

RAPALA VMC CORPORATION Q2 2015

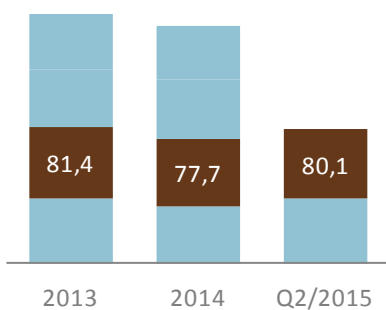
July 23, 2015

RAPALA VMC CORP.

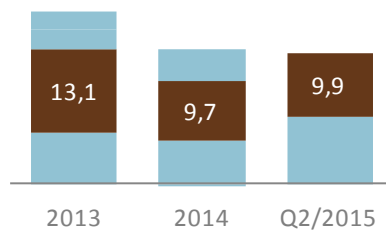
Summary of Q2 2015

- NET SALES 80.1 MEUR (77.7) (+3%)
 - With comparable exchange rates sales up 1%
 - USA and RoW positive, Russia and Nordics down
- COMPARABLE OPERATING PROFIT 9.9 MEUR (9.7) (+2%)
 - Margin at last year level 12.4%
 - Group product positive, Third party products and FX down.
- REPORTED OPERATING PROFIT 8.3 MEUR (8.6)
 - Valuation of currency derivatives
- CASH FLOW FROM OPERATIONS 17.6 MEUR (21.5)
 - Cash tied by receivables
- EPS 0.09 EUR (0.08)
 - Derivatives and foreign exchange expenses in financial items

