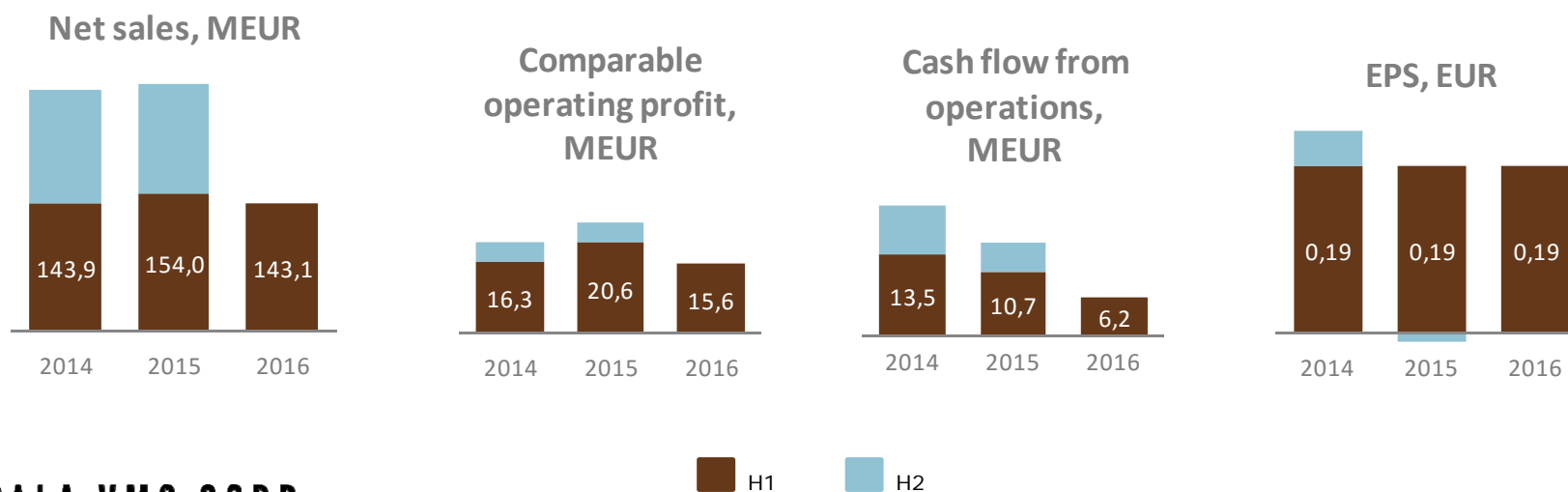


RAPALA VMC CORPORATION HALF YEAR H1 2016

July 22, 2016

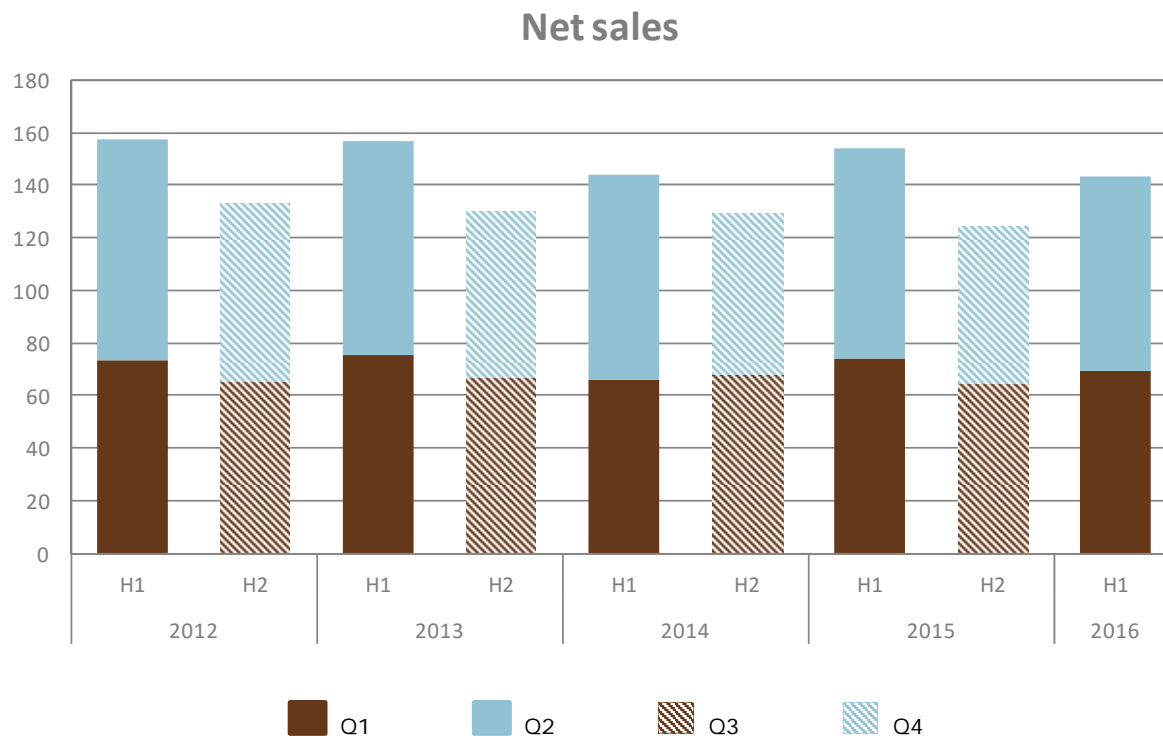
Summary of H1 2016

- NET SALES 143.1 MEUR (154.0) (-7%)
 - With comparable exchange rates sales down 5%
- COMPARABLE OPERATING PROFIT 15.6 MEUR (20.6) (-24%)
 - Decrease primarily driven by the lower sales, especially on higher margin Group branded products
- REPORTED OPERATING PROFIT 14.2 MEUR (17.4) (-18%)
 - Valuation of currency derivatives -0.9 MEUR (-2.0) and other items affecting comparability -0.5 MEUR (-1.2)
 - Restructurings in Southeast Asia distribution and France
- CASH FLOW FROM OPERATIONS 6.2 MEUR (10.7) (-42%)
 - Burdened by lower sales and change in working capital, mainly timing of payables
- EPS 0.19 EUR (0.19)

