



RAPALA VMC CORPORATION Q3 2015

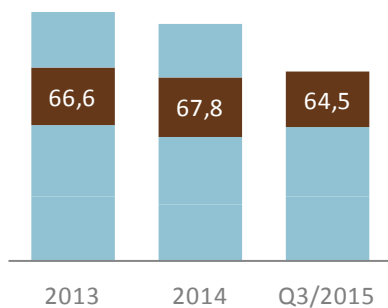
October 22, 2015

RAPALA VMC CORP.

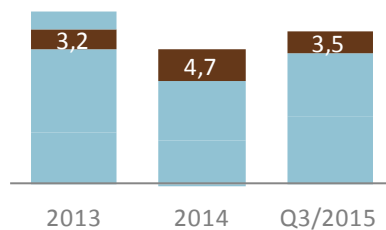
Summary of Q3 2015

- NET SALES 64.5 MEUR (67.8)
 - With comparable exchange rates sales down 5%
- COMPARABLE OPERATING PROFIT 3.5 MEUR (4.7)
 - Down from last year following lower sales and gross margin
- REPORTED OPERATING PROFIT 2.9 MEUR (5.7)
 - Valuation of currency derivatives and non-recurring losses
- CASH FLOW FROM OPERATIONS 5.2 MEUR (4.3)
- EPS -0.01 EUR (0.05)
 - Valuation of operative currency derivatives and taxes

