RAPALA VMC CORPORATION
ANNUAL ACCOUNTS & Q4 2012

February 6, 2013
Cornerstones of the Profitable Growth Strategy

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

*In 2012 strengthened with Mora Ice and StrikeMaster.*

**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.

*New distribution company opened in Chile in 2012 to strengthen presence in South America.*

**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.

*New lure and hook manufacturing operations in Batam, Indonesia started operations in 2012.*
Summary of Q4 2012

SALES, CASH FLOW AND GEARING REACHED RECORDS

Q4 RECORD SALES +12% (+4% YTD)
- Supported by new ice fishing business, continuing growth in Russia and foreign exchange rates

Q4 COMPARABLE OPERATING PROFIT: 0.5 MEUR (-79%), YTD: 26.5 MEUR (-13%)
- Weaker due to establishment of new manufacturing units, lower gross margin and impact of foreign exchange rates

Q4 NET PROFIT -2.1 MEUR (-291%), YTD: 13.9 MEUR (-19%)
- Impacted by start-up losses of new units, simultaneously increasing the effective tax rate

Q4 CASH FLOW FROM OPERATING ACTIVITIES 6.0 MEUR (+7.6), YTD: 25.2 MEUR (+10.0)
- Q4 reached a historically high level, full year was an all time record
- Working capital as main driver, more specifically inventories

OUTLOOK FOR 2013 POSITIVE
Net Sales – Product Segments

- Q4 AND YTD COMPARABLE NET SALES AT LAST YEAR’S LEVEL
  - Comparable exchange rates and organization structure
- GROUP PRODUCTS 44.2 MEUR (+10%), YTD: 176.4 MEUR (+1%)
  - Despite the negative impact of the gift business divestment
  - Q4 sales (excluding gift business divestment) up 15% (7% YTD)
    - Supported by new ice fishing sales and good sales of lures and baits
  - YTD sales affected by slow winter sports equipment sales in the beginning of the year
- THIRD PARTY PRODUCTS 23.7 MEUR (+15%), YTD: 114.3 MEUR (+9%)
  - Sales grew following increased sales of fishing and hunting products
    - New sales of MarCum underwater cameras and sonars in North America
  - Negatively affected by winter sports equipment
Net Sales – Geographical Areas

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<tbody>
<tr>
<td>North America</td>
<td>25.6</td>
<td>18.7</td>
<td>+37%</td>
<td>83.6</td>
<td>69.1</td>
<td>+21%</td>
</tr>
<tr>
<td>Nordic</td>
<td>13.4</td>
<td>15.1</td>
<td>-11%</td>
<td>62.7</td>
<td>65.3</td>
<td>-4%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>19.1</td>
<td>16.7</td>
<td>+14%</td>
<td>108.2</td>
<td>102.7</td>
<td>+5%</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>9.8</td>
<td>10.3</td>
<td>-5%</td>
<td>36.2</td>
<td>42.4</td>
<td>-15%</td>
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- **NORTH AMERICA**
  - New ice fishing business, improving US business conditions and strengthening of USD
- **NORDICS**
  - Structural changes in Norway
  - Challenging 2011/2012 winter conditions with knock-on effect for the fourth quarter especially in Finland.
- **REST OF EUROPE**
  - Positive development in France and East Europe, especially in Russia
  - UK sales reduced by change in distribution structure and bad weathers
  - Spain, Hungary and Switzerland suffered from on-going economic uncertainties
- **REST OF THE WORLD**
  - Q4 sales (excluding gift business divestment) up 17% (12% YTD)
  - Growth in all markets, especially in Japan
Operating Profit

- Q4 COMPARABLE OPERATING PROFIT -79% (-13% YTD)
  - Reduced gross margin impacted by intense focus on cash flow and working capital
  - YTD burdened by start-up expenses and lower than expected demand for products from the new manufacturing facilities, divestment of gift business, difficult 2011/2012 winter season, foreign exchange rates
  - Q4 impacted by slower than expected start of the lower margin ice fishing business

- REPORTED OPERATING PROFIT -94% (-16% YTD)
  - Non-recurring costs mainly related to divestment of gift business
  - Q4 ROCE 0.4% (6.2%), YTD: 11.4% (13.8%)
Net Profit and Financial Position

- **Q4 FINANCIAL (NET) EXPENSES 2.0 MEUR (1.0 MEUR), YTD: 4.9 MEUR (5.5 MEUR)**
  - Interest expenses close to last year level
  - Positive YTD impact from currency exchange rates
    - Q4 impact negative
- Net profit also impacted by start-up losses of the new units increasing the effective tax rate
- EPS impacted by increased profitability of joint venture companies with non-controlling shareholders
- Strengthening of the Group’s balance sheet continued
- A Dividend of 0.23 EUR per share proposed to the AGM