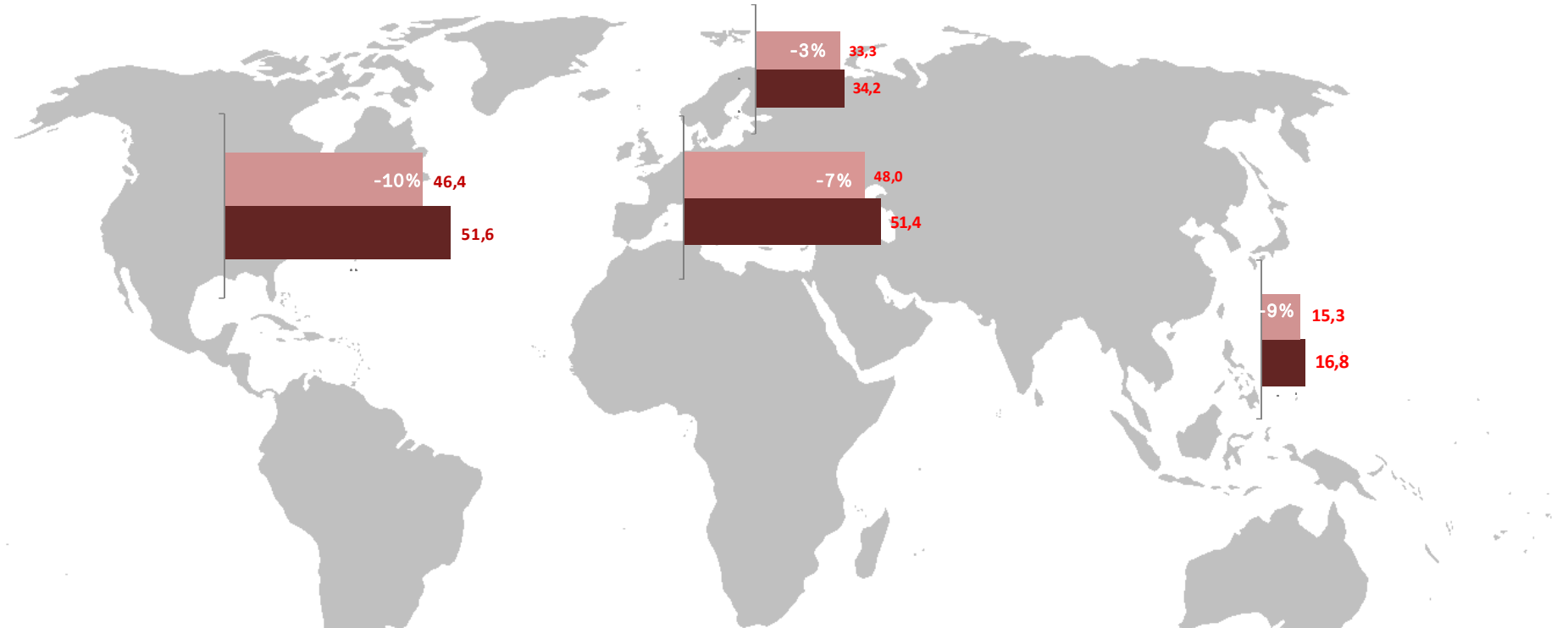


Net Sales

- H1 NET SALES 143.1 MEUR (154.0) (-7%)
 - Changes in FX rates explain approximately -3.3 MEUR. With comparable FX sales -5%
 - Slowdown in major markets, especially in the US and France
 - Market situation in Russia continue to be difficult but positive development in Scandinavia and Chile
 - Q2: 73.4 MEUR (80.1) (-8%, comparable -6%)



H1 Net Sales – Geographical Areas



• NORTH AMERICA

- Comparable net sales -11%
- Slow start due to poor winter
- Changes in the retail scene slowed summer sales
- US economy remains good, while Canada tougher

• NORDICS

- Comparable net sales -2%
- Positive development in Norway
- Summer fishing sales down in Finland, hunting up
- Third party incoming delivery issues in Sweden

• REST OF EUROPE

- Comparable net sales -3%
- Very challenging times in the whole region
- Unfavorable weather and trading conditions in France
- Uncertainties in Russia continue

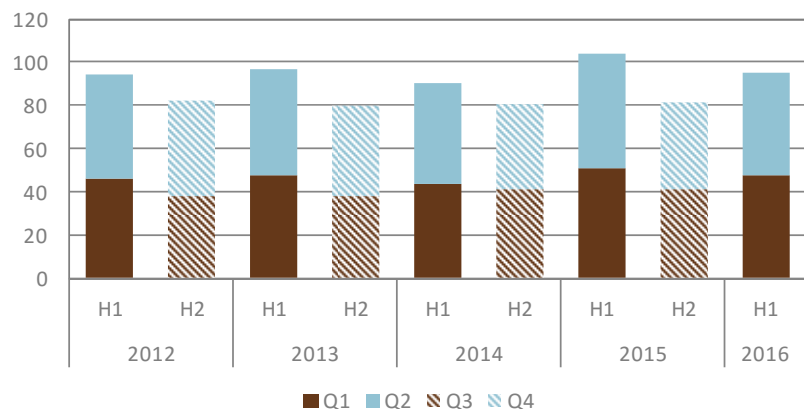
• REST OF THE WORLD

- Comparable net sales -1%
- Very positive development in South Africa
- Sales up also in Chile, but many markets suffering
- Strong campaigns in Southeast Asia

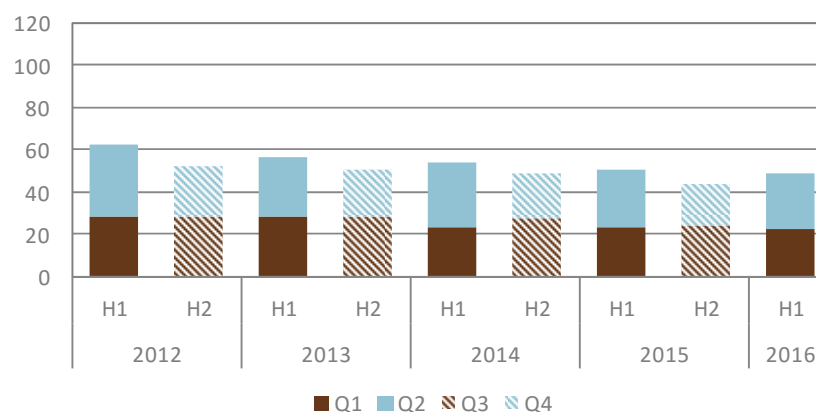
Net Sales – Product Segments

- GROUP PRODUCTS H1 95.0 MEUR (103.5) (-8%)
 - Comparable net sales -7%
 - Lure, hook and line sales down mainly in the US, Russian challenges continue
 - Q2: 47.8 MEUR (52.7) (-9%, comparable -8%)
- THIRD PARTY PRODUCTS H1 48.1 MEUR (50.5) (-5%)
 - Comparable net sales -0%
 - Sales up in Nordic, Rest of Europe and Southeast Asia, difficulties in France and Russia
 - Q2: 25.7 MEUR (27.3) (-6%, comparable -1%)