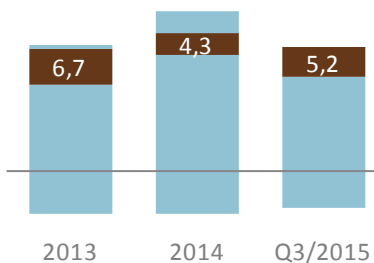
Net sales, MEUR



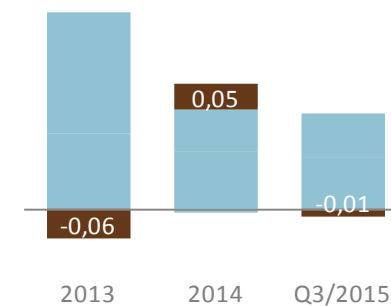
Comparable operating profit, MEUR



Cash flow from operations, MEUR



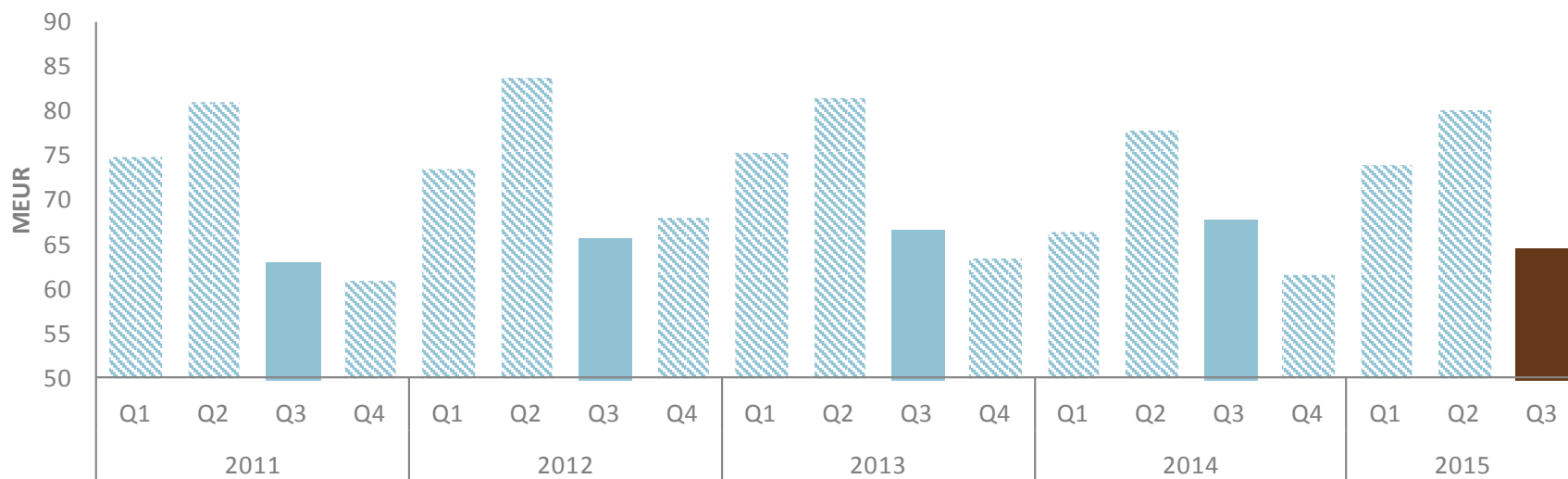
EPS, EUR



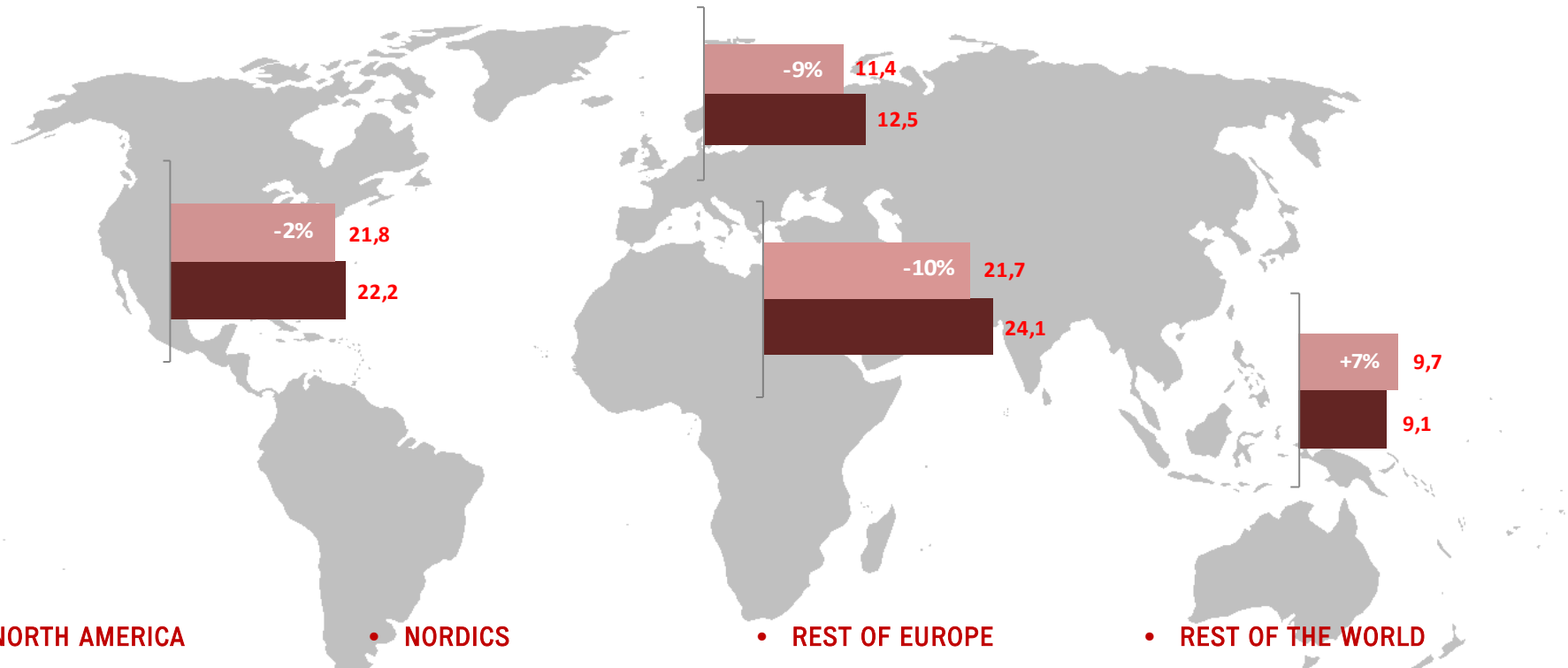
Net Sales

- Q3 NET SALES 64.5 MEUR (-5%)
 - Changes in FX rates explain approximately 0.4 MEUR. With comparable FX sales -5%
 - Favorable summer weather in US and France, whereas cold in Nordics
 - Start of ice fishing sales in North America behind last year's strong opening, partly due to timing (shifted to Q4)
 - Market situation in Russia and Ukraine continue to be difficult
- YTD NET SALES 218.6 MEUR (+3%)
 - Changes in FX rates explain approximately 4.0 MEUR. With comparable FX sales +1%

Net sales



Q3 Net Sales – Geographical Areas



• NORTH AMERICA

- Comparable net sales -15%
- Favorable summer conditions advanced sales to Q2
- Ice fishing partly postponed to Q4
- US economy remains good, while Canada tougher

• NORDICS

- Comparable net sales -7%
- Unfavorable summer weathers
- Decrease in hunting sales in Denmark and in Sweden
- Supported by new hunting dealership in Finland
- Slower start of ice fishing sales

• REST OF EUROPE

- Comparable net sales +2%
- Mixed picture with ups and downs around the region
- Ruble remain weak, causing uncertainties
- Local currency sales in Russia and in Ukraine at last year's level

• REST OF THE WORLD

- Comparable net sales +7%
- Growth in nearly all Asian and Latin countries, as well as in Australia and in South Africa
- Sales suffered in Asia Pacific

YTD Net Sales – Geographical Areas

- NORTH AMERICA

- Comparable net sales +1%
- Solid H1 sales in the US supported by strong USD
- Good weather in key fishing markets
- Successful launch of new Shadow Rap

- NORDICS

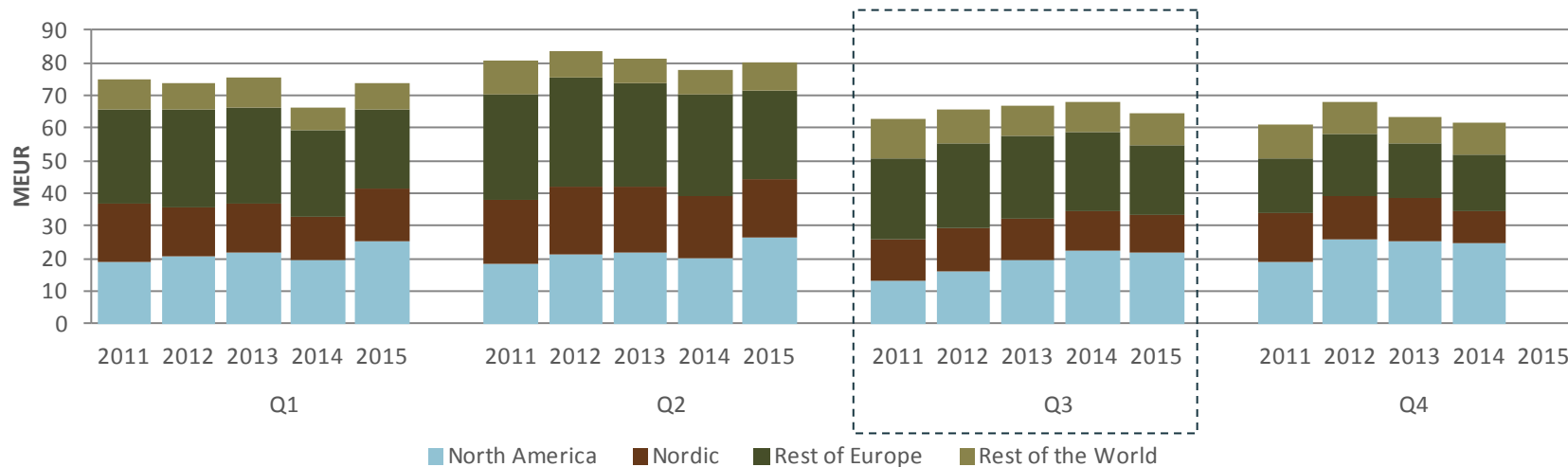
- Comparable net sales +3%
- Improved Q1 winter weather conditions, but cold summer
- New hunting dealership in Finland

