

RAPALA VMC CORPORATION INTERIM REPORT Q3 2013

October 22, 2013

RAPALA VMC CORP.

Summary of Q3 2013

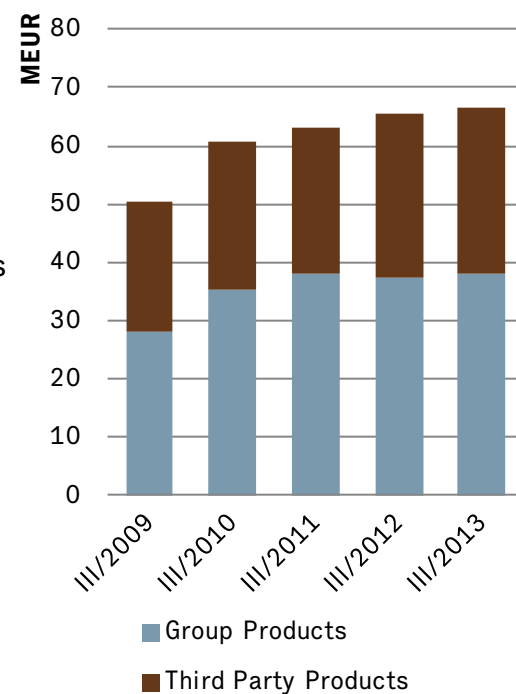
| MEUR | III/2013 | vs III/2012 | I-III/2013 | vs I-III/2012 | I-IV/2012 |
|-------------------------------|----------|-------------|------------|---------------|-----------|
| Net Sales | 66.6 | +2% | 223.3 | +0% | 290.7 |
| Operating Profit - Reported | 2.6 | -30% | 24.6 | -4% | 25.9 |
| Operating Profit - Comparable | 3.2 | -18% | 24.4 | -7% | 27.1 |
| Net Profit for the Period | -1.2 | -192% | 13.2 | -18% | 14.0 |
| EPS (basic), EUR | -0.06 | -0.06 | 0.25 | -0.06 | 0.26 |
| Cash Flow From Operations | 6.7 | -0.4 | 14.8 | -4.4 | 25.2 |
| Net Interest-bearing Debt | | | 93.1 | 0.1 | 89.9 |

- SALES GROWTH CONTINUED . NET RESULT NEGATIVELY IMPACTED BY FOREIGN EXCHANGE RATES.
- Q3 RECORD SALES +2 % (+0% YTD)
 - All time record sales for the quarter and the nine months
 - Heavily burdened by foreign exchange rates
- Q3 COMPARABLE OPERATING PROFIT: 3.2 MEUR (-18%), YTD: 24.4 MEUR (-7%)
 - Gross margin impact, increased fixed costs and Batam ramp-up
- Q3 NET PROFIT -1.2 MEUR (-192%), YTD: 13.2 MEUR (-18%)
 - Impacted by foreign exchange movements on financial items
- Q3 CASH FLOW FROM OPERATING ACTIVITIES 6.7 MEUR (-0.4), YTD :14.8 MEUR (-4.4)
 - More working capital required by earlier start of ice fishing business
- GUIDANCE UNCHANGED

Net Sales – Product Segments

| MEUR | III/2013 | III/2012 | Q-on-Q | I-III/2013 | I-III/2012 | Y-on-Y |
|----------------------|-------------|-------------|------------|--------------|--------------|------------|
| Group Total | 66.6 | 65.6 | +2% | 223.3 | 222.8 | +0% |
| Group Products | 38.2 | 37.5 | +2% | 134.7 | 132.2 | +2% |
| Third Party Products | 28.5 | 28.1 | +1% | 88.7 | 90.6 | -2% |
| Eliminations | 0.0 | - | - | -0.1 | - | - |

- Q3 COMPARABLE NET SALES INCREASED +9%, YTD: +3%
 - Comparable exchange rates
- GROUP PRODUCTS 38.2 MEUR (+2%), YTD: 134.7 MEUR (+2%)
 - Q3 supported by new ice fishing pre-sales program and improved sales of Rapala lures and VMC hooks
 - Suffered from changes in foreign exchange rates and late spring
- THIRD PARTY PRODUCTS 28.5 MEUR (+1%), YTD: 88.7 MEUR (-2%)
 - Q3 supported by increased sales of third party ice fishing products
 - Negative effect of foreign exchange rates and late spring