Group products

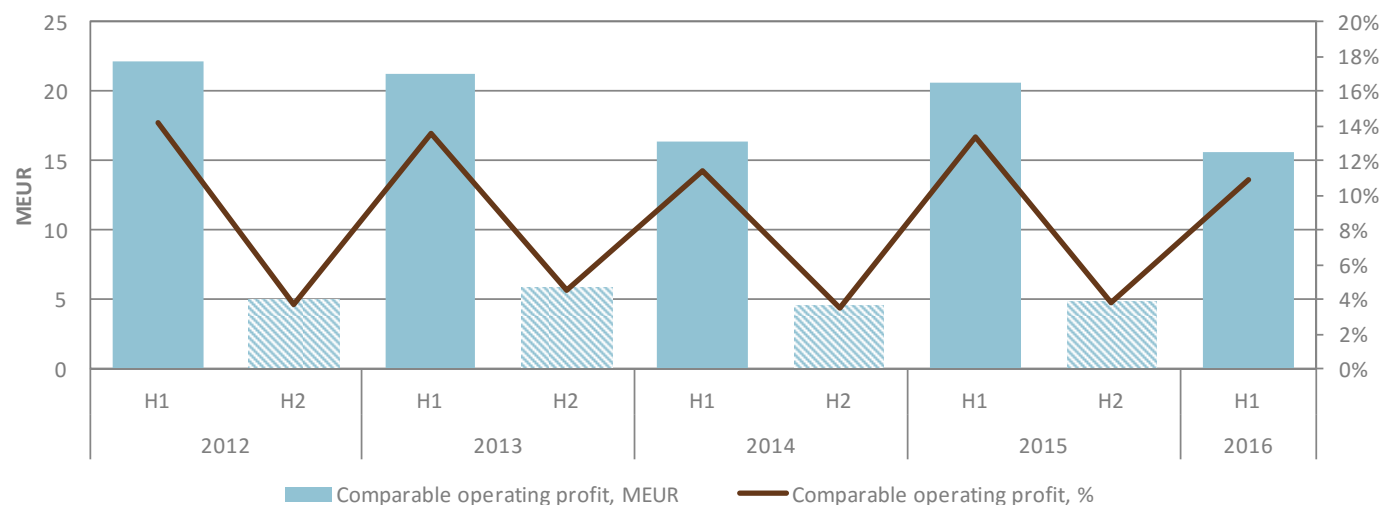


Third party products



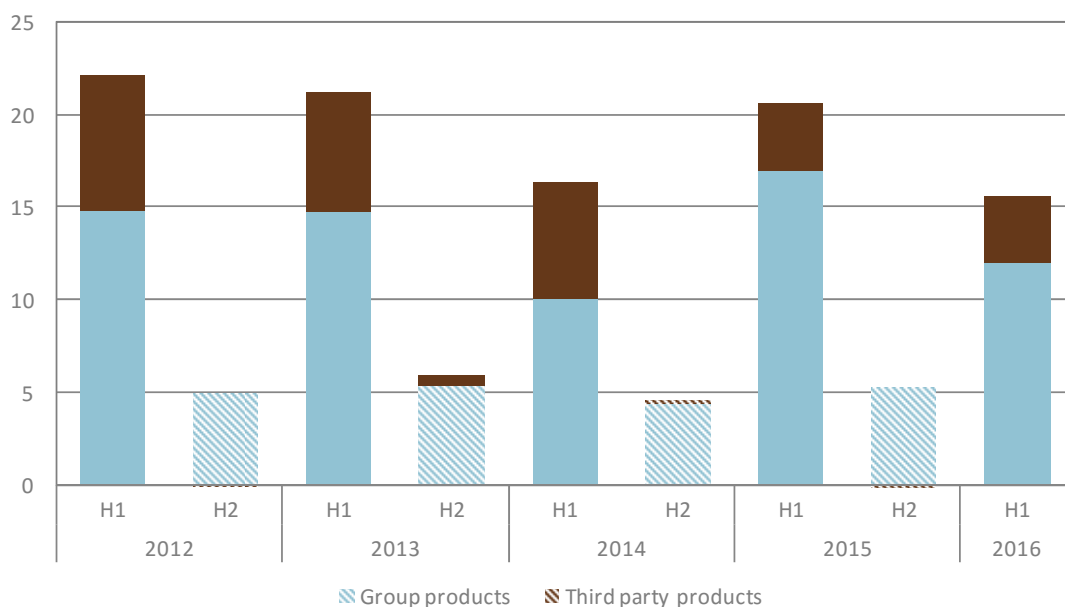
Comparable operating Profit

- **COMPARABLE OPERATING PROFIT 15.6 MEUR (20.6) (-24%)**
 - Burdened by lower sales, especially on higher margin Group branded products
 - Further hurt by lower result of the UK joint venture and aggressive sales campaigns reducing the margins
 - Group's fixed costs remained stable
- **REPORTED OPERATING PROFIT 14.2 MEUR (17.4) (-18%)**
 - Mark-to-market valuation of operative currency derivatives -0,9 MEUR (-2.0)
 - Other items affecting comparability -0.5 MEUR (-1.2) included restructurings in Southeast Asia distribution and France (2015: closure of Chinese lure manufacturing)