- REST OF EUROPE

- Comparable net sales -1%
- Political turbulence in Russia and Ukraine affected sales
- Excluding Russia and Ukraine, comparable sales +5%, driven by France, Spain and Romania

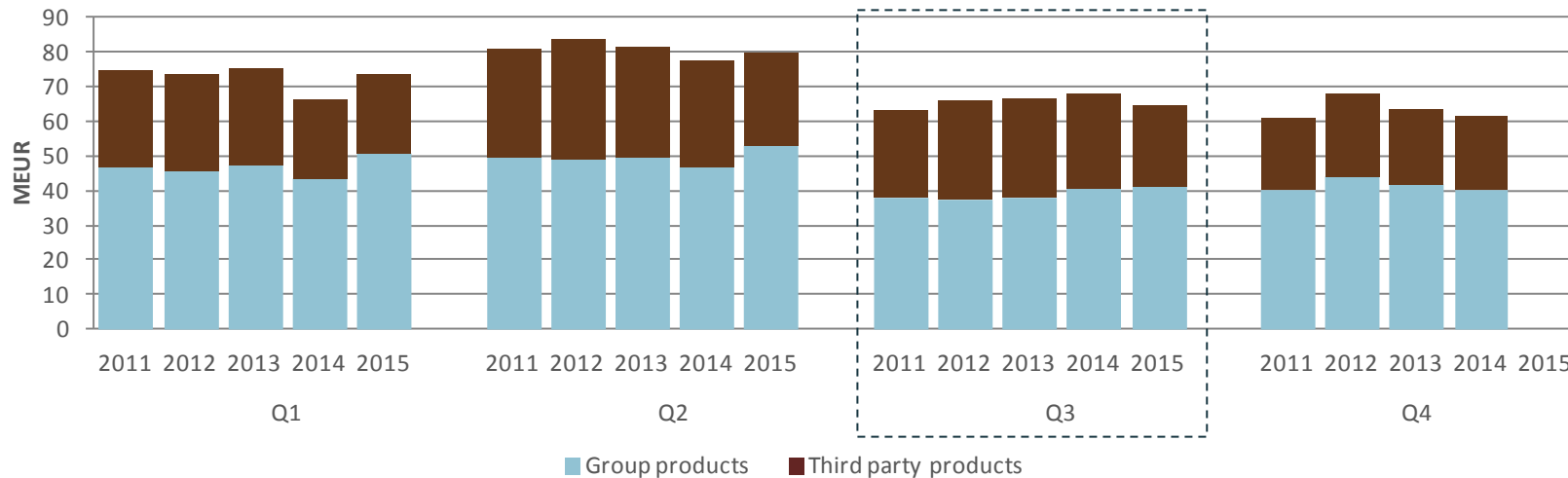
- REST OF THE WORLD

- Comparable net sales +6%
- Steady growth in South Africa, Latin America and in several Asian countries
- Sales suffered in Australia, Japan and Indonesia



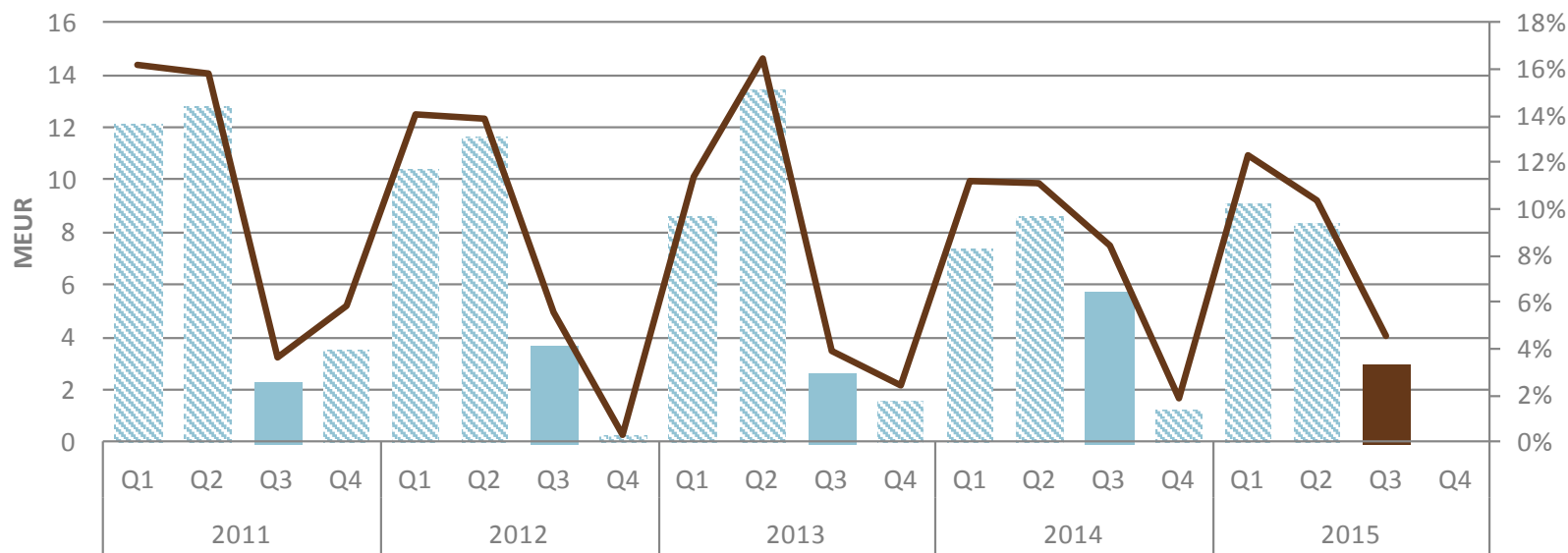
Net Sales – Product Segments

- **GROUP PRODUCTS 41.0 MEUR (0%), YTD 144.5 MEUR (+10%)**
 - Comparable net sales -4%, YTD +3%
 - Strong H1 especially in the US
 - Q3 impacted by good Q2 and by change in some customers' pre-order behavior and some postponement of sales to Q4
- **THIRD PARTY PRODUCTS 23.6 MEUR (-12%), YTD 74.0 MEUR (-8%)**
 - Comparable net sales -8%, YTD -2%
 - Q3 third party fishing and especially ice fishing sales lower due to losing a distribution dealership in the US
 - YTD affected by economical instabilities which affected fishing product sales in Russia