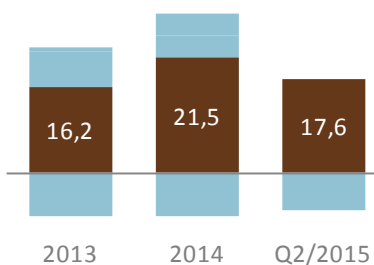
Net sales, MEUR



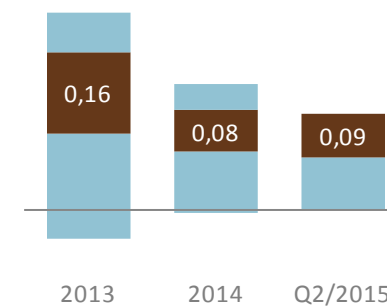
Comparable operating profit, MEUR



Cash flow from operations, MEUR



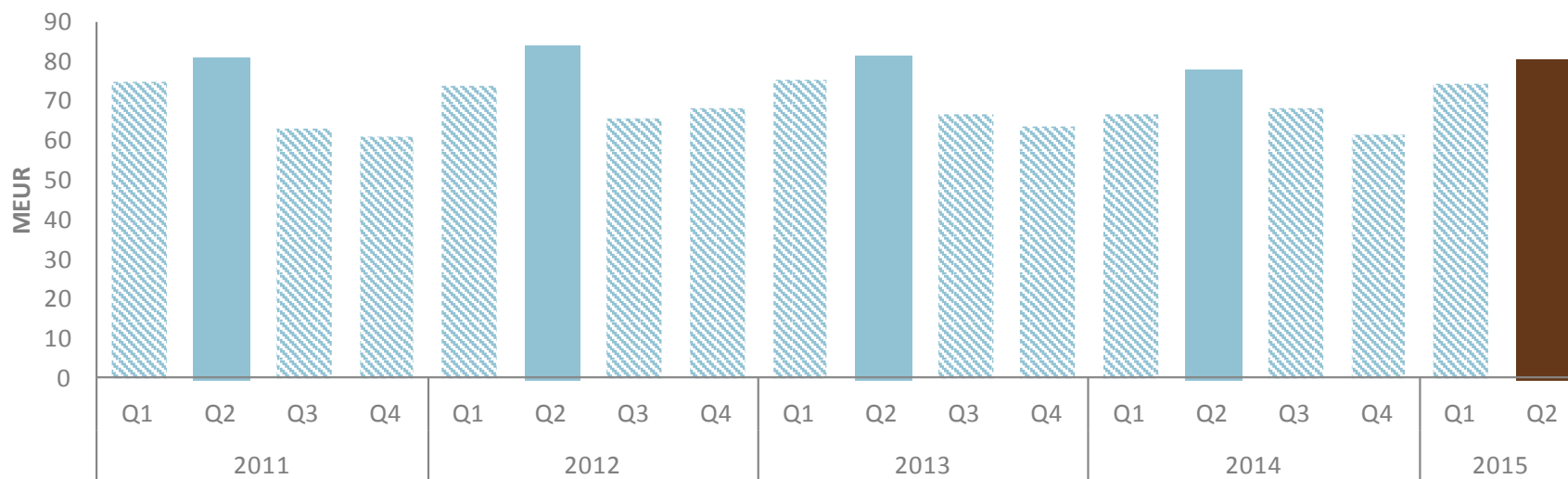
EPS, EUR



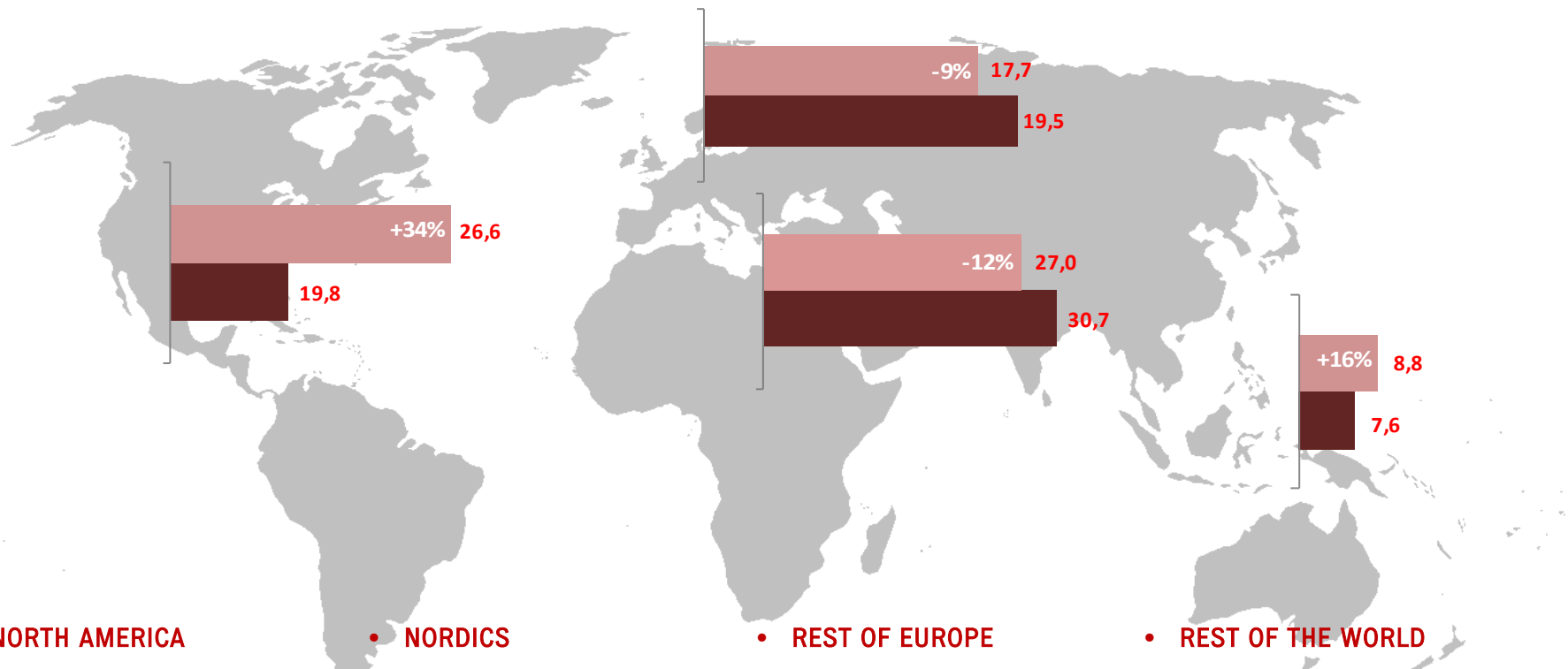
Net Sales

- Q2 NET SALES 80.1 MEUR (+3%)
 - Changes in FX rates explain approximately 2.0 MEUR. With comparable FX sales +1%
 - Early summer season shipments in many markets weighting sales growth to Q1
 - Solid first half of the year in the US
 - Russian situation very challenging.
- YTD NET SALES 154.0 MEUR (+7%)
 - Changes in FX rates explain approximately 3.6 MEUR. With comparable FX sales +4%

Net sales



Q2 Net Sales – Geographical Areas



• NORTH AMERICA

- Comparable net sales +11%
- Customer activity and confidence strengthened.
- Support from USD
- Good fishing conditions supporting sales of Group Products. Shadow Rap.

• NORDICS

- Comparable net sales -8%
- Hit by cold and rainy summer and earlier timing of summer fishing sales.
- New hunting dealership in Finland.

• REST OF EUROPE

- Comparable net sales -5%
- Lack of consumer demand in Russia.
- Excluding Russia and Ukraine, comparable sales +6%
- Strong growth in France

• REST OF THE WORLD

- Comparable net sales +6%
- Positive development in South Africa, Thailand and in several other markets
- Tough business conditions in Australia and Japan
- Favorable currency impact

YTD Net Sales – Geographical Areas

- NORTH AMERICA

- Comparable net sales +10%
- Solid growth in the US
- Successful launch of Shadow Rap lure family
- Improving economy
- Timing between Q4/Q1.

- NORDICS

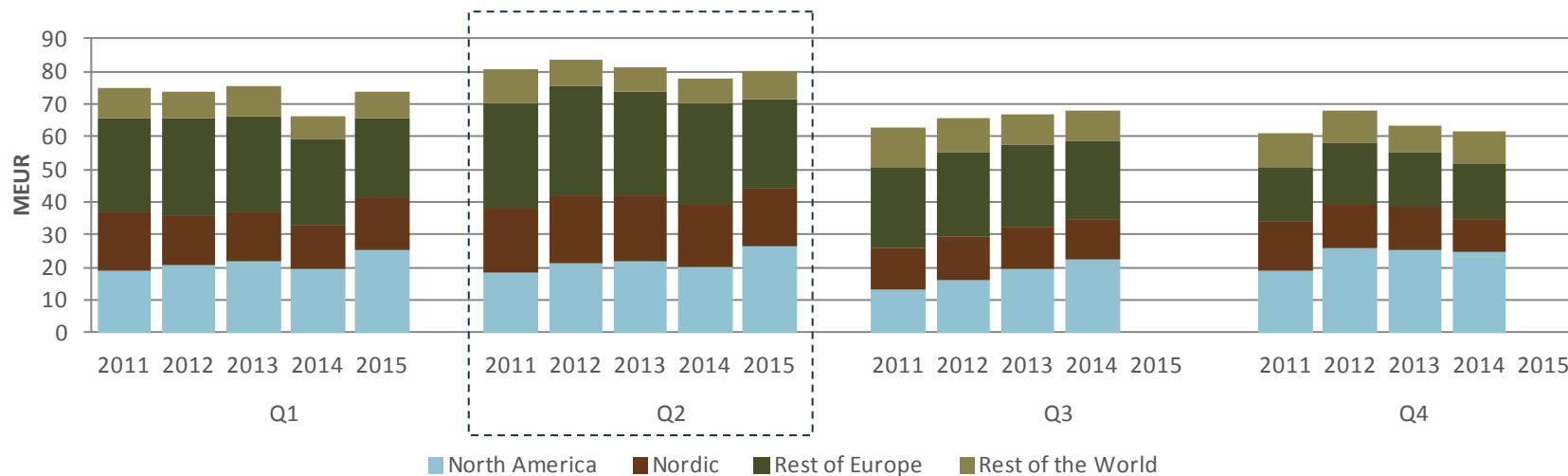
- Comparable net sales +7%
- Strong Q1 following improved winter weather conditions
- On-time deliveries