Comparable operating Profit – Product segments*

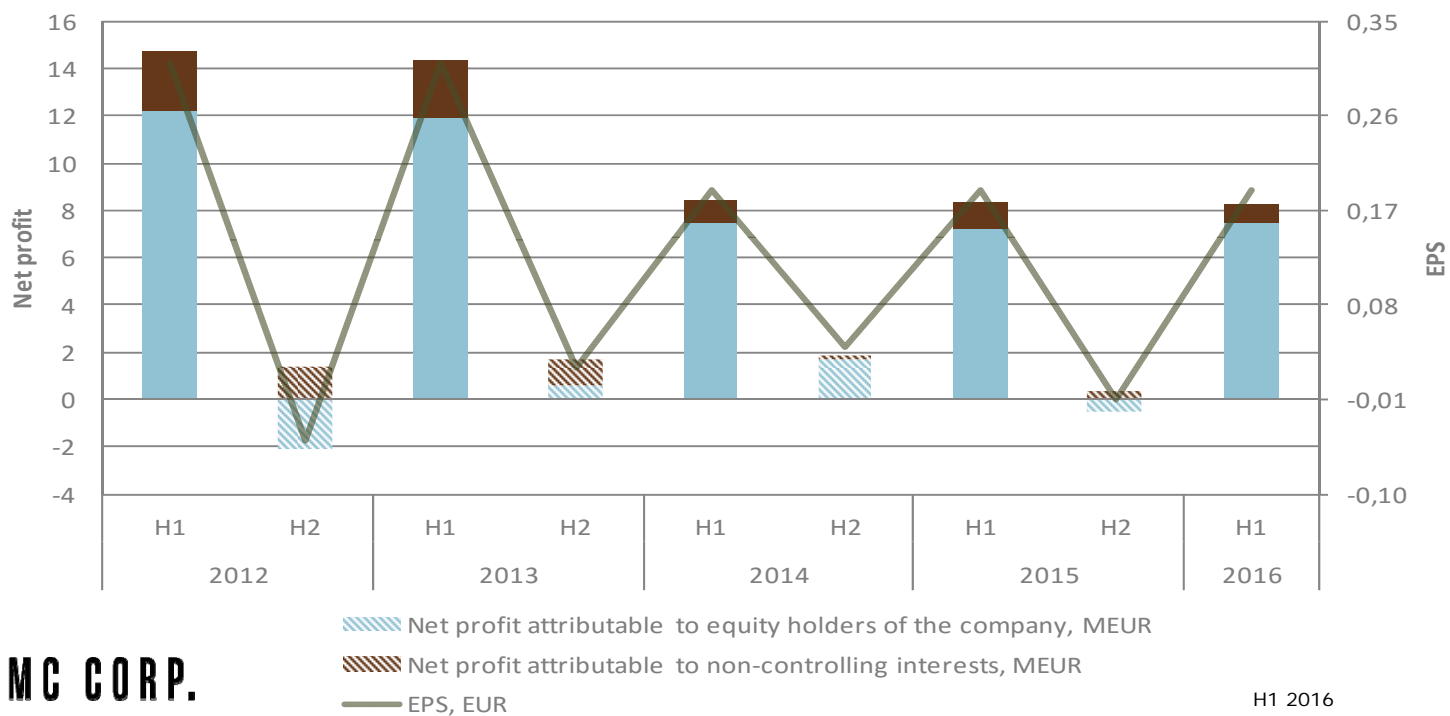
- GROUP PRODUCTS 12.0 MEUR (16.9) (-29%)
 - Burdened by lower sales reducing profitability both at distribution and manufacturing level
 - Lower margins as a result of sales campaigns
- THIRD PARTY PRODUCTS 3.6 MEUR (3.7) (-3%)
 - Burdened by aggressive sales campaigns' negative impact on margins
 - Supported by price increases to offset the unfavorable development in currencies.



* 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.

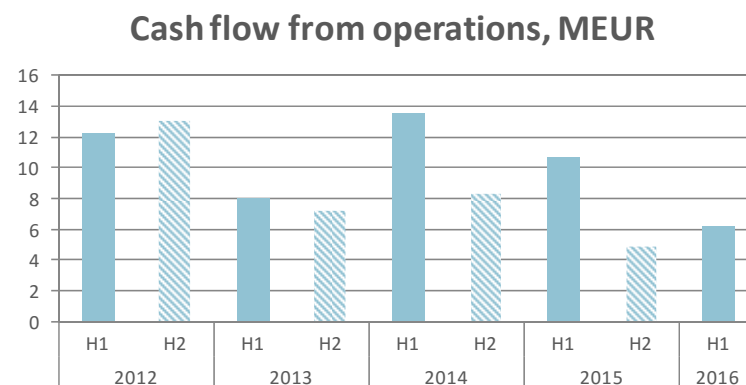
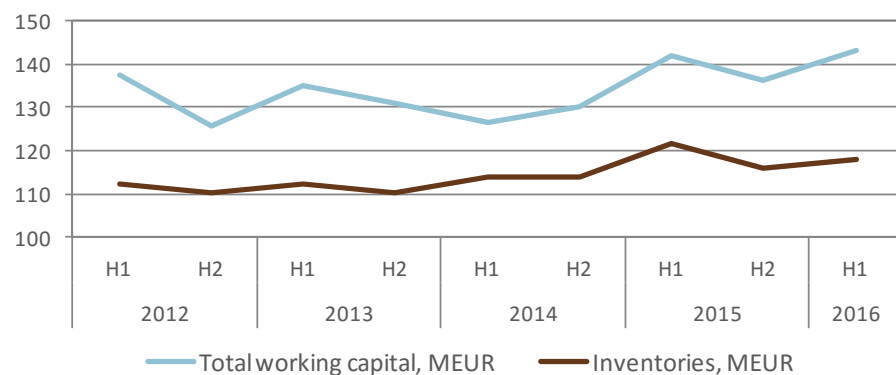
Net Profit and EPS

- FINANCIAL (NET) EXPENSES 2.8 MEUR (4.1)
 - Impact of FX expenses of 1.1 MEUR (2.7)
 - Net interest and other financial expenses 1.7 MEUR (1.5)
- NET PROFIT 8.2 MEUR (8.3)
- SHARE OF NON-CONTROLLING INTEREST 0.8 MEUR (1.1)
- EPS 0.19 EUR (0.19)



Cash Flow and Working Capital

- CASH FLOW FROM OPERATIONS 6.2 MEUR (10.7)
 - Change in working capital -7.3 MEUR (-6.7)
- INVENTORIES 118.1 MEUR (121.8)
 - Decreased 3.7 MEUR from last year
 - Currency impact decreased inventories by 3.0 MEUR
 - Slowdown in sales prevented the Group from achieving planned reduction targets
- INVESTING ACTIVITIES MAINLY NORMAL CAPITAL EXPENDITURE
 - Higher in manufacturing operations in Indonesia and France where the extension of the hook factory and warehouse building was finalized.
 - H1 2015 includes last installment of the acquisition of the Sufix brand (0.9 MEUR)