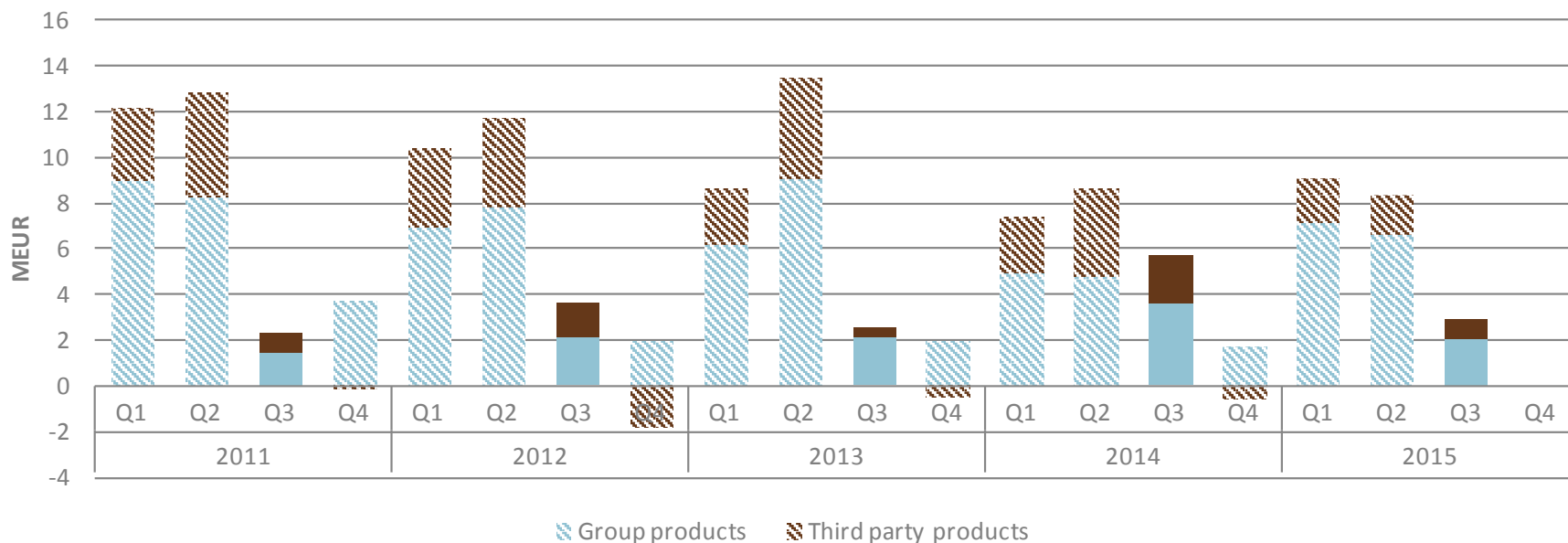
Operating Profit

- **COMPARABLE OPERATING PROFIT 3.5 MEUR (-26%), YTD 24.1 MEUR (+14%)**
 - Q3 decline driven by lower sales and reduced gross margin impacted by clearance sales
 - Q3 and YTD supported by continuing recovery of Asian manufacturing operations' profitability, while negatively impacted by stronger USD lowering the margins of third party products
 - YTD further supported by stronger sales of Group branded products especially in USA, while burdened by the negative sales development in Russia
- **REPORTED OPERATING PROFIT 2.9 MEUR (-49%), YTD 20.4 MEUR (-6%)**
 - Mark-to-market valuation of operative currency derivatives -0.5 MEUR (+1.5), YTD -2.4 MEUR (+1.6)
 - Non-recurring items -0.1 MEUR (-0.4), YTD -1.3 MEUR (-0.9), mainly related to China closure