- REST OF EUROPE

- Comparable net sales -2%
- Political and economical turbulence in Russia and weakening of Ruble.
- Excluding Russia and Ukraine, comparable sales +6%

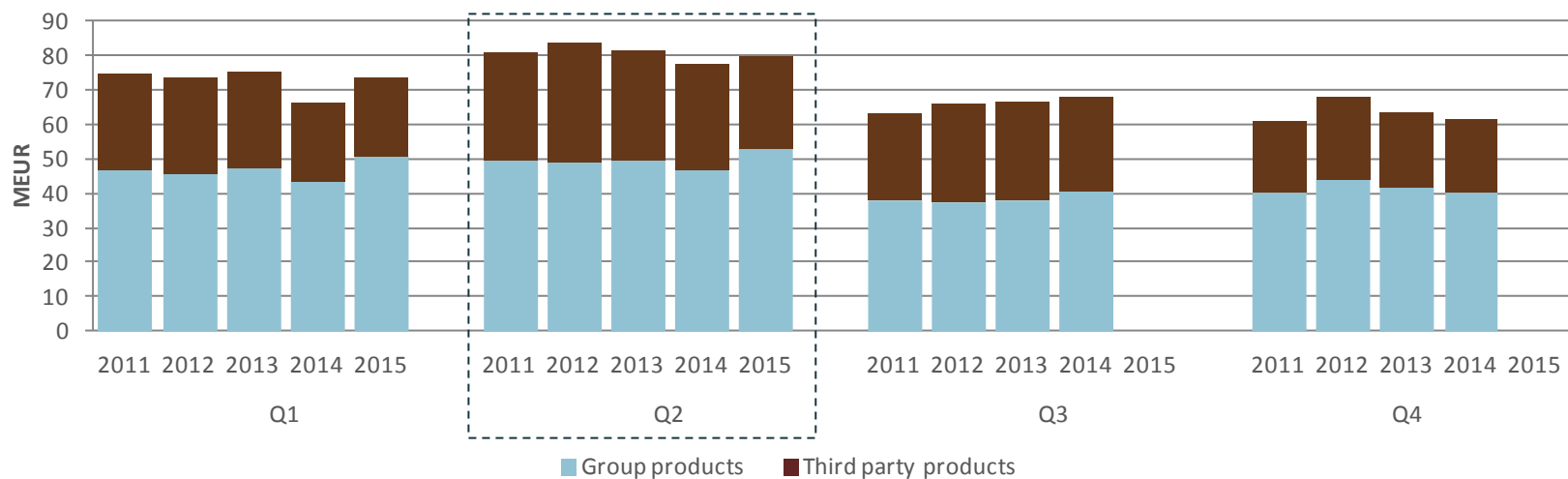
- REST OF THE WORLD

- Comparable net sales +4%
- Steady growth in South Africa, Thailand, Malaysia, Chile and Korea
- Sales were suffering in Australia, Japan and Indonesia