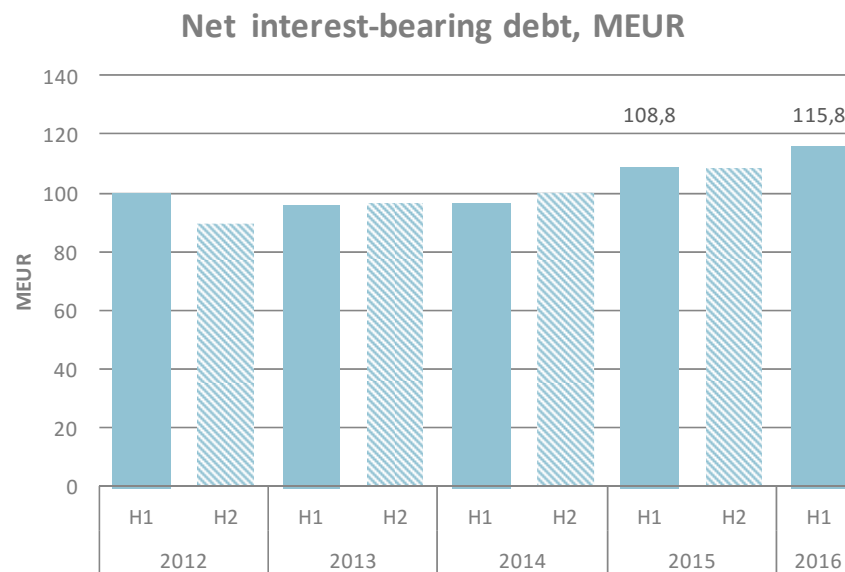
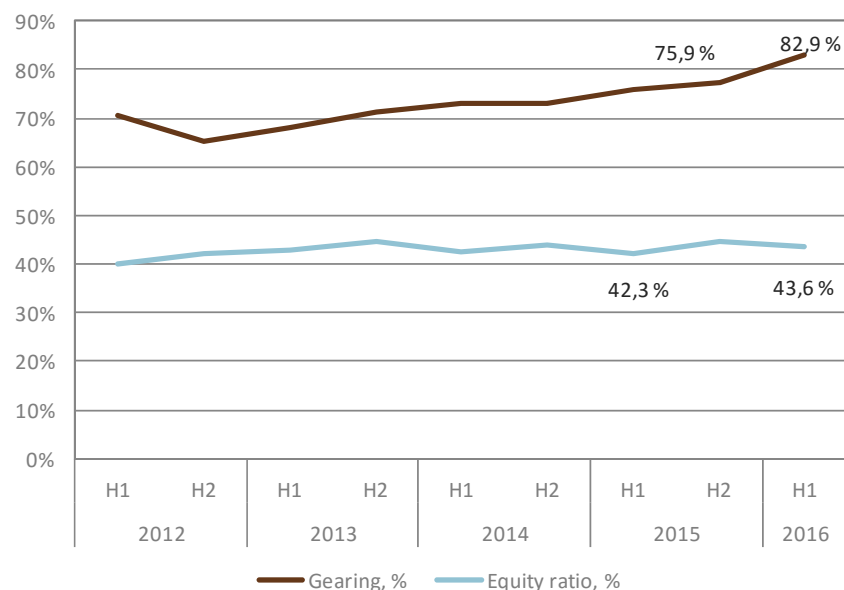
Financial Position

- LIQUIDITY POSITION OF THE GROUP

- Undrawn committed long-term credit facilities amounted to 79.9 MEUR

- GEARING AND NET INTEREST-BEARING DEBT

- Gearing at 82.9% (75,9%)
- Equity-to-assets ratio slightly above last year level at 43,6%
- Following, increased net interest-bearing debt and lowered reported EBITDA, Group agreed on a higher level of covenants for second and third quarter in 2016. Group expects to comply with these convant levels.



Cornerstones of the Profitable Growth Strategy

BRANDS

Portfolio of most recognized and respected brands in the fishing tackle industry.

Rapala novelties introduced to North American market early in the year.

Lot of focus on Storm lures, especially soft plastics.

Innovative new fisherman's tools and accessories for Rapala.

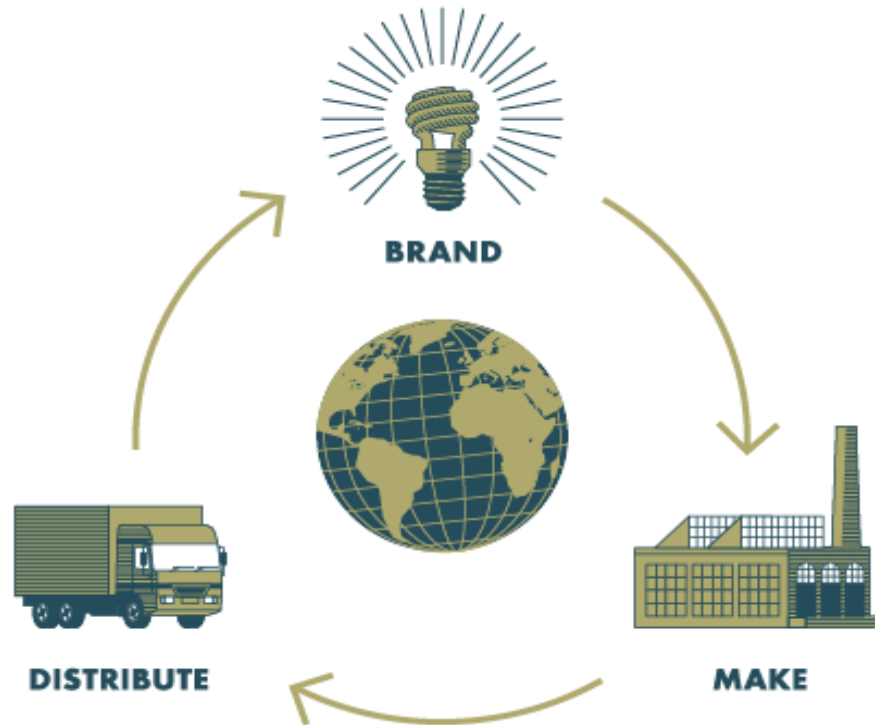
New introductions for 2017 in development.

DISTRIBUTION

Industry's widest distribution network with own units in 36 countries, selling Group's own and selected 3rd party fishing, hunting and outdoor products.

Reducing the amount of inventories is high on the agenda.

Norway and Sweden warehousing operations merged.



RAPALA CULTURE

Local entrepreneurial spirit and profit responsibility together with a low hierarchy, straightforward business culture and strong local knowledge are key to executing Rapala VMC's strategy.

Changes in management organization in place since H2 2015 to accelerate the profitable growth strategy and improve the capital efficiency

MANUFACTURING

Efficient own manufacturing and sourcing platform to supply premium products for mass markets.

Attention and resources on Asian lure manufacturing in Batam
 - Concentration on exploiting the strengths and capturing the benefits of manufacturing.
 - Clear performance improvement compared to last year
 - Room for considerable improvement
 - Lure product development reorganized to one unit to boost performance

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Short-term Outlook

- Following the decline in sales during the first half of the year, the outlook for the whole year is now more depressed.
- In North American and Western European markets the slowdown in sales is expected to be temporary. Especially in Europe but also in USA there are quite some political and macroeconomic distractions that might affect the retail and consumer behavior. In Russia the market is no longer falling, but is expected to remain under pressure at a much lower levels than in the past years.
- In order to react to the reduced demand and support the inventory reduction targets the Group has temporarily adjusted the capacity of its manufacturing operations and is following closely the fixed cost development.
- Group is actively working on various product development, sales and marketing initiatives to boost sales. However it is difficult to catch up the gap in sales and profitability compared to last year during latter part of the year.
- Therefore the Group expects full year net sales and comparable operating profit (excluding mark-to-market valuations of operative currency derivatives and other items affecting comparability) to be below 2015 levels. The guidance is unchanged from July 11, 2016.