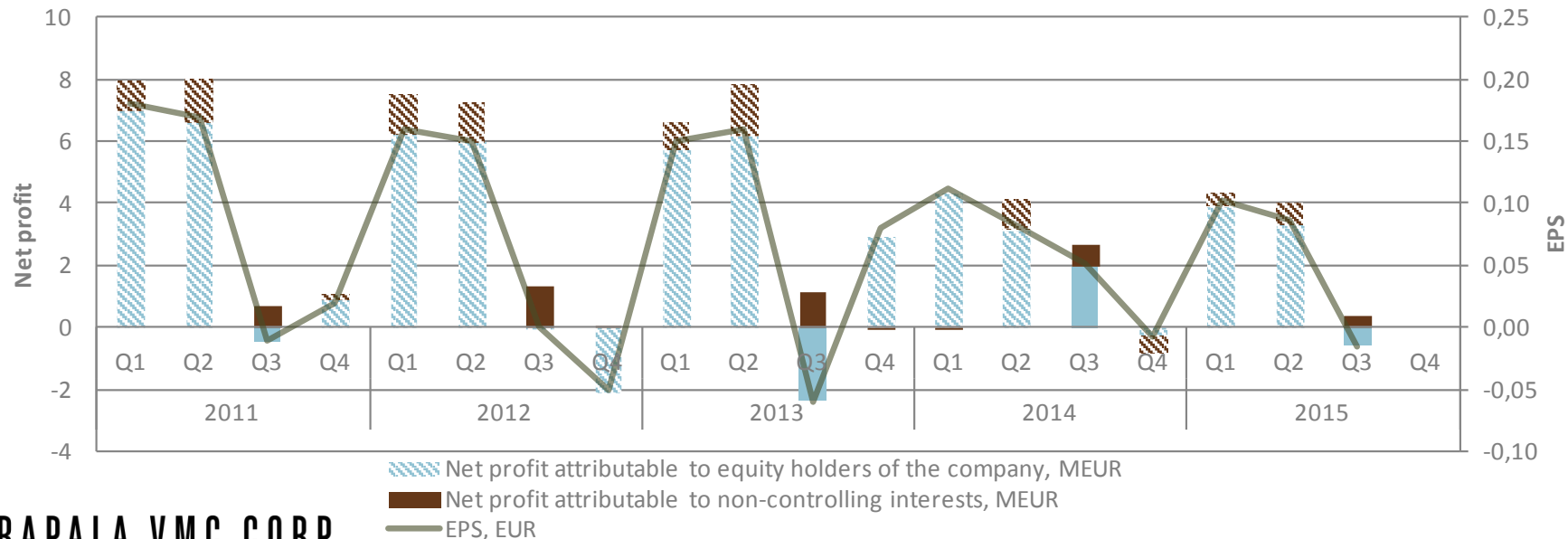
Operating Profit – Product segments

- GROUP PRODUCTS 2.1 MEUR (-43%), YTD 15.9 MEUR (+20%)
 - Q3 down due to lower sales volumes and negative gross margin impact from actions to reduce inventory levels
 - YTD supported by increased sales and by improved profitability of Asian manufacturing operations
- THIRD PARTY PRODUCTS 0.9 MEUR (-57%), YTD 4.5 MEUR (-46%)
 - Reduced sales, inventory clearance and unfavorable fx impact on purchases



Net Profit and EPS

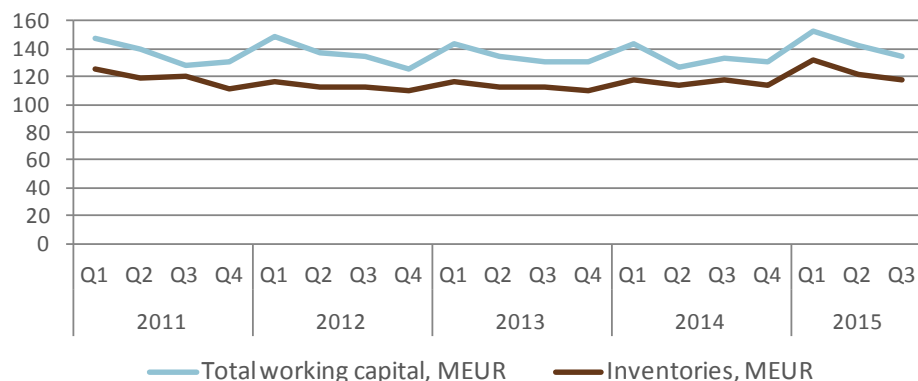
- FINANCIAL (NET) EXPENSES 1.6 MEUR (2.3), YTD 5.7 MEUR (5.7)
 - Negative impact of FX expenses of 0.8 MEUR (1.2), YTD 3.4 MEUR (2.7)
 - Net interest and other financial expenses 0.8 MEUR (1.1), YTD 2.3 MEUR (3.0)
- NET PROFIT -0.2 MEUR (-107%), YTD 8.1 MEUR (-27%)
 - Notable negative impact from change in mark-to-market valuation of operative currency derivatives
 - Q3 tax charge impacted by loss making units, withholding taxes and adjustment for past years
 - YTD last year includes a positive tax impact of 1.0 MEUR related to an agreement with Finnish tax authority
- SHARE OF NON-CONTROLLING INTEREST 0.4 MEUR (0.7), YTD 1.5 MEUR (1.6)
- EPS -0.01 EUR (0.05), YTD 0.17 EUR (0.25)



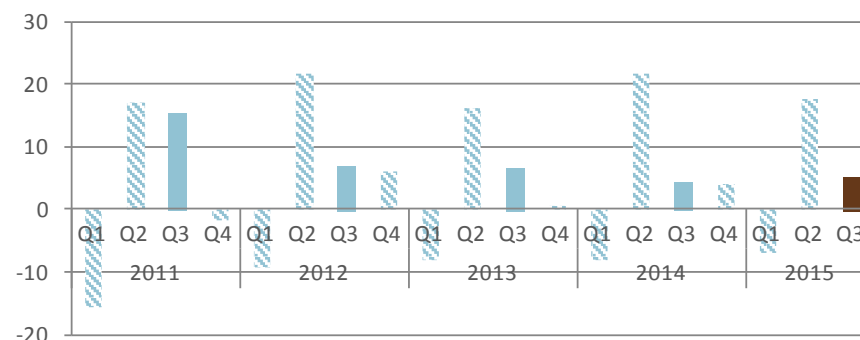
Cash Flow and Working Capital

- CASH FLOW FROM OPERATIONS 5.2 MEUR (4.3), YTD 15.9 MEUR (17.8)
 - Change in working capital 2.5 MEUR (1.1), YTD -4.3 MEUR (-1.5)
 - Q3 improvement driven by cash released from receivables, but YTD still behind due to cash tied to receivables
- INVENTORIES 117.8 MEUR (117.2)
 - Increased 0.6 MEUR from last year
 - Currency impact decreased inventories by 3.5 MEUR
 - Increase driven by timing of shipments, transfer of production from China to Batam and lower than expected sales in various countries

• INVESTING ACTIVITIES MAINLY NORMAL CAPITAL EXPENDITURE



Cash flow from operations, MEUR *



* 2015 and 2014 figures restated, see interim report for more information.