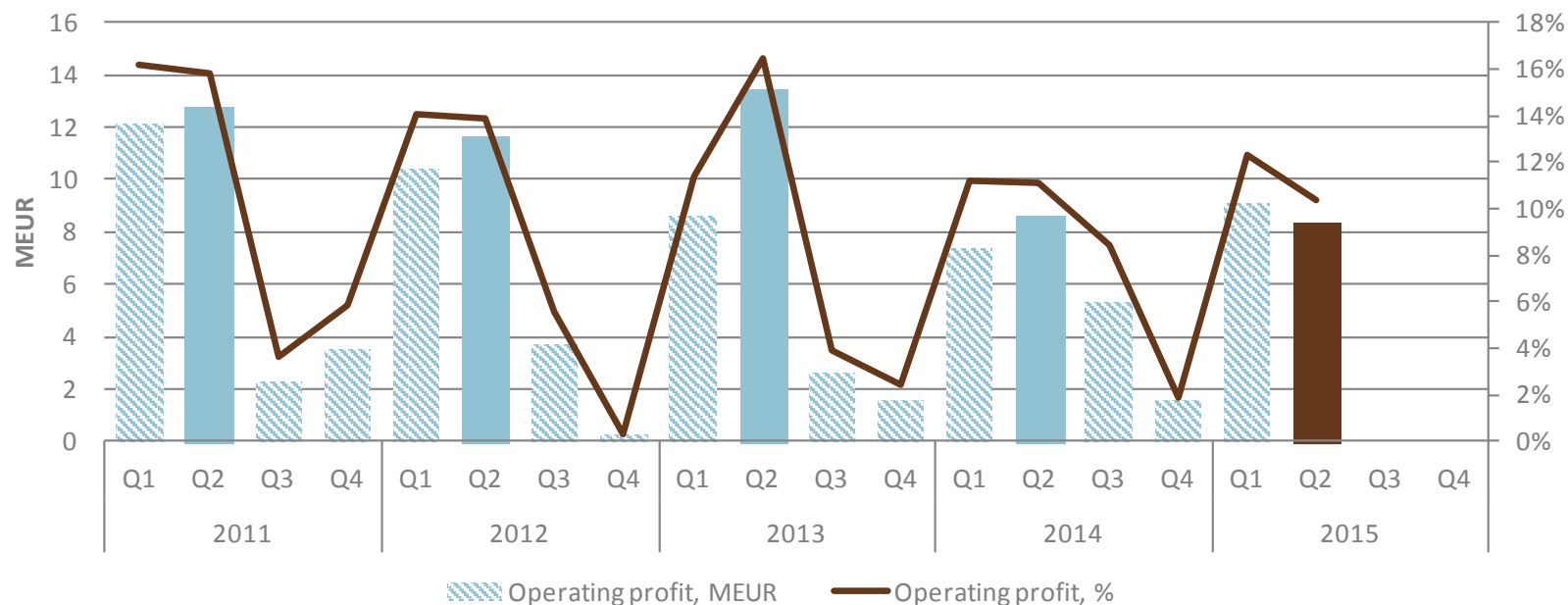
Net Sales – Product Segments

- **GROUP PRODUCTS 52.7 MEUR (+12%), YTD 103.5 MEUR (+15%)**
 - Comparable net sales +3%, YTD +6%.
 - Earlier start of summer fishing season and overall solid summer fishing sales in the US, driven by successful launch of the new Shadow Rap lure. Further supported by US dollar.
- **THIRD PARTY PRODUCTS 27.3 MEUR (-11%), YTD 50.5 MEUR (-6%)**
 - Comparable net sales -5%, YTD +1%
 - Sales decline driven by Russia: lack of demand and weakening of Ruble.
 - Third Party Hunting were strong in Nordics



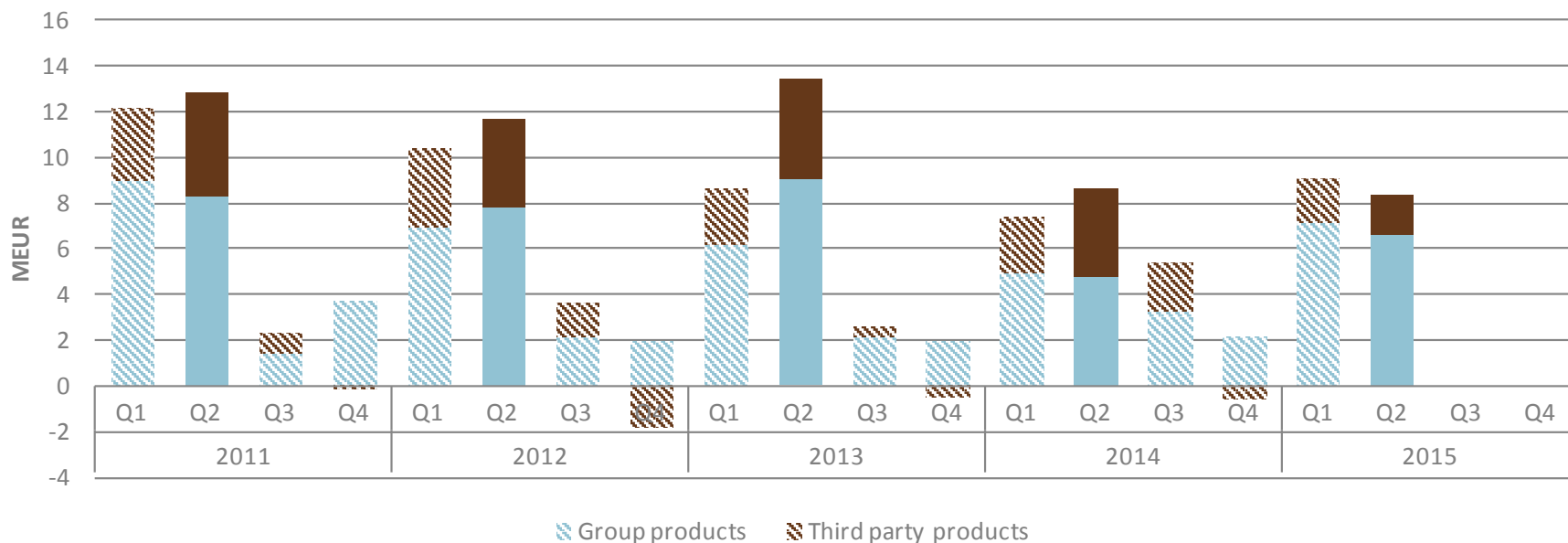
Operating Profit

- **COMPARABLE OPERATING PROFIT 9.9 MEUR (+2%), YTD 20.6 MEUR (+26%)**
 - Supported by stronger sales of Group branded products especially in the USA and continuing recovery of Asian manufacturing operations' profitability
 - Burdened by continuing turbulence in Russia and unfavorable USD fx impact on purchases and changes in translation exchange rates.
- **REPORTED OPERATING PROFIT 8.3 MEUR (-3%), YTD 17.4 MEUR (+9%)**
 - Mark-to-market valuation of operative currency derivatives -1.6 MEUR (-0.6), YTD -2.0 MEUR (+0.1)
 - Non-recurring items 0.0 MEUR (-0.5), YTD -1.2 MEUR (-0.4)
 - Related to direct one-off costs on closing down of the manufacturing operations in China.