### Net Profit for the Period

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<tbody>
<tr>
<td>Net Profit for the Period</td>
<td>-2.1</td>
<td>1.1</td>
<td>13.9</td>
<td>17.2</td>
</tr>
<tr>
<td>Non-controlling Interests</td>
<td>0.0</td>
<td>0.2</td>
<td>3.8</td>
<td>3.2</td>
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<tr>
<td>Equity Holders of the Company</td>
<td>-2.1</td>
<td>0.9</td>
<td>10.1</td>
<td>14.0</td>
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### Financial ratios

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<tr>
<td>EPS (basic), EUR</td>
<td>-0.05</td>
<td>0.02</td>
<td>0.26</td>
<td>0.36</td>
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<tr>
<td>Net Interest-bearing Debt, MEUR</td>
<td>89.9</td>
<td>91.1</td>
<td></td>
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<tr>
<td>Equity-to-assets, %</td>
<td>42.3%</td>
<td>43.2%</td>
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<tr>
<td>Debt-to-equity, %</td>
<td>65.1%</td>
<td>67.1%</td>
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Cash Flow and Working Capital

- Positive operative cash flow impact for Q4 and YTD from net change in working capital
  - Q4 positive despite receivables tied up into the new ice fishing business
  - YTD operative cash flow reached all time annual record
  - Main driver inventories, where the actions to reduce the tied up capital created results
- Comparable inventories reduced by 10.7 MEUR
  - New ice fishing business, new business units and impact of currency movements
- Investing activities include acquisition of StrikeMaster and Mora Ice brands 6.7 MEUR
  - Q4 included 0.8 MEUR proceeds related to disposal of the gift business

### Change in Working Capital

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<tr>
<td>Change in Working Capital</td>
<td>5.7</td>
<td>-1.6</td>
<td>4.2</td>
<td>-7.3</td>
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<tr>
<td>Cash Flow From Operations</td>
<td>6.0</td>
<td>-1.6</td>
<td>25.2</td>
<td>15.2</td>
</tr>
<tr>
<td>Net Cash Used in Investing Activities</td>
<td>-1.2</td>
<td>-1.4</td>
<td>-13.6</td>
<td>-9.6</td>
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### Balance Sheet

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<tr>
<th>MEUR</th>
<th>I-IV/2012</th>
<th>I-IV/2011</th>
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<tbody>
<tr>
<td>Inventories</td>
<td>110.6</td>
<td>115.5</td>
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<tr>
<td>Assets (non-interest-bearing)</td>
<td>69.7</td>
<td>66.3</td>
</tr>
<tr>
<td>Liabilities (non-interest-bearing)</td>
<td>54.4</td>
<td>51.8</td>
</tr>
<tr>
<td>Total Working Capital</td>
<td>125.9</td>
<td>130.0</td>
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Strategy Implementation

• Entry into ice fishing category through acquisition of StrikeMaster and Mora Ice auger brands, and US distribution agreement for MarCum underwater cameras and sonars

• Lure manufacturing in Batam, Indonesia started, and production gradually transferred from China to Batam
  • First phase of lure production transfer to be finalized in Q1
  • Construction and installation work for tripling the size of the lure manufacturing proceeding and certain new production phases already started in Q4
  • New products and production phases to be added gradually during the next 12–18 months

• Hook manufacturing in Batam
  • Technically fully ramped up by March 2013

• Sales started in new Chilean distribution company
  • Strengthens presence in Latin America

• Performance improvement initiatives carried out in Norwegian and Swiss distribution units

• Working capital and cash flow management still one of the top priorities of the Group

• New innovative products introduced to the market
  • Best New Hard Lure and Best New Metal Lure awards at EFTTEX 2012
  • Scatter Rap lure family launch in February, available in the US in early 2013

• Discussions and negotiations regarding acquisitions and business combinations continued
Short-term Outlook

• Outlook for 2013 is positive
• Sales expected to grow in most markets, especially in East Europe and USA
  • USA supported with early introduction of the new Scatter Rap lure family and distribution of Otter winter fishing products
  • Questionable whether summer season can start as early as last year in USA and Central Europe
  • Q1 winter sports equipment sales should benefit from more favorable weathers in Finland
  • Development of foreign exchange rates
• Profitability of the new manufacturing units and few other underperforming units expected to improve gradually
• Continuing actions to reduce inventory levels may impact profitability but support cash flow

• 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 currency derivatives

• Financial Statements and Corporate Governance Statement published during week 12
• Annual General Meeting planned for April 11, 2013
  • 0.23 EUR dividend per share proposed to the AGM
• Q1 interim report published on April 24, 2013
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 (12/2012)
- Market capitalization: 188.0 MEUR
- 12-month high/low: 6.50/4.52 EUR
- All-time high/low: 8.40/2.50 EUR

MAJOR SHAREHOLDERS (12/2012)
- VMC Holdings: 32%
- Sofina: 19%
- Nordea Funds: 11%
- Odin Funds: 3%
- State Pension fund: 3%
- Shimano: 2%
- Ilmarinen: 2%
- OP Funds: 2%
- Evli Funds: 1%

Own shares: 701,400 shares (1.8%)
END OF PRESENTATION