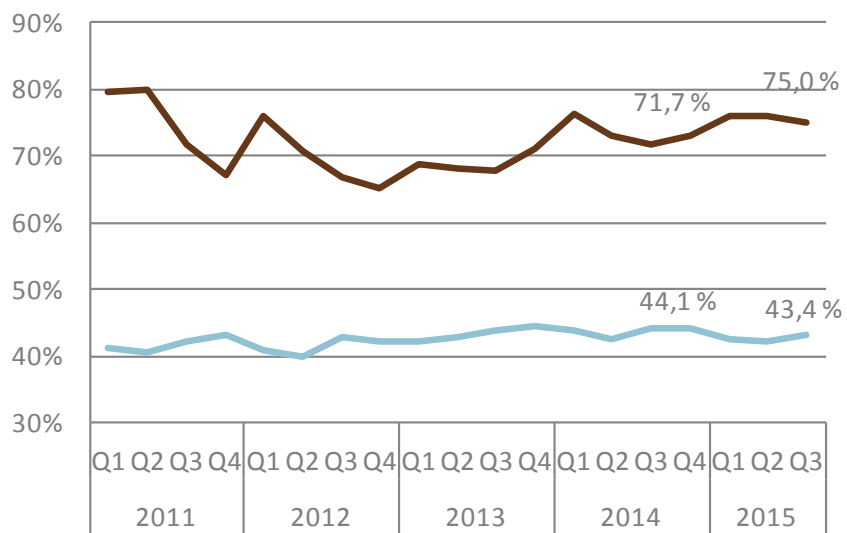
Financial Position

- LIQUIDITY POSITION OF THE GROUP WAS GOOD

- Undrawn committed long-term credit facilities amounted to 78.2 MEUR

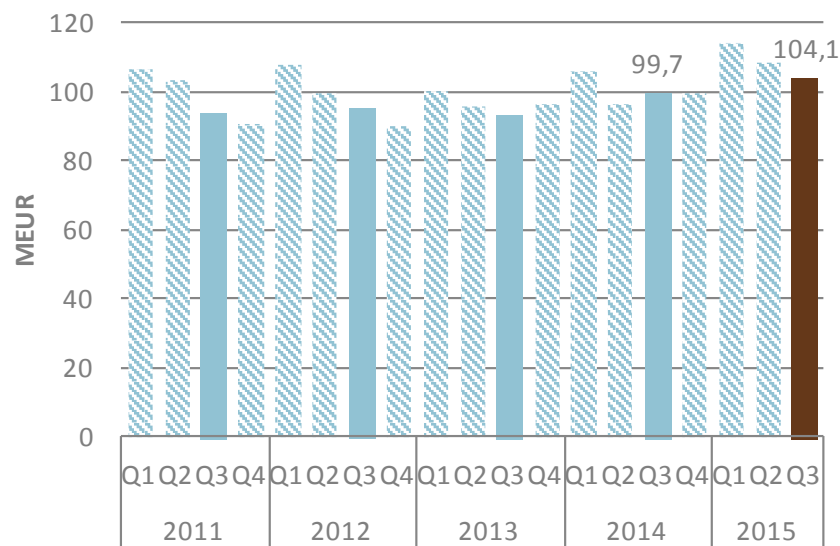
- GEARING AND NET INTEREST-BEARING DEBT INCREASED

- Equity-to-assets ratio slightly below last year level at 43.4% (44.1)
- The Group fulfils all financial covenants related to its credit facilities
- Increased net interest-bearing debt and lowered reported EBITDA has put some pressure on Group's capital management objectives.



— Gearing, % — Equity ratio, %

Net interest-bearing debt, MEUR



Cornerstones of the Profitable Growth Strategy

BRANDS

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

Next season's Rapala novelties introduced to North American market early next year.

Lot of focus on Storm lures, especially soft plastics.

Mora Ice Chrome -ice drill series to European markets.

Renewed Peltonen ski collection, including waxless Skintech skies.

DISTRIBUTION

Industry's widest distribution network with own units in 35 countries, selling Group's own and selected 3rd party fishing, hunting and outdoor products.

Reducing the amount of inventories is high on the agenda.



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 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
-Solid basis for future growth of Storm, Luhr Jensen and Williamson branded lures.

2015

2015

2015

2015

Short-term Outlook

- Outlook for the full year remains unchanged.
- Reduction in Q3 sales was impacted by timing and some of the winter fishing sales is expected to have transferred from Q3 to Q4
- Pre-sales of winter sports equipment has been slightly better than last year, but like with winter fishing business, the final outcome of the season is dependent on the weather conditions
- Improvement in performance of the manufacturing unit in Batam is supporting the profitability of the Group this year.
- Situation in Russia has stabilized to some extent, but is still causing concern and uncertainty.
- Actions to reduce the Group's inventory levels will continue, which together with stronger US Dollar will have some pressure on Group's profit margins

- The Group expects full year net sales and comparable operating profit (excluding non-recurring items and mark-to-market valuations of operative currency derivatives) to be above 2014 levels
 - The guidance is unchanged