- Q3 Trading Report will be published on October 28, 2016



TIGHT LINES

APPENDICES

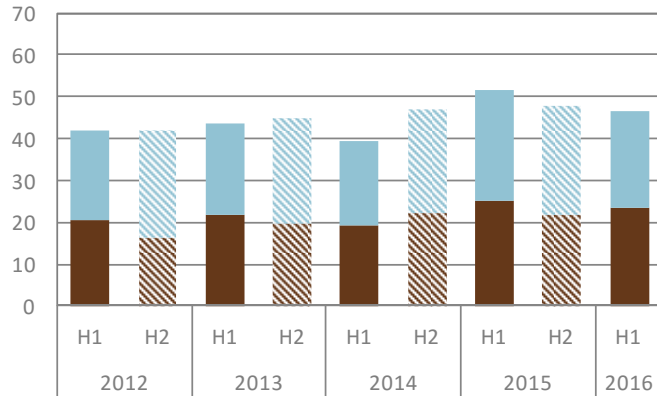
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H1 & FY Key figures

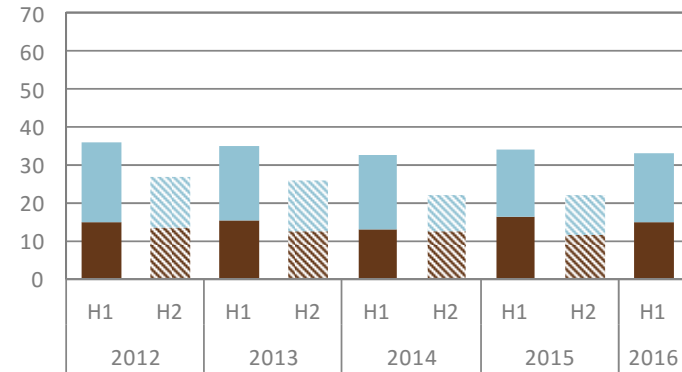
MEUR	H1/2016	H1/2015	FY/2015
Net sales	143.1	154.0	278.2
Operating profit	14.2	17.4	21.0
Operating profit, % of net sales	9.9%	11.3%	7.6%
Comparable operating profit	15.6	20.6	25.3
Comparable operating profit, % of net sales	10.9%	13.4%	9.1%
Net profit for the period	8.2	8.3	8.1
EPS (basic), EUR	0.19	0.19	0.17
Cash flow from operations	6.2	10.7	15.6
Net interest-bearing debt	115.8	108.8	108.2
ROCE, %	11.3%	14.3%	8.7%
Gearing, %	82.9%	75.9%	77.3%
Equity to assets, %	43.6%	42.3%	44.7%

