



RAPALA VMC CORPORATION ANNUAL ACCOUNTS & Q4 2013

February 6, 2014

RAPALA VMC CORP.

Summary of Q4 2013

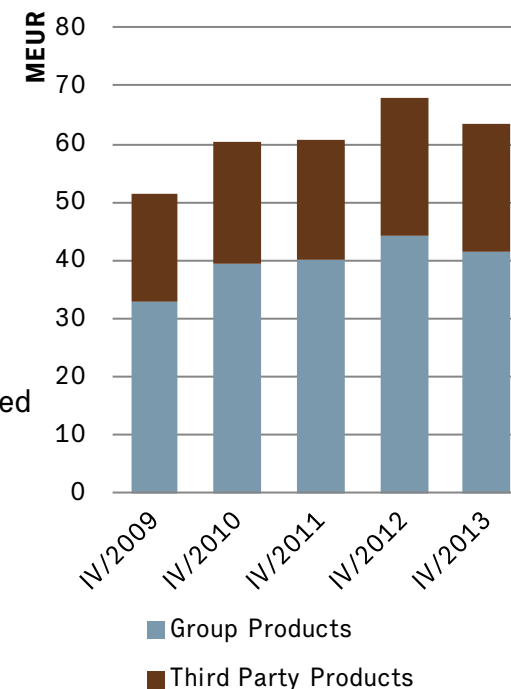
MEUR	IV/2013	vs IV/2012	I-IV/2013	vs I-IV/2012
Net Sales	63.3	-7%	286.6	-1%
Operating Profit - Reported	1.5	+650%	26.1	+1%
Operating Profit - Comparable	2.7	+170%	27.1	0%
Net Profit for the Period	2.9	+38%	16.1	+15%
EPS (basic), EUR	0.08	+0.13	0.32	+0.06
Cash Flow From Operations	0.6	-5.4	15.3	-9.9
Net Interest-bearing Debt			96.3	+6.4

- SALES DEPRESSED BY CURRENCIES, PROFIT MARGINS AND EPS IMPROVED
- Q4 NET SALES -7% (-1% YTD)
 - Heavily burdened by FX
 - With comparable exchange rates quarterly net sales close to last year's level and full year sales +2%
- Q4 COMPARABLE OPERATING PROFIT: 2.7 MEUR (+170%), YTD: 27.1 (0%)
 - Supported by strong sales in North America, FX benefit on purchases and year-end release of accrual
- Q4 NET PROFIT: 2.9 MEUR (+38%), YTD: 16.1 (+15%)
 - Improved profitability and positive adjustments to prior years tax
- Q4 CASH FLOW FROM OPERATING ACTIVITIES: 0.6 MEUR (-5.4), YTD 15.3 MEUR (-9.9)
 - Down from last year's record levels driven by cash being tied up into working capital
- OUTLOOK FOR 2014 IS STABLE, WHILE CAUTIOUS

Net Sales – Product Segments

MEUR	IV/2013	IV/2012	Q-on-Q	I-IV/2013	I-IV/2012	Y-on-Y
Group Total	63.3	67.9	-7%	286.6	290.7	-1%
Group Products	41.5	44.2	-6%	176.3	176.4	-0%
Third Party Products	21.8	23.7	-8%	110.5	114.3	-3%
Eliminations	0.0	-	-	-0.1	-	-

- Q4 NET SALES: 63.3 MEUR (-7%), YTD: 286.6 (-1%)
 - Heavily burdened by FX
 - With comparable FX full year sales +2%, QRT sales close to last year
- GROUP PRODUCTS 41.5 MEUR (-6%), YTD: 176.3 (-0%)
 - Suffered from unfavorable changes in FX and late spring
 - Strong ice fishing sales in North America, sales of winter sport equipments decreased
- THIRD PARTY PRODUCTS 21.8 MEUR (-8%)
 - Decline in sales of third party fishing products for the full year
 - Q4 sales supported by third party ice fishing sales in North America



Net Sales – Geographical Areas

MEUR	IV/2013	IV/2012	Q-on-Q	I-IV/2013	I-IV/2012	Y-on-Y
North America	25.3	25.6	-1%	88.4	83.6	+6%
Nordic	13.3	13.4	-1%	60.8	62.7	-3%
Rest of Europe	16.5	19.1	-14%	103.6	108.2	-4%
Rest of the World	8.3	9.8	-15%	33.8	36.2	-7%

- **NORTH AMERICA**

- Strong ice fishing sales and successful new product launches
- Negative impact of currencies

