

RAPALA VMC CORPORATION STRATEGY UPDATE

16.2.2017

Focus on organic growth within fishing, improving return on capital and building solid platform for future growth.

- After changes in the Group's management in third quarter of 2016, the Group initiated a process to update its future strategies.
- The key objective of the strategy update is to turn the recent financial trends in terms of sales, profitability and capital efficiency.
- The Group has also addressed the need to respond to the ongoing developments in its business environment. This includes issues such as digitalization and changing consumer behavior, more specialized and fast changing trends in fishing, changes in competitive and retail landscape, as well as changes in value chains.
- The Group will organize a capital markets day during 2017 to elaborate the updated strategy and its execution.

Strategy 2017-2019

Strategic priorities for next three years

**Organic
growth
within
fishing**

**Improving
profitability**

**Lightening
balance
sheet**

**Improving
operational
performance**

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.

Foundation of future strategies is build upon existing assets and capabilities

Brand portfolio

Own manufacturing platform and established sourcing channels

Research and development capabilities

Broad own distribution network and strong local presence

Key actions and principles in strategy execution - Growth

Organic growth within fishing

- Deep **market and customer** focus.
- Leveraging and further strengthening the Group's global **innovation power**.
- Along with the leading **mass market products** also addressing **specific product categories and niches** within fishing where the Group has clear **growth potential** and has possibility to exploit its R&D, manufacturing, sourcing, sales, brand, marketing and distribution assets and capabilities.
- Strengthening and **leveraging the Group's brands** with modern and innovative **marketing and brand management**. Enhancing the brand experience and reaching the end consumers especially through the **digital channels**.
- Securing the position as **valued supplier to retail customers** by providing relevant, innovative and competitive product range and excellent customer service.
- Further **leveraging the existing distribution infrastructure** to distribute synergistic 3rd party fishing and non-fishing product categories in a **value adding manner**: supporting sales of Group's own products, generating additional returns to the Group and creating value to the 3rd party principals.

Key actions and principles in strategy execution – Return on Capital

**Improving capital efficiency:
improving profitability and
lightening balance sheet**

- **Rigid management of the product portfolio**, increasing overall profitability of the offering.
- **Securing the return on capital** of the businesses and units and taking determined actions to improve the returns.
- Tight **cost and capital control** allocating resources to strategically important areas and implementing actions to increase cost efficiency.
- Developing the **Group's supply chain management** to be responsive and focus on optimizing the end-to-end flow of products, achieving permanent reduction in inventory levels and providing excellent service to the customers.

Key actions and principles in strategy execution - Operations

Improving operational performance

- **Operating in integrated manner**, optimizing the end-to-end performance of the Group and securing benefits of scale.
- Increasing the **speed, agility, responsiveness and efficiency** of all operations.
- Implementing systematic management processes to support strategy execution and investing in **common tools, processes and resources** to enable and facilitate the execution.
- Utilizing the **strong local presence**, entrepreneurial commercial spirit and deep understanding of fishing tackle markets all around the world to **implement Group's strategic priorities globally**.