- Q4 interim report and annual accounts 2015 will be published on February 9th



END OF PRESENTATION

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APPENDICES

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QRT Key figures

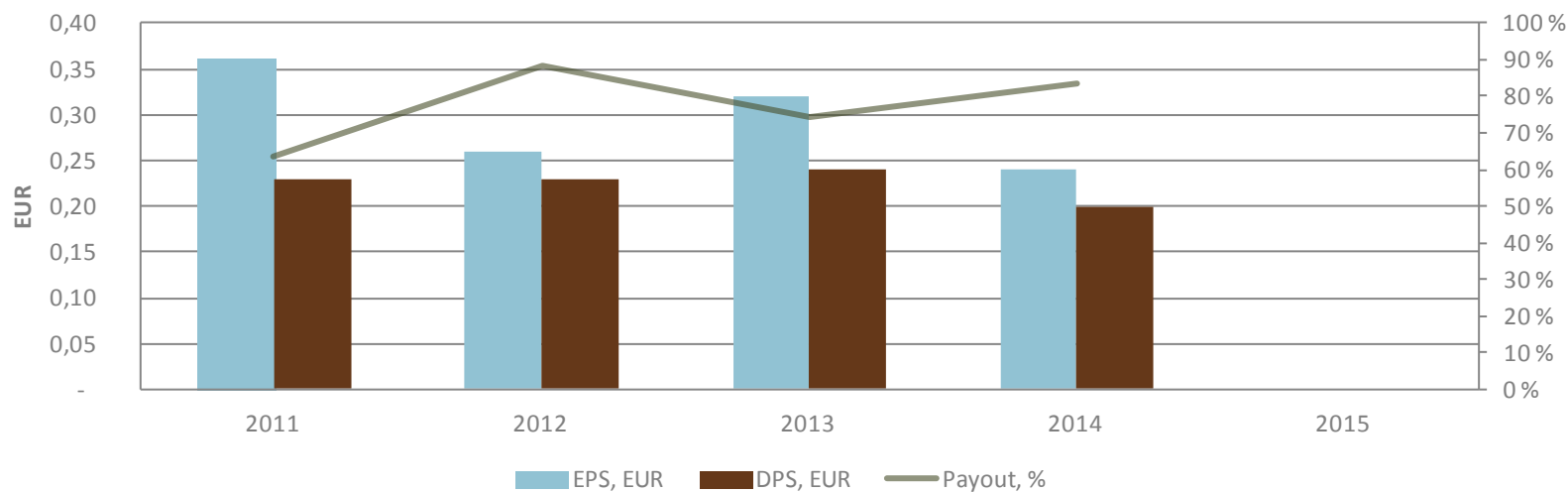
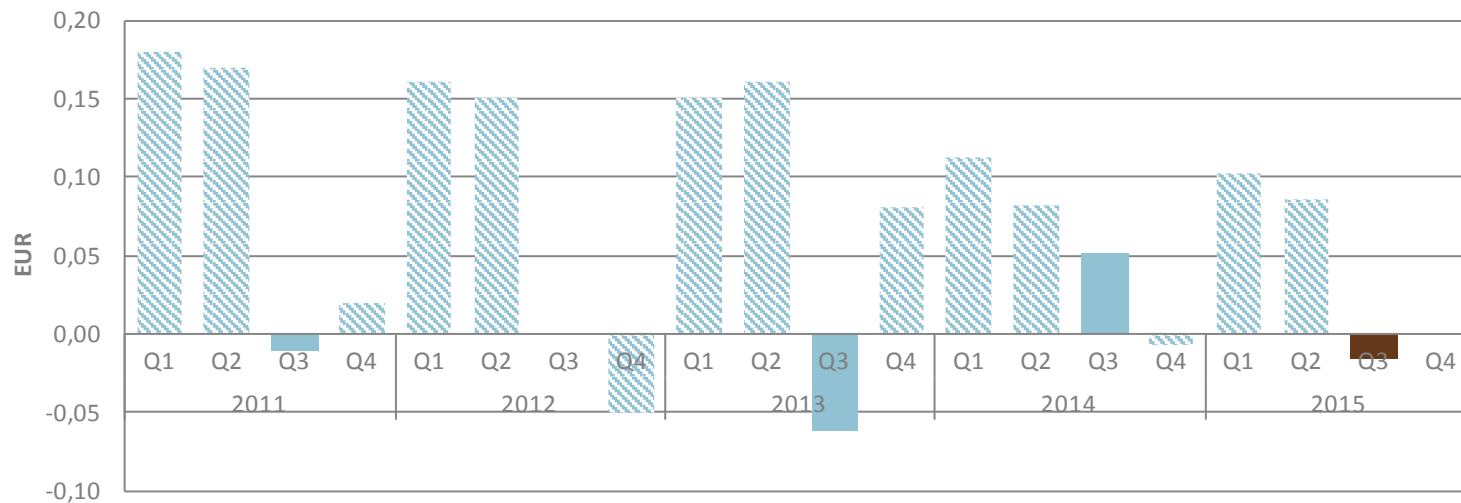
MEUR	Q3/2015	Q3/2014	Q1-Q4/2014
Net sales	64.5	67.8	273.2
Operating profit	2.9	5.7	22.9
Operating profit margin, %	4.5%	8.5%	8.4%
Comparable operating profit	3.5	4.7	20.9
Comparable operating profit margin, %	5.4%	7.0%	7.6%
Net profit for the period	-0.2	2.7	10.2
EPS (basic), EUR	-0.01	0.05	0.24
Cash flow from operations	5.2	4.3	21.7
Net interest-bearing debt	104.1	99.7	99.9
ROCE, %	4.7%	9.8%	9.8%
Gearing, %	75.0%	71.7%	73.2%
Equity to assets, %	43.4%	44.1%	44.1%

YTD Key figures

MEUR	Q1-Q3/2015	Q1-Q3/2014	Q1-Q4/2014
Net sales	218.6	211.7	273.2
Operating profit	20.4	21.7	22.9
Operating profit margin, %	9.3%	10.3%	8.4%
Comparable operating profit	24.1	21.1	20.9
Comparable operating profit margin, %	11.0%	9.9%	7.6%
Net profit for the period	8.1	11.1	10.2
EPS (basic), EUR	0.17	0.25	0.24
Cash flow from operations	15.9	17.8	21.7
Net interest-bearing debt	104.1	99.7	99.9
ROCE, %	11.3%	12.3%	9.8%
Gearing, %	75.0%	71.7%	73.2%
Equity to assets, %	43.4%	44.1%	44.1%