- **NORDICS**

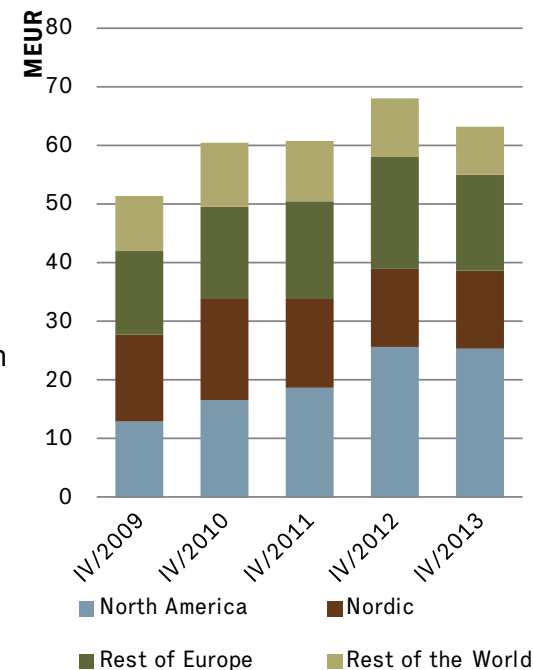
- Q4 sales impacted by timing of deliveries between Q3 and Q4
- YTD negative impact of FX and late start of summer fishing season

- **REST OF EUROPE**

- Q4 impacted by increasing economical uncertainties, decreasing consumer demand in Russia and delayed start of winter season
- Macroeconomic challenges in Spain, Hungary and difficult market conditions in UK
- Unfavorable FX

- **REST OF THE WORLD**

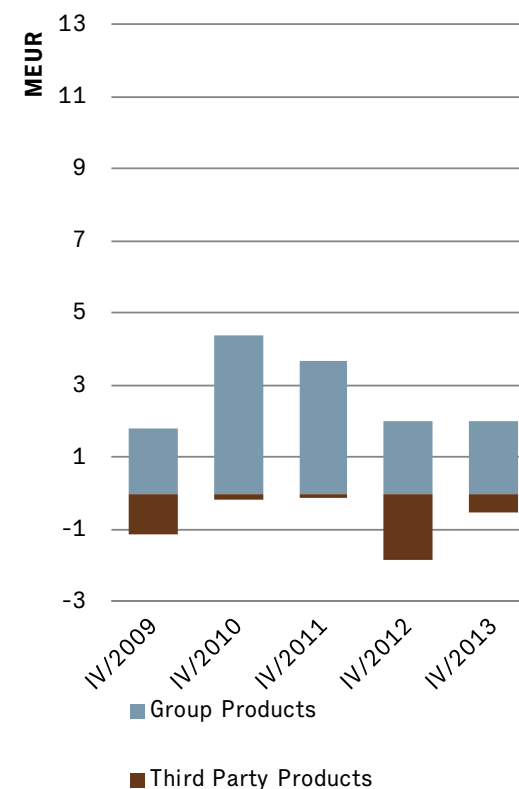
- Supported by new distribution company in Chile
- Good sales in Latin America and some Asian distribution markets
- Heavily burdened by FX, especially South African Rand, Australian Dollar and Japanese Yen



Operating Profit

MEUR	IV/2013		IV/2012		I-IV/2013		I-IV/2012	
Group Total (comparable)	2.7	4.3%	1.0	1.4%	27.1	9.5%	27.1	9.3%
Group Products	2.0	5.2%	2.0	4.6%	19.4	11.0%	18.9	10.7%
Third Party Products	-0.5	-1.8%	-1.8	-7.7%	6.7	6.1%	7.0	6.1%
Group Total (as reported)	1.5	3.9%	0.2	8.9%	26.1	9.1%	25.9	8.9%

- Q4 COMPARABLE OPERATING PROFIT +170% (0% YTD)
 - Excluding non-recurring items and mark-to-market valuation of operative currency derivatives
 - Q4 supported by strong sales in North America, foreign exchange benefit on purchases and year-end release of accruals
 - YTD burdened by late start of summer fishing season, increased uncertainties in several markets, unfavorable changes in customer and product mix and increased fixed costs
- Q4 REPORTED OPERATING PROFIT +650% (1% YTD)
 - Mark-to-market valuation of operative currency derivatives loss 0.3 MEUR (loss 0.5 MEUR)
 - Non-recurring costs related to closing of lure manufacturing in China and restructuring of Switzerland
- Q4 ROCE: 2.6% (0.4%), YTD: 11.4% (11.4%)



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Net Profit and Financial Position

MEUR	IV/2013	IV/2012	I-IV/2013	I-IV/2012
Net Profit for the Period	2.9	-2.1	16.1	14.0
Non-controlling Interests	0.0	0.0	3.6	3.8
Equity Holders of the Company	3.0	-2.1	12.5	10.1
Financial ratios				
EPS (basic), EUR	0.08	-0.05	0.32	0.26
Net Interest-bearing Debt, MEUR			96.3	89.9
Equity-to-assets, %			44.5%	42.2%
Debt-to-equity, %			71.2%	65.3%

- Q4 FINANCIAL (NET) EXPENSES 0.3 MEUR (2.0 MEUR), YTD: 5.5 MEUR (4.9 MEUR)
 - Included a reclassification of FX losses related to designation of IG loans as net investment in foreign operations to other comprehensive income
- Q4 EPS: 0.08 EUR (-0.05 EUR), YTD: 0.32 EUR (0.26 EUR)
 - Impact of improved profitability
 - Positive adjustments to prior year taxes
- SHARE OF NON-CONTROLLING INTEREST IN NET PROFIT AT LAST YEAR'S LEVEL