H1 Net Sales – Geographical Areas

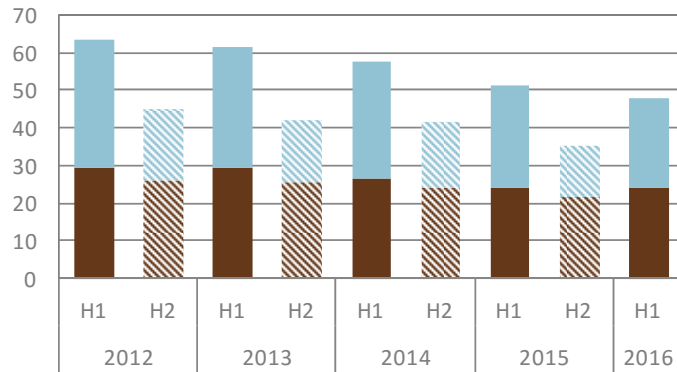
North America



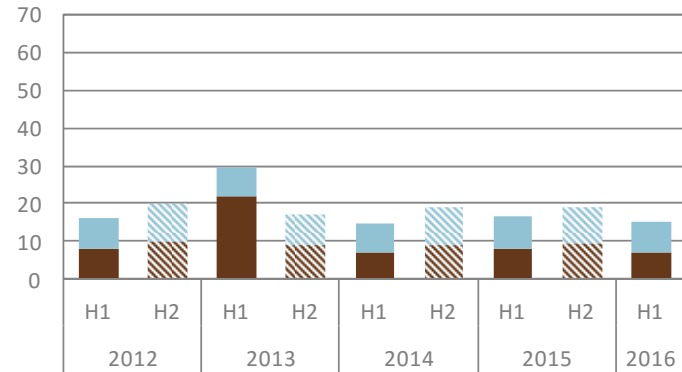
Nordic



Rest of Europe

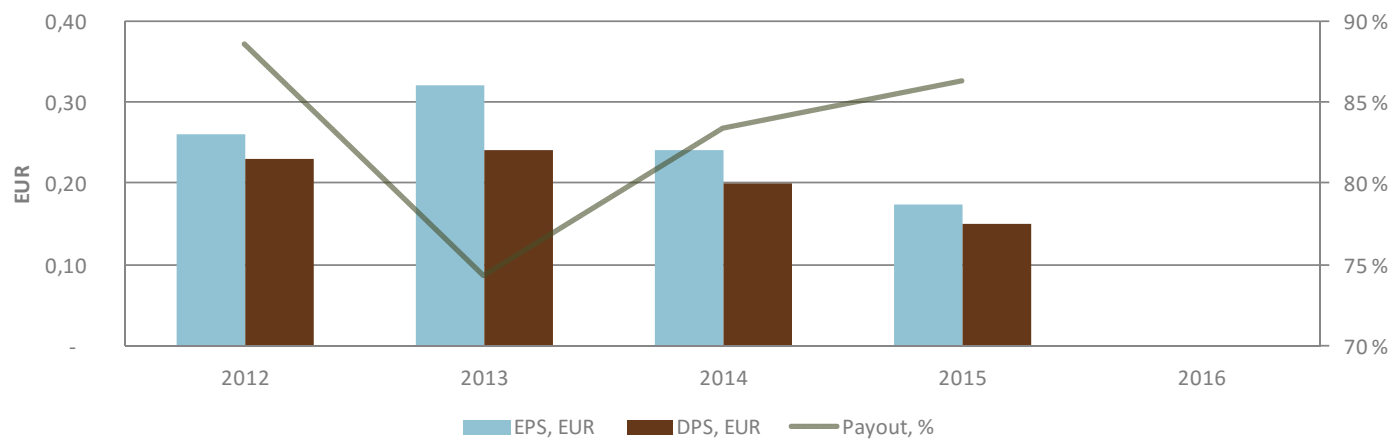
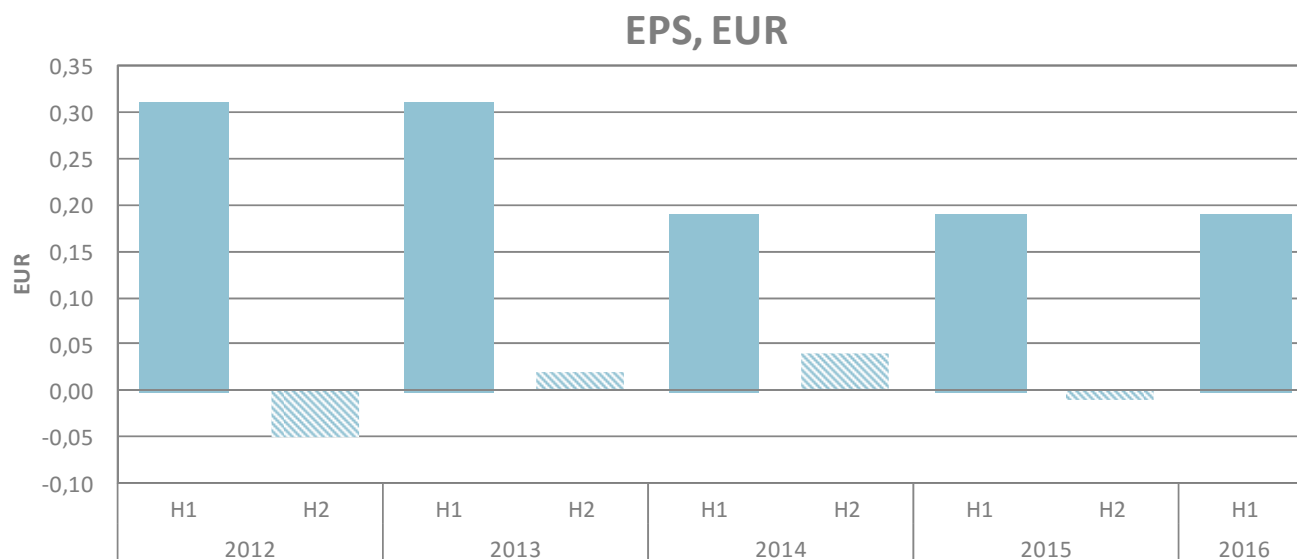


Rest of the World



Q1
 Q2
 Q3
 Q4

EPS



Profit and loss account

MEUR	H1 2016	H1 2015	FY/2015
Net sales	143.1	154.0	278.2
Other operating income	0.2	0.3	1.0
Materials and services	63.6	70.6	130.9
Personnel expenses	35.1	35.3	68.4
Other costs and expenses	27.0	27.8	52.3
Share of results in associates and joint ventures	0.0	0.3	0.4
EBITDA	17.6	20.9	28.1
Depreciation, amortization and impairments	3.4	3.5	7.1
Operating profit (EBIT)	14.2	17.4	21.0
Financial income and expenses	2.8	4.1	6.8
Profit before taxes	11.4	13.3	14.2
Income taxes	3.1	5.0	6.1
Net profit for the period	8.2	8.3	8.1

Balance sheet

MEUR	H1 2016	H1 2015	FY/2015
ASSETS			
Non-current assets			
Intangible assets	76.5	78.1	78.2
Property, plant and equipment	35.7	32.0	33.9
Non-current assets			
Interest-bearing	0.9	5.1	2.8
Non-interest-bearing	11.2	12.0	11.8
	124.4	127.2	126.7
Current assets			
Inventories	118.1	121.8	116.2
Current assets			
Interest-bearing	1.0	1.1	1.0
Non-interest-bearing	66.7	74.0	58.1
Cash and cash equivalents	10.4	15.4	11.4
	196.2	212.4	186.7
Total assets	320.6	339.5	313.4
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	131.6	133.8	131.5
Non-controlling interests	8.1	9.5	8.5
	139.7	143.3	140.0
Non-current liabilities			
Interest-bearing	56.3	73.7	58.6
Non-interest-bearing	12.5	14.5	13.4
	68.9	88.2	72.0
Current liabilities			
Interest-bearing	71.8	56.6	64.8
Non-interest-bearing	40.2	51.3	36.6
	112.1	108.0	101.5
Total equity and liabilities	320.6	339.5	313.4

Shares and Shareholders

SHARE RELATED DATA (6/2016)

- Market capitalization 171.2 MEUR
- 12-month high/low 5.85/3.90 EUR
- All-time high/low 8.40/2.50 EUR

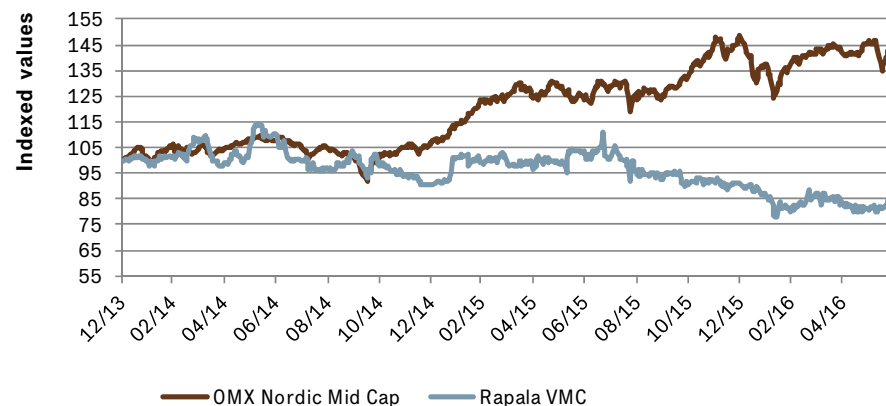
MAJOR SHAREHOLDERS (6/2016)

- 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%

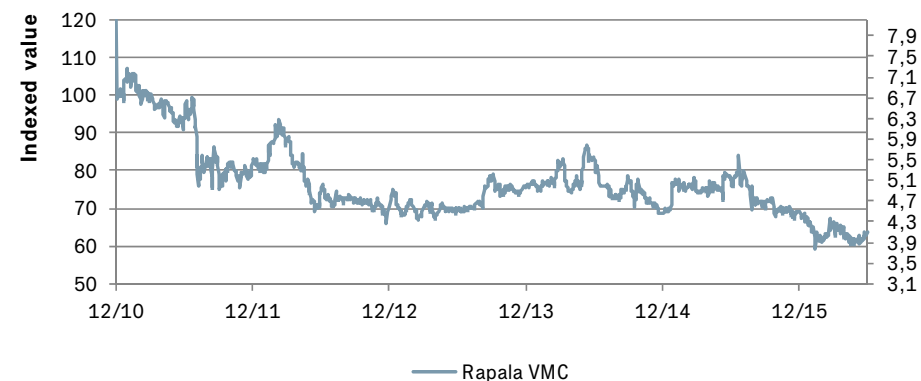
Own shares: 677 208 shares (1.7%)