Net Sales – Geographical Areas

| MEUR | III/2013 | III/2012 | Q-on-Q | I-III/2013 | I-III/2012 | Y-on-Y |
|-------------------|----------|----------|--------|------------|------------|--------|
| North America | 19.4 | 16.1 | +20% | 63.1 | 58.0 | +9% |
| Nordic | 12.5 | 13.4 | -7% | 47.4 | 49.3 | -4% |
| Rest of Europe | 25.7 | 26.0 | -1% | 87.2 | 89.1 | -2% |
| Rest of the World | 9.0 | 10.1 | -11% | 25.6 | 26.5 | -3% |

- **NORTH AMERICA**

- New ice fishing pre-sales program and positive Rapala lures and VMC hooks sales
- Strong negative impact of currencies

- **NORDICS**

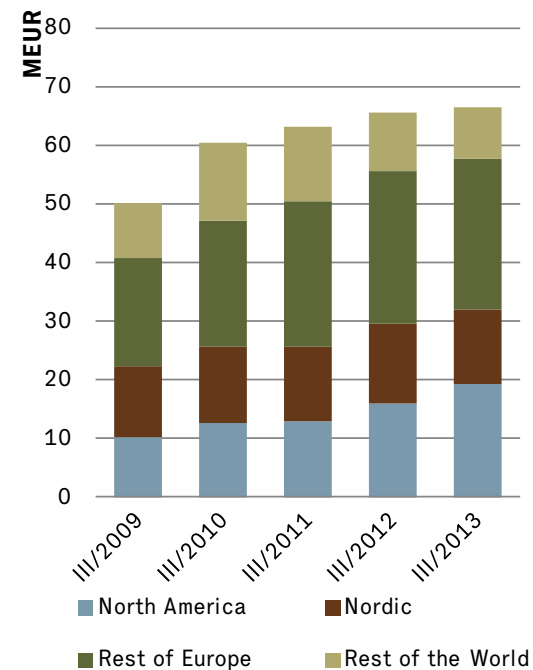
- Q3 slow sales in Sweden, delayed winter sport equipment deliveries from suppliers
- YTD sales impacted by the late start of summer fishing season

- **REST OF EUROPE**

- Strong sales in France and Russia
- Russia and Eastern Europe stressed by weakening fx and economical uncertainties, macro-economic challenges in Spain and Hungary , difficult market conditions in UK, Switzerland under restructuring

- **REST OF THE WORLD**

- Supported by new distribution company in Chile and good sales in Latin America and some Asian countries
- Negative fx effect especially South African Rand, Australian Dollar and Japanese Yen
- With comparable rates sales up for QRT and YTD

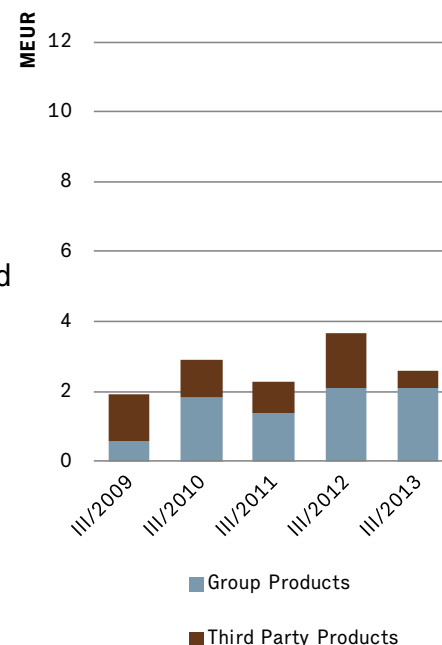


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Operating Profit

| MEUR | III/2013 | | III/2012 | | I-III/2013 | | I-III/2012 | |
|----------------------------------|----------|------|----------|------|------------|-------|------------|-------|
| Group Total (comparable) | 3.2 | 4.8% | 3.9 | 6.0% | 24.4 | 10.9% | 26.1 | 11.7% |
| Group Products | 2.1 | 5.5% | 2.1 | 5.6% | 17.4 | 12.9% | 16.8 | 12.7% |
| Third Party Products | 0.5 | 1.7% | 1.5 | 5.5% | 7.2 | 8.1% | 8.8 | 9.8% |
| Group Total (as reported) | 2.6 | 3.9% | 3.7 | 5.6% | 24.6 | 11.0% | 25.7 | 11.5% |