EPS

EPS, EUR



Profit and loss account

MEUR	Q3 2015	Q3 2014	Q1-Q3/2015	Q1-Q3/2014	Q1-Q4/2014
Net sales	64.5	67.8	218.6	211.7	273.2
Other operating income	0.1	0.3	0.4	0.6	1.0
Materials and services	31.7	33.6	102.3	97.9	128.1
Personnel expenses	15.7	15.6	51.0	49.6	65.6
Other costs and expenses	12.6	11.6	40.4	38.3	50.8
Share of results in associates and joint ventures	0.2	0.2	0.5	0.4	0.2
EBITDA	4.8	7.5	25.7	27.0	30.0
Depreciation, amortization and impairments	1.9	1.8	5.3	5.2	7.1
Operating profit (EBIT)	2.9	5.7	20.4	21.7	22.9
Financial income and expenses	1.6	2.3	5.7	5.7	7.2
Profit before taxes	1.3	3.5	14.6	16.0	15.7
Income taxes	1.5	0.8	6.5	4.9	5.5
Net profit for the period	-0.2	2.7	8.1	11.1	10.2

Balance sheet

MEUR	Q1-Q3 2015	Q1-Q3 2014	Q1-Q4 2014
ASSETS			
Non-current assets			
Intangible assets	77.0	73.5	74.4
Property, plant and equipment	31.6	31.5	32.0
Non-current assets			
Interest-bearing	4.2	4.6	3.0
Non-interest-bearing	11.9	10.4	11.5
	124.7	120.0	120.8
Current assets			
Inventories	117.8	117.2	113.8
Current assets			
Interest-bearing	1.1	1.0	1.1
Non-interest-bearing	65.4	64.3	62.3
Cash and cash equivalents	11.4	12.8	12.2
	195.7	195.3	189.4
Total assets	320.4	315.3	310.3
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	129.8	129.2	128.3
Non-controlling interests	9.0	9.8	8.2
	138.8	138.9	136.5
Non-current liabilities			
Interest-bearing	73.2	81.8	72.3
Non-interest-bearing	14.8	12.8	13.3
	88.0	94.6	85.5
Current liabilities			
Interest-bearing	47.5	36.2	43.9
Non-interest-bearing	46.0	45.5	44.2
	93.5	81.8	88.2
Total equity and liabilities	320.4	315.3	310.3

Shares and Shareholders

SHARE RELATED DATA (9/2015)

- Market capitalization 186.0 MEUR
- 12-month high/low 5.85/4.69 EUR
- All-time high/low 8.40/2.50 EUR

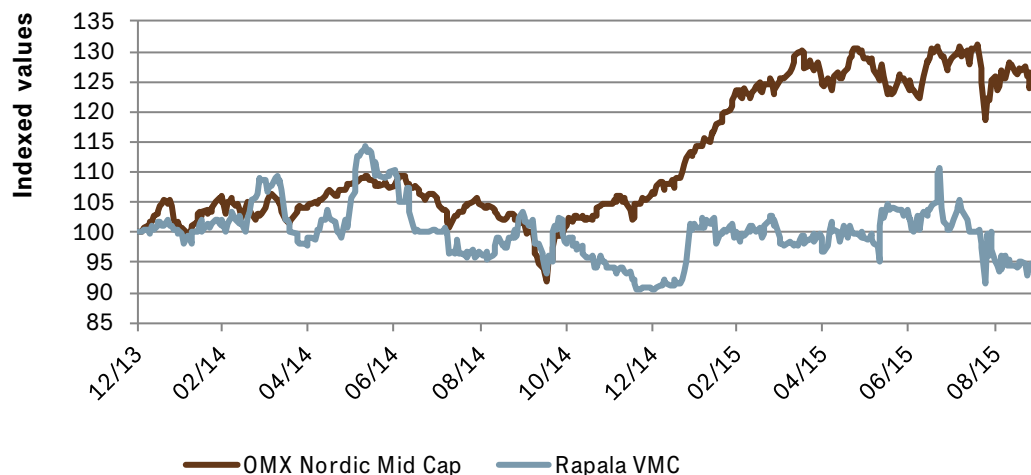
MAJOR SHAREHOLDERS (9/2015)

- VMC Holdings 34%
- Sofina 19%
- Nordea Funds 11%
- Odin Funds 3%
- State Pension fund 3%
- Shimano 2%
- Taaleritehdas funds 2%
- Ilmarinen 1%
- Tapiola Funds 1%
- Evli Funds 1%

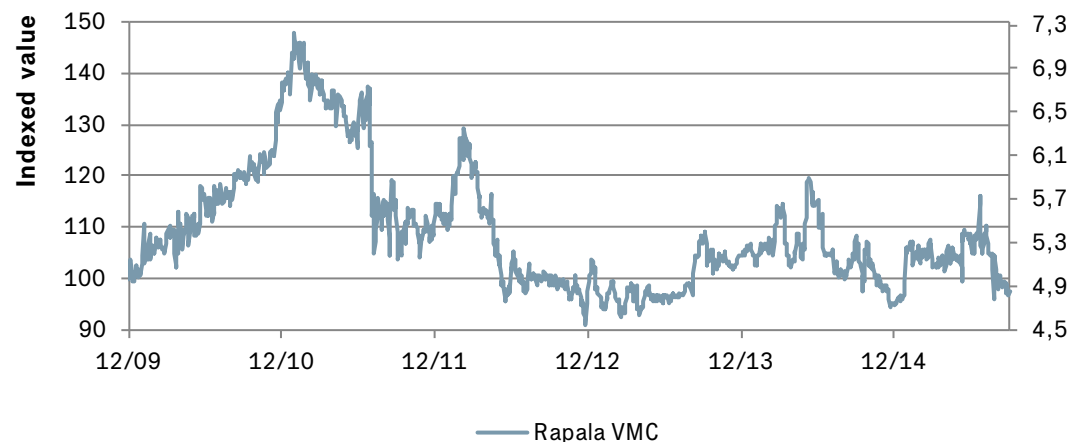
Own shares: 639 671 shares (1.6%)

RAPALA VMC CORP.

Share price index performance from Jan 2014 – Sep 2015



Share price performance from Jan 2010 – Sep 2015



Financial Trends