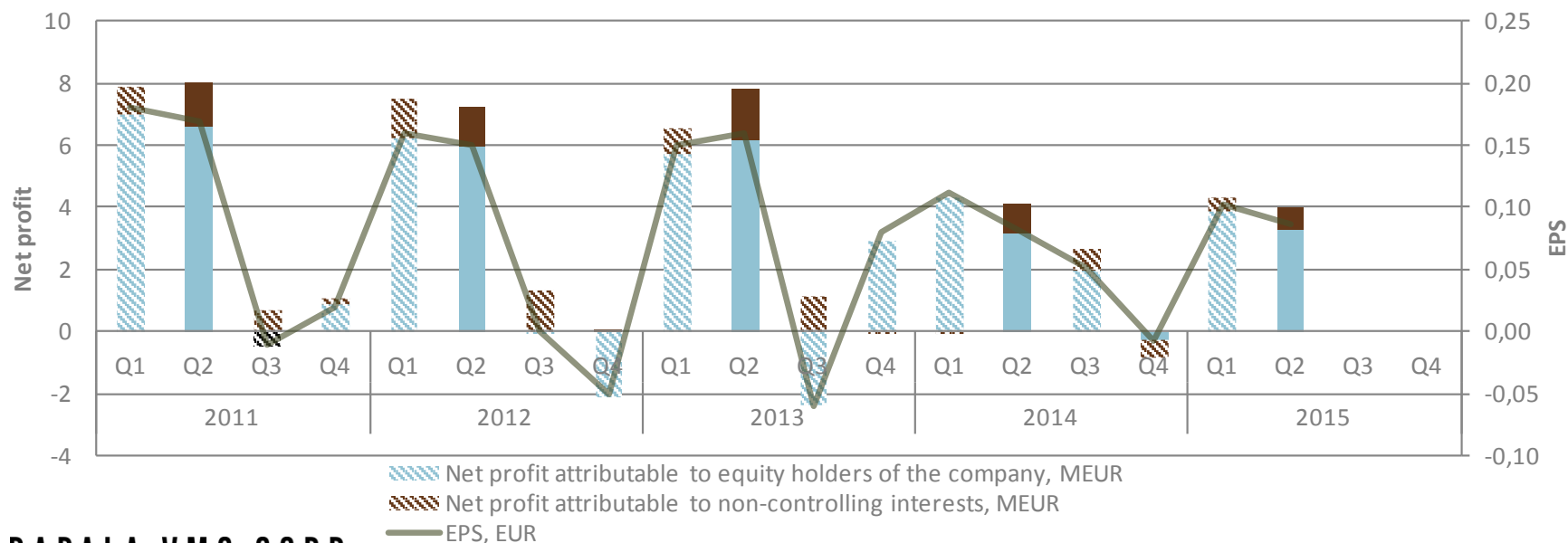
Operating Profit – Product segments

- GROUP PRODUCTS 6.6 MEUR (+40%), YTD 13.8 MEUR (+42%)
 - Supported by stronger sales especially in USA and by improved profitability of Batam operations
- THIRD PARTY PRODUCTS 1.7 MEUR (-56%), YTD 3.6 MEUR (-44%)
 - Burdened by unfavorable fx on purchases and by decline of sales and profitability in Russia



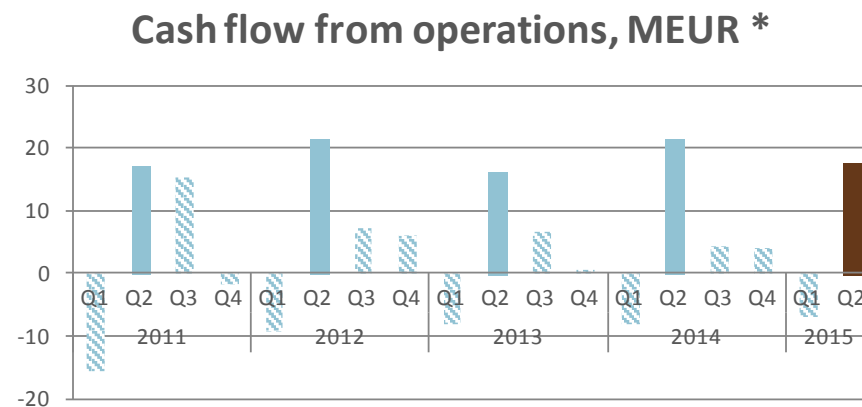
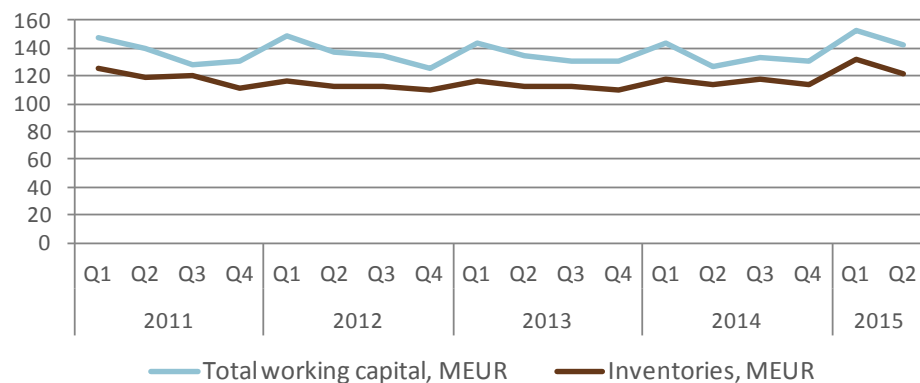
Net Profit and EPS

- FINANCIAL (NET) EXPENSES 2.0 MEUR (1.6), YTD 4.1 MEUR (3.5)
 - Negative impact of FX expenses of 1.2 MEUR (0.5), YTD 2.7 MEUR (1.5)
 - Net interest and other financial expenses 0.8 MEUR (1.0), YTD 1.5 MEUR (1.9)
- NET PROFIT 4.0 MEUR (-2%), YTD 8.3 MEUR (-1%)
 - Notable negative impact from change in mark-to-market valuation of operative currency derivatives
 - YTD last year includes a positive tax impact of 1.0 MEUR related to past years' tax assessments
- SHARE OF NON-CONTROLLING INTEREST 0.7 MEUR (1.0), YTD 1.1 MEUR (0.9)
- EPS 0.09 EUR (0.08), YTD 0.19 EUR (0.19)