- Q3 COMPARABLE OPERATING PROFIT -18% (-7% YTD)
 - Excluding non-recurring items and mark-to-market valuation of operative currency derivatives
 - Q3 affected by negative gross margin impact of customer and product mix and ramping up the operations in Batam
 - YTD sales stressed by the late start of summer fishing season, inventory clearance, and fx
 - Q3 positive effect of good sales in North America and fx benefit on purchases
- Q3 REPORTED OPERATING PROFIT -30% (-4% YTD)
 - Q3 mark-to-market valuation of operative currency derivatives -0.4 MEUR (+0.1 MEUR)
 - Non-recurring costs related to Swiss restructuring
- Q3 ROCE 4.4% (6.2%), YTD: 14.3% (14.8%)



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Net Profit and Financial Position

| MEUR | III/2013 | III/2012 | I-III/2013 | I-III/2012 | I-IV/2012 |
|----------------------------------|-------------|------------|-------------|-------------|-------------|
| Net Profit for the Period | -1.2 | 1.3 | 13.2 | 16.0 | 14.0 |
| Non-controlling Interests | 1.1 | 1.3 | 3.6 | 3.8 | 3.8 |
| Equity Holders of the Company | -2.4 | 0.0 | 9.5 | 12.2 | 10.1 |
| Financial ratios | | | | | |
| EPS (basic), EUR | -0.06 | 0.00 | 0.25 | 0.31 | 0.26 |
| Net Interest-bearing Debt, MEUR | | | 93.1 | 93.0 | 89.9 |
| Equity-to-assets, % | | | 43.9% | 42.8% | 42.2% |
| Debt-to-equity, % | | | 67.7% | 65.4% | 65.3% |

- Q3 FINANCIAL (NET) EXPENSES 3.0 MEUR (1.7 MEUR), YTD: 5.2 MEUR (2.9 MEUR)
 - Significant negative impact in financial items from foreign exchange expenses 1.9 MEUR (0.5 MEUR), YTD 2.3 MEUR (0.2 MEUR gain)
 - Sharp weakening of the Indonesian Rupiah
- EPS -0.06 EUR (0.0 EUR), YTD 0.25 EUR (0.31 EUR)
 - Q3 lower operating profit and increased financial expenses

Cash Flow and Working Capital

| MEUR | III/2013 | III/2012 | I-III/2013 | I-III/2012 | I-IV/2012 |
|---------------------------------------|----------|----------|------------|------------|-----------|
| Change in Working Capital | 5.1 | 5.3 | -8.0 | -1.5 | 4.2 |
| Cash Flow From Operations | 6.7 | 7.1 | 14.8 | 19.2 | 25.2 |
| Net Cash Used in Investing Activities | -3.0 | -1.6 | -7.4 | -12.3 | -13.6 |

Balance sheet

| | | | | | |
|------------------------------------|--|--|--------------|--------------|--------------|
| Inventories | | | 112.8 | 120.6 | 110.6 |
| Assets (non-interest-bearing) | | | 71.2 | 69.1 | 69.9 |
| Liabilities (non-interest-bearing) | | | 53.9 | 57.0 | 54.9 |
| Total Working Capital | | | 130.1 | 132.7 | 125.6 |

- CASH FLOW FROM OPERATIONS WAS 6.7 MEUR (7.1 MEUR)
 - Q3 impacted by lower profitability and more working capital required by earlier start of the ice fishing business
 - Q3 cash flow benefitted from timing of cash flows due to late start of summer fishing season
- COMPARABLE INVENTORIES DECREASED BY 6.3 MEUR
 - Decreasing impact of foreign exchange movements
 - Additional ice fishing inventory in USA and new business units
- Investing activities 3.0 MEUR (1.6 MEUR), YTD: 7.4 MEUR (12.3 MEUR)
 - Expanding operations in Batam, and setting up new ice drill manufacturing unit in Finland
 - 2012 includes acquisition of the assets of Strike Master Corporation and Mora Ice brand with total of 6.4 MEUR

Cornerstones of the Profitable Growth Strategy

BRANDS

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

*Rapala Scatter Rap introduction
Angry Birds co-operation*

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.

Inventory reduction initiatives



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.

