Summary of Q3 2013

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

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Net Sales</td>
<td>66.6</td>
<td>+2%</td>
<td>223.3</td>
<td>+0%</td>
<td>290.7</td>
</tr>
<tr>
<td>Operating Profit - Reported</td>
<td>2.6</td>
<td>-30%</td>
<td>24.6</td>
<td>-4%</td>
<td>25.9</td>
</tr>
<tr>
<td>Operating Profit - Comparable</td>
<td>3.2</td>
<td>-18%</td>
<td>24.4</td>
<td>-7%</td>
<td>27.1</td>
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<tr>
<td>Net Profit for the Period</td>
<td>-1.2</td>
<td>-192%</td>
<td>13.2</td>
<td>-18%</td>
<td>14.0</td>
</tr>
<tr>
<td>EPS (basic), EUR</td>
<td>-0.06</td>
<td>-0.06</td>
<td>0.25</td>
<td>-0.06</td>
<td>0.26</td>
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<tr>
<td>Cash Flow From Operations</td>
<td>6.7</td>
<td>-0.4</td>
<td>14.8</td>
<td>-4.4</td>
<td>25.2</td>
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<tr>
<td>Net Interest-bearing Debt</td>
<td>93.1</td>
<td>0.1</td>
<td>89.9</td>
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</tbody>
</table>
### Net Sales – Product Segments

<table>
<thead>
<tr>
<th>MEUR</th>
<th>III/2013</th>
<th>III/2012</th>
<th>Q-on-Q</th>
<th>I-III/2013</th>
<th>I-III/2012</th>
<th>Y-on-Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Total</td>
<td>66.6</td>
<td>65.6</td>
<td>+2%</td>
<td>223.3</td>
<td>222.8</td>
<td>+0%</td>
</tr>
<tr>
<td>Group Products</td>
<td>38.2</td>
<td>37.5</td>
<td>+2%</td>
<td>134.7</td>
<td>132.2</td>
<td>+2%</td>
</tr>
<tr>
<td>Third Party Products</td>
<td>28.5</td>
<td>28.1</td>
<td>+1%</td>
<td>88.7</td>
<td>90.6</td>
<td>-2%</td>
</tr>
<tr>
<td>Eliminations</td>
<td>0.0</td>
<td>-</td>
<td>-</td>
<td>-0.1</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

- **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

- **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

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

Interim report Q3 2013
Operating Profit

- 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%)

RAPALA VM C CORP.
Net Profit and Financial Position

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

- **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
• 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%)

RAPALA VMC CORP.
END OF PRESENTATION