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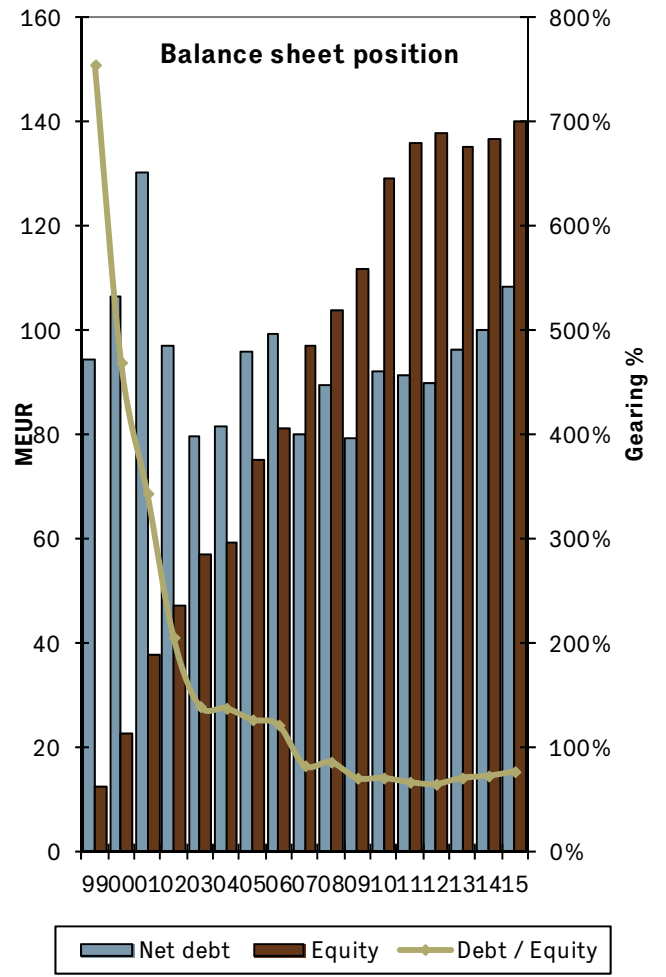
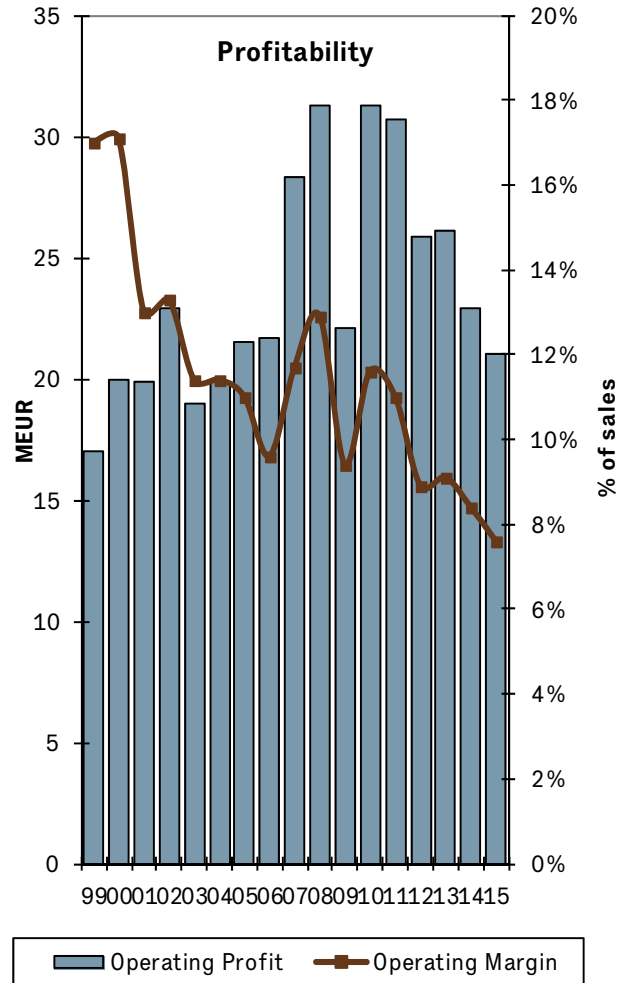
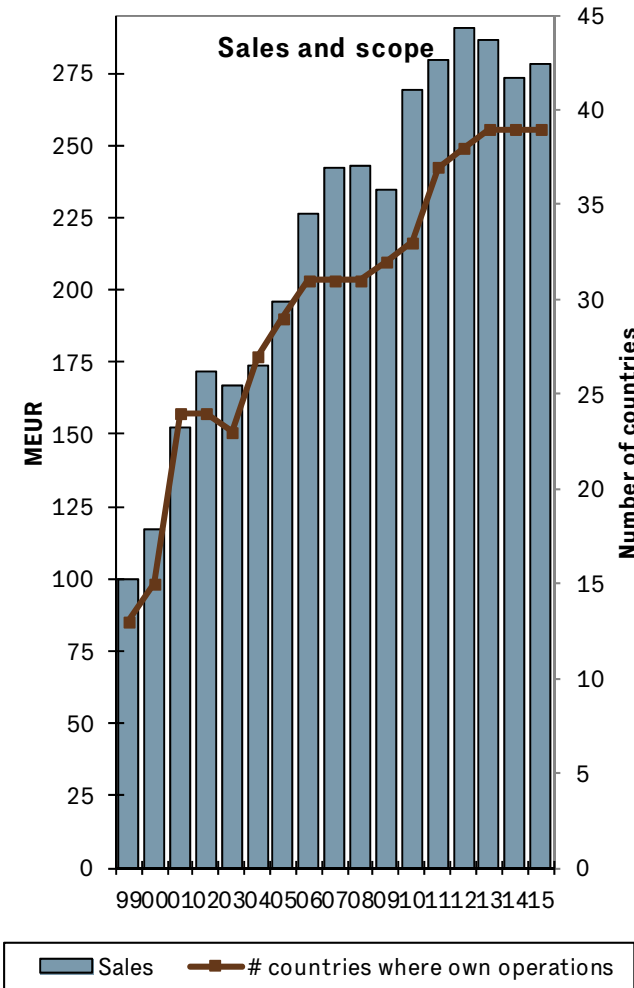
Share price index performance from Jan 2014 – Jun 2016



Share price performance from Jan 2011 – Jun 2016



Financial Trends



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