2nd phase of Batam lure manufacturing

Ice drill manufacturing in Finland

Strategy Implementation

- Decision to establish own ice drill manufacturing in Finland strengthens position in ice drill business
 - Installation of equipment and machinery starts in October, target to start the operations gradually by the end of the year
- First phase of the new lure manufacturing unit in Batam was technically finalized
 - Construction and installation work for tripling the size of lure manufacturing operations proceeding
 - The Group is evaluating all possibilities to speed up the transfer process
- Establishment of VMC hook manufacturing unit in Batam finalized in Q1, production volumes increasing
- Restructuring of Swiss distribution unit continued
- Working capital and cash flow management still one of the top priorities of the Group
 - Coordination of purchasing and supply chain of certain 3rd party products sourced from Asia and North America
- Production and shipments for summer season 2014 started during Q3
 - Rapala Scatter Rap lure family expanded to other markets after successful launch in USA
- Discussions and negotiations regarding acquisitions and business combinations

Short-term Outlook

- The nine months sales developed well without major problems
- Changes in foreign exchange rates have and will have negative impact on sales and profitability this year
- Continuing economic turbulence causes increasing uncertainties in several market, which reduces short-term visibility

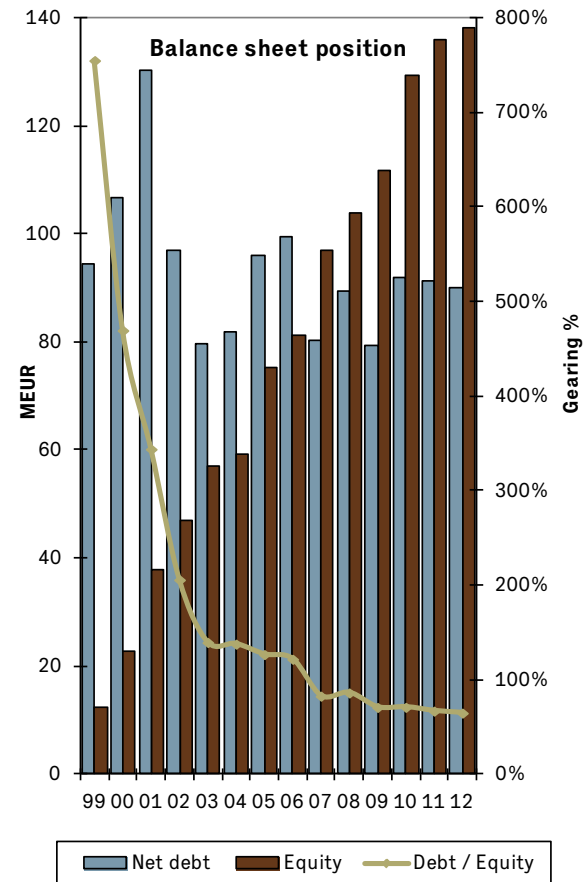
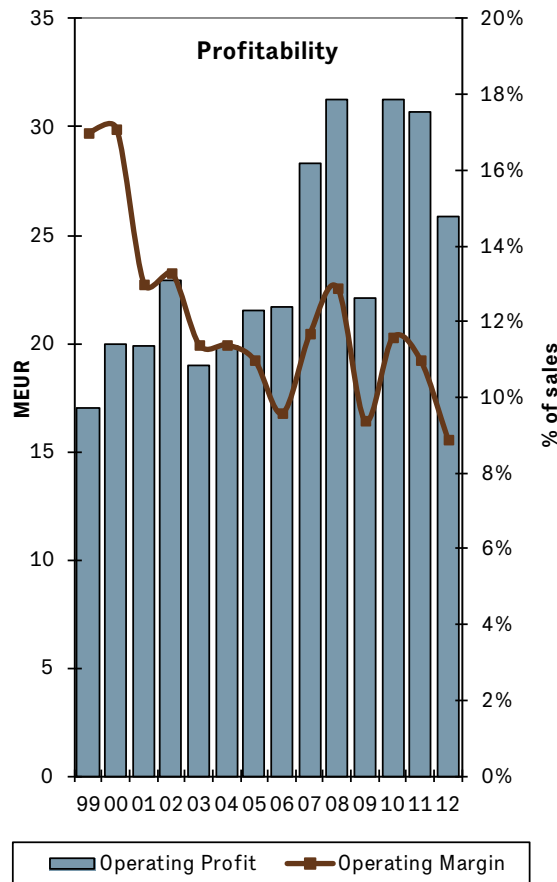
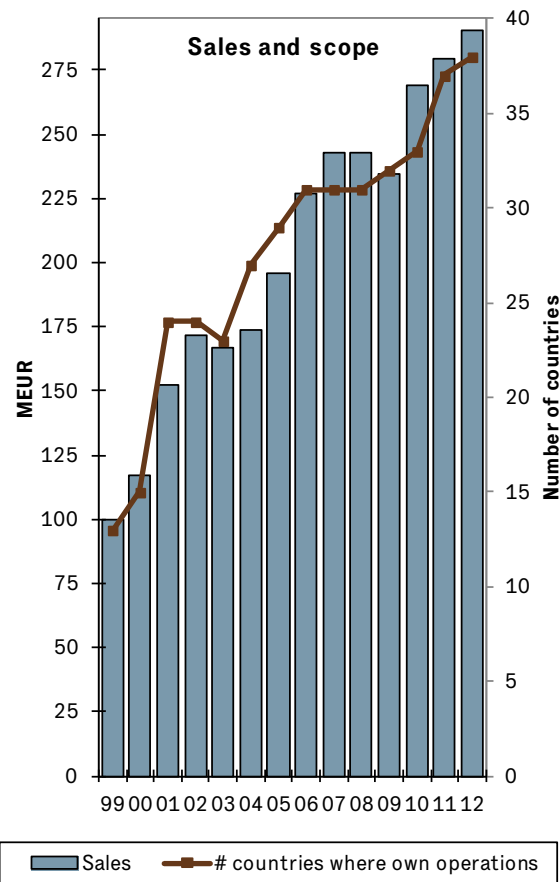
- Sales of the Group's winter fishing products started positively and earlier than last year
 - Fourth quarter sales will depend on success of this product category
 - Influence also by external factors, such as weather and timing of year-end shipments

