

**RAPALA  
VMC**



**CORP.**

**TRADING REPORT Q1/2016**  
APRIL 28, 2016

## **RAPALA VMC CORPORATION'S TRADING REPORT JANUARY TO MARCH 2016: SALES SLIGHTLY BEHIND LAST YEAR FOLLOWING SLOWER START OF THE YEAR IN NORTH AMERICA**

### **In brief:**

- First quarter net sales were 69.7 MEUR, down 6% from previous year (73.9). With comparable exchange rates sales down 4%.
- Full year guidance unchanged. Outlook for 2016: Assuming comparable translation exchange rates, 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 2015 levels.
- There has been no material change to the Group's financial position since the end of the financial year 2015.
- The Annual General Meeting (AGM) held on April 1, 2016 approved the Board of Director's proposal on a dividend of EUR 0.15 per share. Dividend of 5.5 MEUR was paid on April 12, 2016. A separate stock exchange release on the decisions of the AGM was given, and up to date information on the Board's authorizations and other decision of the AGM are available also on the corporate website.

President and CEO Jorma Kasslin: "The year started a bit slow, but did not include any major surprises. In North America the ice fishing season ended up being short, but simultaneously the business shifted into summer fishing already during the first quarter. Also in Finland short winter burdened the winter sports business. In Russia the business environment continued to be challenging with lots of uncertainties, although some signs of stabilization could be seen. Market conditions are difficult also in some other regions, but we are well positioned to face the challenges.

Our outlook for the year is stable and guidance unchanged."

Starting from January 1, 2016 Rapala VMC Corporation has changed its reporting practice and will not publish first and third quarter interim reports nor arrange a conference call. Instead, the Group will release a Trading Report for the first and third quarter of the year. Conference call will be arranged in conjunction with the half-year report, which will be published on July 22, 2016.

Helsinki, April 28, 2016

Board of Directors of Rapala VMC Corporation

For further information, please contact:

Jorma Kasslin, President and Chief Executive Officer, +358 9 7562 540

Jussi Ristimäki, Deputy CEO and CFO, +358 9 7562 540

Olli Aho, Investor Relations, +358 9 7562 540

## Market environment

Year 2016 started nearly as expected despite not reaching last year's strong levels. Winter season was short in all main markets. Several markets witnessed changes and uncertainties, causing retailers to be careful with their purchasing. In Europe the competition has tightened and the overall market sentiment was somewhat depressed.

## Business Review January-March 2016

The Group's net sales for the first quarter were down 6%. Changes in translation exchange rates decreased sales by approximately 1.0 MEUR as euro strengthened against many currencies but were offset by strengthening of the US dollar. With comparable translation exchange rates quarterly net sales were down 4% from last year.

### *North America*

North American sales reduced from last year's strong levels. Mild weather and short ice fishing season affected negatively the ice fishing sales during the first two months of the year. March sales were good as the summer fishing sales began supported by new product introductions. While low fuel prices support consumer demand, the US retail scene witnessed some turmoil which had negative effect on the sales. Weak economic situation continued in Canada.

### *Nordic*

In the Nordic countries the sales decreased from last year. Valuation of currency nominated accounts receivable had a notable positive impact on last year's sales. Excluding these valuations, this year sales were at last year's level. Despite the slower economy, sales grew in Finland driven by increase in hunting sales and a good start for the summer fishing sales. In Norway and Sweden sales came down from last year, largely relating to timing of shipments. The Norwegian economy is affected by low oil prices while Sweden's economy is showing sign of strengthening.

### *Rest of Europe*

The sales for the first quarter were slightly above last year's level in comparable exchange rates. The instability and uncertainties in Russia and Ukraine continue impacting sales in the respective countries and also in Belarus and Kazakhstan. Rest of the region showed mostly conservative growth despite the tightened competition and somewhat reserved sentiment. Expansion into hunting product distribution increased sales in Spain and Baltic countries.

### *Rest of the World*

Currency exchange rate changes had a notable negative impact on the regions sales, while in comparable exchange rates the sales were just slightly behind last year's level. Market picture was mixed with ups and downs around the region: South Africa had strongest sales growth while Malaysia, Japan and Brazil suffered from overall slow market situation impacted by economic uncertainties.

*External Net Sales by Area*

MEUR	I 2016	I 2015	change %	Comparable change %	I-IV 2015
North America	23.5	25.1	-6%	-8%	99.2
Nordic	14.9	16.4	-9%	-9%	56.2
Rest of Europe	24.1	24.4	-1%	+2%	86.9
Rest of the World	7.2	8.0	-10%	-1%	35.9
<b>Total</b>	<b>69.7</b>	<b>73.9</b>	<b>-6%</b>	<b>-4%</b>	<b>278.2</b>

**Segment Review***Group Products*

Group fishing product sales were down from last year's strong sales, negatively impacted by lower sales in North America. Group fishing product sales were supported by strong sales of fishing accessories while sales of lures were lower.

Compared to last year both Group Products and Third Party Products' sales were also negatively impacted by valuation of currency nominated accounts receivable, which supported the sales last year.

*Third Party Products*

The sales of third party products were slightly up from last year in comparable exchange rates. The economic situation in Russia greatly reduced the third party fishing products sales last year, but the drop in sales has leveled off. Currency fluctuations had major negative impact especially in Russia and South Africa. Third party hunting sales were up from last year in the Nordic and Rest of Europe.

**Net Sales by Segment**

MEUR	I 2016	I 2015	change %	Comparable change %	I-IV 2015
Group Products	47.2	50.8	-7%	-7%	184.7
Third Party Products	22.5	23.2	-3%	+1%	93.5
Eliminations					0.0
<b>Total</b>	<b>69.7</b>	<b>73.9</b>	<b>-6%</b>	<b>-4%</b>	<b>278.2</b>