Cash Flow and Working Capital

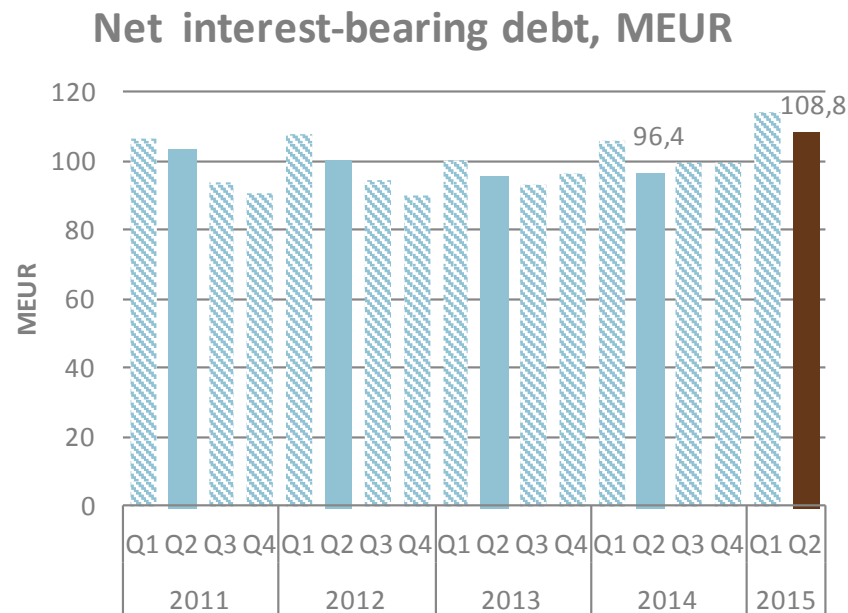
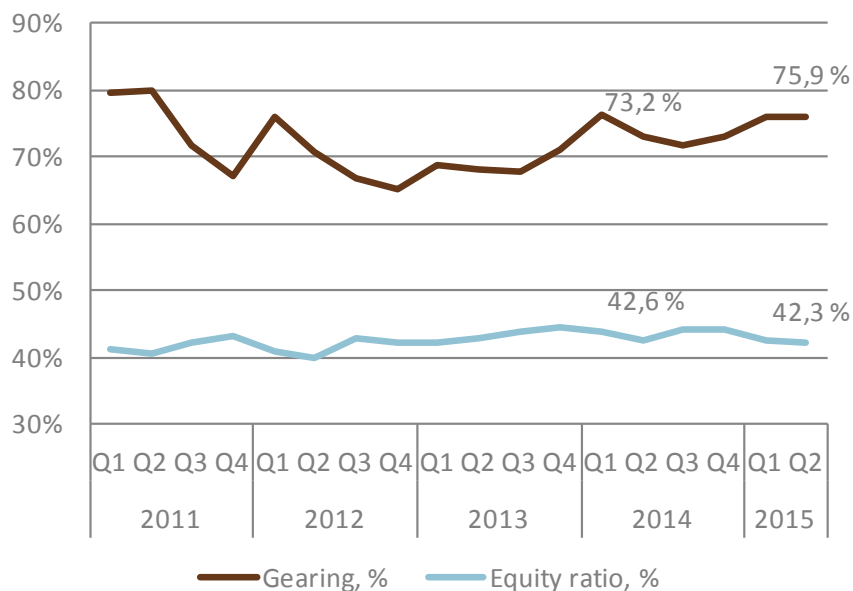
- **CASH FLOW FROM OPERATIONS 17.6 MEUR (21.5), YTD 10.7 MEUR (13.5)**
 - Down from last year's record level.
 - Change in working capital 9.6 MEUR (13.0), YTD -6.7 MEUR (-2.6)
 - Receivables tied more cash following increased sales
- **INVENTORIES 121.8 MEUR (113.9)**
 - Increased 7.9 MEUR from last year, in line with sales, of which currency impact +1.8 MEUR.
 - Increase driven primarily by transfer of production from China to Batam and slowdown of sales in Russia and Scandinavia
- **INVESTING ACTIVITIES MAINLY NORMAL CAPITAL EXPENDITURE**



* 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 42.3% (42.6)
 - The Group fulfils all financial covenants related to its credit facilities



Cornerstones of the Profitable Growth Strategy

BRANDS

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

Successful launch of Shadow Rap in the US.

Several awards at EFTTEX trade fair.

Product development, sales and marketing focus on Storm lures.

2015

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.

2015



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.

MANUFACTURING

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

Significant focus and resources on Asian lure manufacturing in Batam

*-Clear performance improvement compared to last year
-Room for considerable improvement in the future
-Solid basis for future growth of Storm, Luhr Jensen and Williamson Branded lures.*

2015

Short-term Outlook

- Following the increase in sales and comparable profitability after first six months, the outlook for the whole year is positive
- In USA presales of winter fishing equipment progressed well and is expected to be close to last year's level
 - Despite termination of a third party winter fishing equipment distribution agreement, which contributed ca. 5 MUSD sales during latter part of last year
- Improvement in performance of Batam manufacturing supports the profitability of the Group this year
- Development in Russia stays as the biggest concern and uncertainly concerning latter part of the year
- Actions to reduce the Group's inventory levels as well as strengthening of US Dollar may put further 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

- Q3 interim report will be published on October 22



END OF PRESENTATION

RAPALA VMC CORP.

APPENDICES

RAPALA VMC CORP.