- Expanding the operations in Batam and new ice drill manufacturing unit in Finland will generate some additional expenditure

- Guidance unchanged. Sales expected to increase and comparable operating profit to be 30 MEUR plus or minus 10%
 - Excluding non-recurring items and mark-to-market valuations of operative currency derivatives

- Q4/2013 published on February 6, 2014

Financial Trends



- Net sales expected to increase and comparable operating profit to be 30 MEUR plus or minus 10%

Shares and Shareholders

SHARE RELATED DATA (09/2013)

- Market capitalization 205.3 MEUR
- 12-month high/low 5.40/4.52 EUR
- All-time high/low 8.40/2.50 EUR

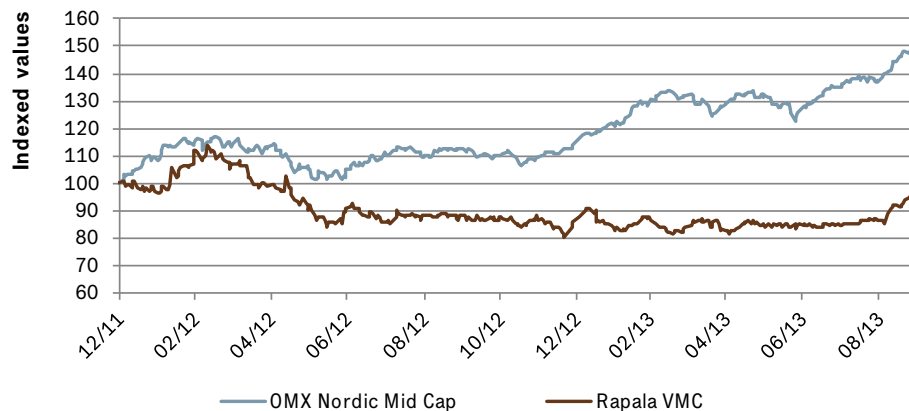
MAJOR SHAREHOLDERS (09/2013)

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

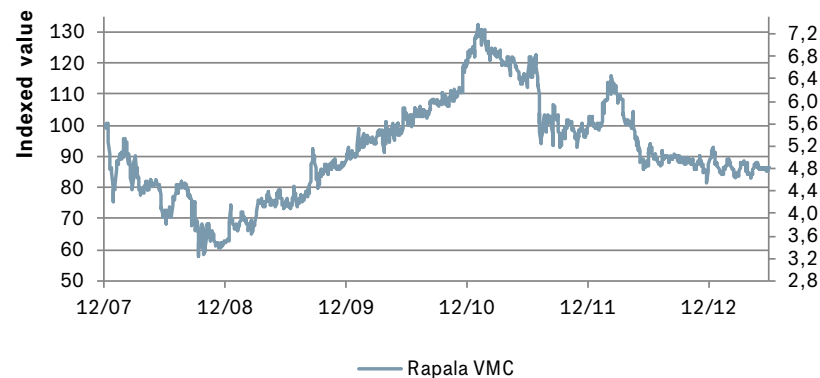
Own shares: 873 738 shares (2.2%)

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Share price index performance in Jan 2012 – Sep 2013



Share price performance in Jan 2008 – Sep 2013



END OF PRESENTATION

RAPALA VMC CORP.