QRT Key figures

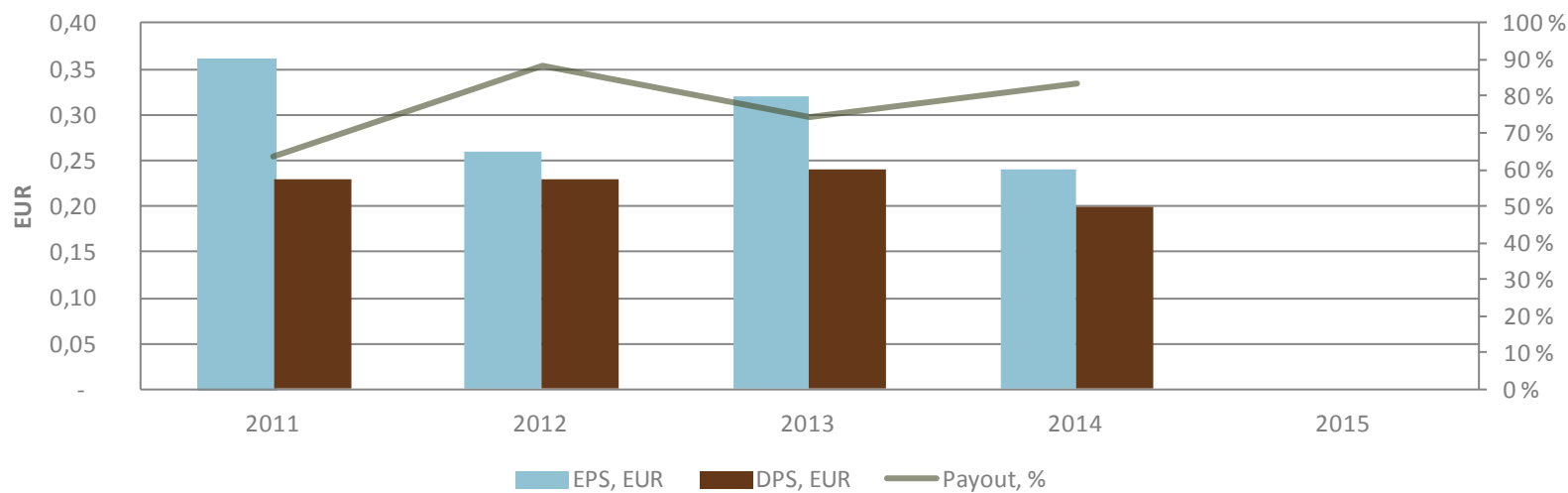
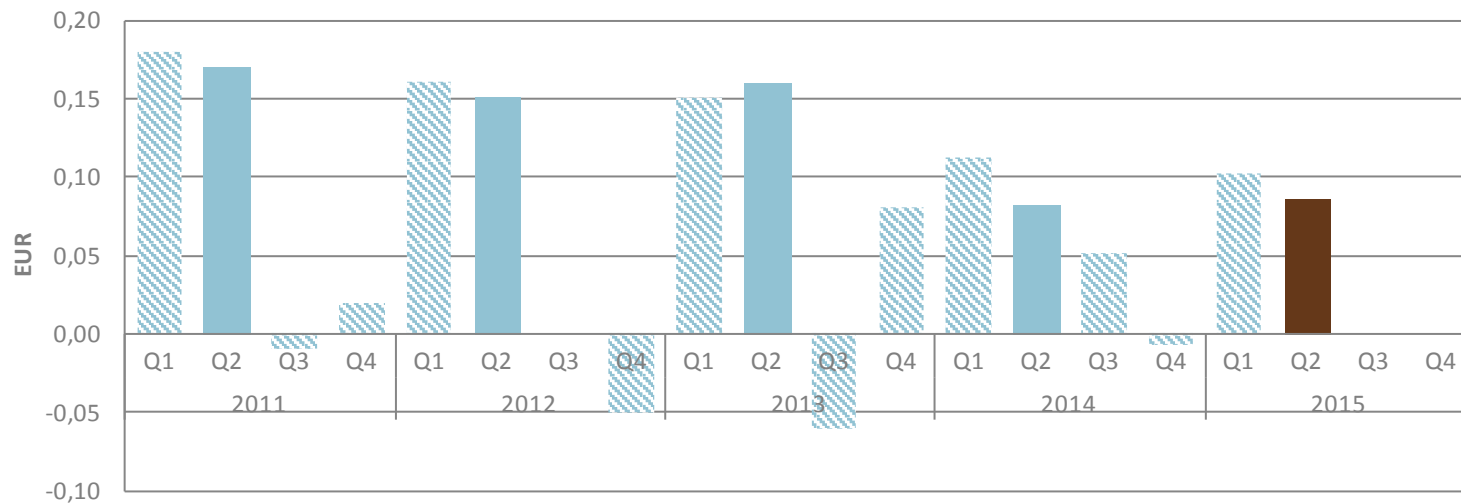
MEUR	Q2/2015	Q2/2014	Q1-Q4/2014
Net sales	80.1	77.7	273.2
Operating profit	8.3	8.6	22.9
Operating profit margin, %	10.4%	11.1%	8.4%
Comparable operating profit	9.9	9.7	20.9
Comparable operating profit margin, %	12.4%	12.4%	7.6%
Net profit for the period	4.0	4.1	10.2
EPS (basic), EUR	0.09	0.08	0.24
Cash flow from operations	17.6	21.5	21.7
Net interest-bearing debt	108.8	96.4	99.9
ROCE, %	12.9%	14.6%	9.8%
Gearing, %	75.9%	73.2%	73.2%
Equity to assets, %	42.3%	42.6%	44.1%

YTD Key figures

MEUR	Q1-Q2/2015	Q1-Q2/2014	Q1-Q4/2014
Net sales	154.0	143.9	273.2
Operating profit	17.4	16.0	22.9
Operating profit margin, %	11.3%	11.1%	8.4%
Comparable operating profit	20.6	16.3	20.9
Comparable operating profit margin, %	13.4%	11.4%	7.6%
Net profit for the period	8.3	8.4	10.2
EPS (basic), EUR	0.19	0.19	0.24
Cash flow from operations	10.7	13.5	21.7
Net interest-bearing debt	108.8	96.4	99.9
ROCE, %	14.3%	13.9%	9.8%
Gearing, %	75.9%	73.2%	73.2%
Equity to assets, %	42.3%	42.6%	44.1%

EPS

EPS, EUR



Profit and loss account

MEUR	Q2 2015	Q2 2014	Q1-Q2/2015	Q1-Q2/2014	Q1-Q4/2014
Net sales	80.1	77.7	154.0	143.9	273.2
Other operating income	0.2	0.2	0.3	0.3	1.0
Materials and services	37.3	35.8	70.6	64.3	128.1
Personnel expenses	17.9	17.1	35.3	34.0	65.6
Other costs and expenses	15.3	14.8	27.8	26.7	50.8
Share of results in associates and joint ventures	0.2	0.2	0.3	0.2	0.2
EBITDA	10.1	10.4	20.9	19.5	30.0
Depreciation, amortization and impairments	1.7	1.8	3.5	3.5	7.1
Operating profit (EBIT)	8.3	8.6	17.4	16.0	22.9
Financial income and expenses	2.0	1.6	4.1	3.5	7.2
Profit before taxes	6.4	7.0	13.3	12.5	15.7
Income taxes	2.3	2.9	5.0	4.1	5.5
Net profit for the period	4.0	4.1	8.3	8.4	10.2

Balance sheet

MEUR	Q1-Q2 2015	Q1-Q2 2014	Q1-Q4 2014
ASSETS			
Non-current assets			
Intangible assets	78.1	70.7	74.4
Property, plant and equipment	32.0	30.9	32.0
Non-current assets			
Interest-bearing	5.1	3.8	3.0
Non-interest-bearing	12.0	9.6	11.5
	127.2	115.0	120.8
Current assets			
Inventories	121.8	113.9	113.8
Current assets			
Interest-bearing	1.1	1.0	1.1
Non-interest-bearing	74.0	64.2	62.3
Cash and cash equivalents	15.4	15.6	12.2
	212.4	194.7	189.4
Total assets	339.5	309.7	310.3
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the equity holders of the company	133.8	122.4	128.3
Non-controlling interests	9.5	9.3	8.2
	143.3	131.7	136.5
Non-current liabilities			
Interest-bearing	73.7	40.1	72.3
Non-interest-bearing	14.5	12.3	13.3
	88.2	52.4	85.5
Current liabilities			
Interest-bearing	56.6	76.6	43.9
Non-interest-bearing	51.3	49.0	44.3
	108.0	125.6	88.2
Total equity and liabilities	339.5	309.7	310.3

Shares and Shareholders

SHARE RELATED DATA (6/2015)

- Market capitalization 203.7 MEUR
- 12-month high/low 5.37/4.69 EUR
- All-time high/low 8.40/2.50 EUR

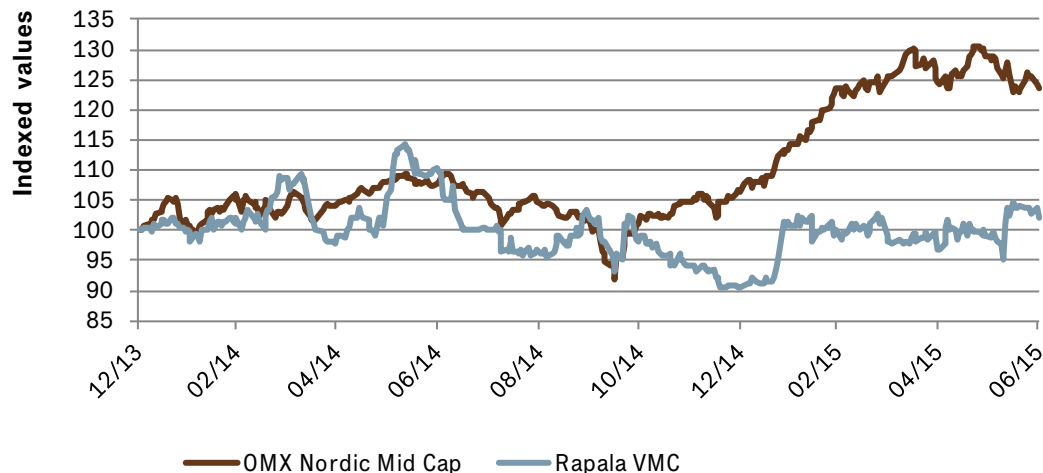
MAJOR SHAREHOLDERS (6/2015)

- 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%

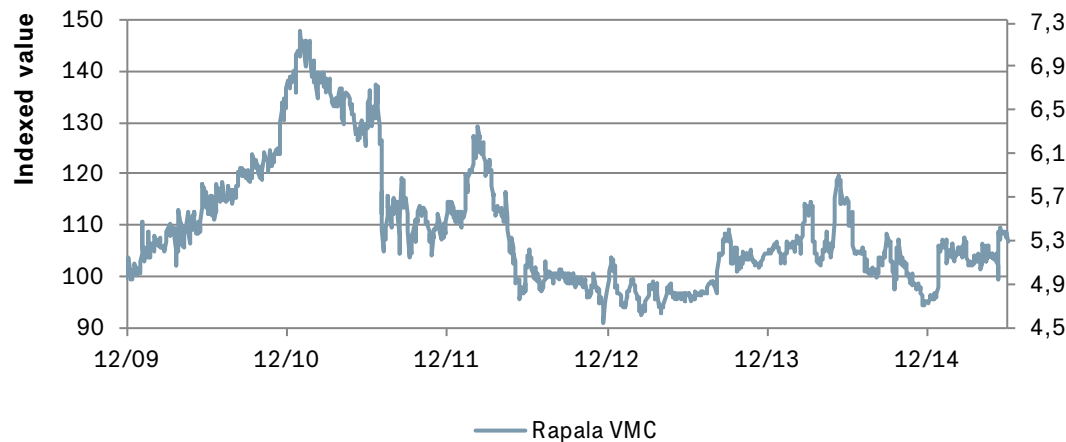
Own shares: 639 671 shares (1.6%)

RAPALA VMC CORP.

Share price index performance from Jan 2014 – Jun 2015



Share price performance from Jan 2010 – Jun 2015



Financial Trends