Cash Flow and Working Capital

MEUR	IV/2013	IV/2012	I-IV/2013	I-IV/2012
Change in Working Capital	-2.8	5.7	-10.8	4.2
Cash Flow From Operations	0.6	6.0	15.3	25.2
Net Cash Used in Investing Activities	-3.3	-1.2	-10.8	-13.6

Balance sheet

Inventories			110.3	110.6
Assets (non-interest-bearing)			72.2	69.9
Liabilities (non-interest-bearing)			51.7	54.9
Total Working Capital			130.8	125.6

- Q4 CASH FLOW FROM OPERATIONS 0.6 MEUR (6.0 MEUR), YTD: 15.3 (25.2)
 - Cash tied up especially in inventories
 - Timing differences in receivables tied up into growing ice fishing business
- INVENTORIES AT LAST YEAR'S LEVEL 110.3 MEUR (110.6 MEUR)
 - Impacted by transfer of production from China to Batam
- Q4 INVESTING ACTIVITIES 3.3 MEUR (1.2 MEUR), YTD: 10.8 MEUR (13.6 MEUR)
 - Full year driven by investments in Batam and setting up new ice drill manufacturing in Finland
 - 2012 investments included acquisition of the assets of Stirike Master and Mora Ice brand with total of 6.4 MEUR
- DIVIDEND OF 0.24 EUR PER SHARE PROPOSED TO THE AGM

Cornerstones of the Profitable Growth Strategy

BRANDS

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

Rapala Scatter Rap and Storm Arashi introductions

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.

Expansion of lure manufacturing in Batam

Ice drill manufacturing in Finland

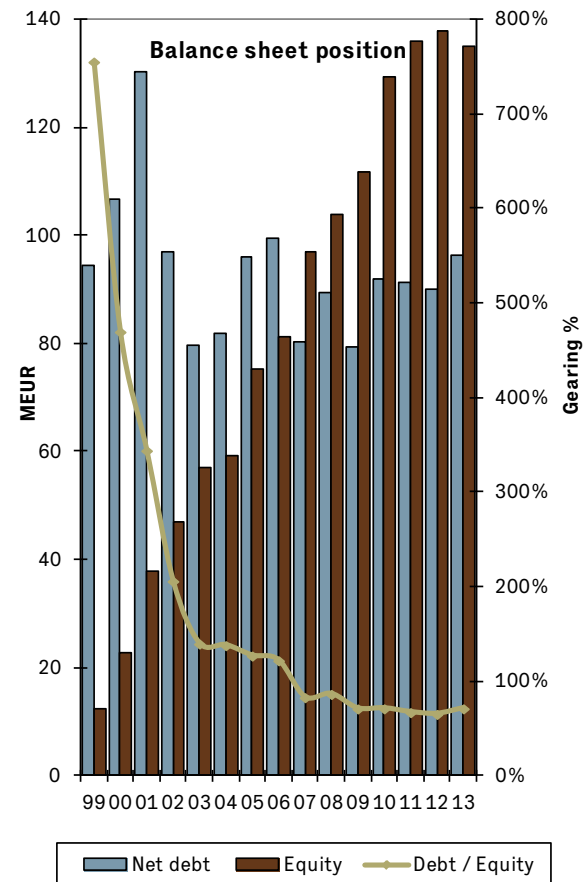
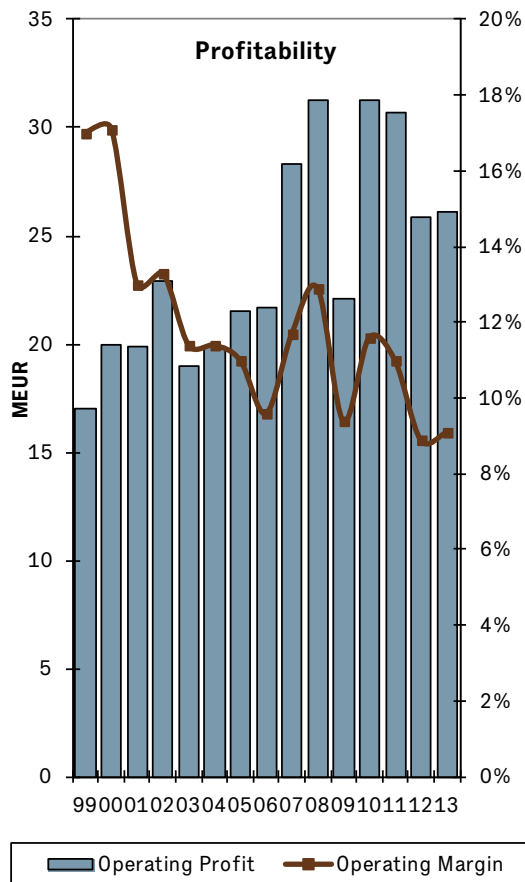
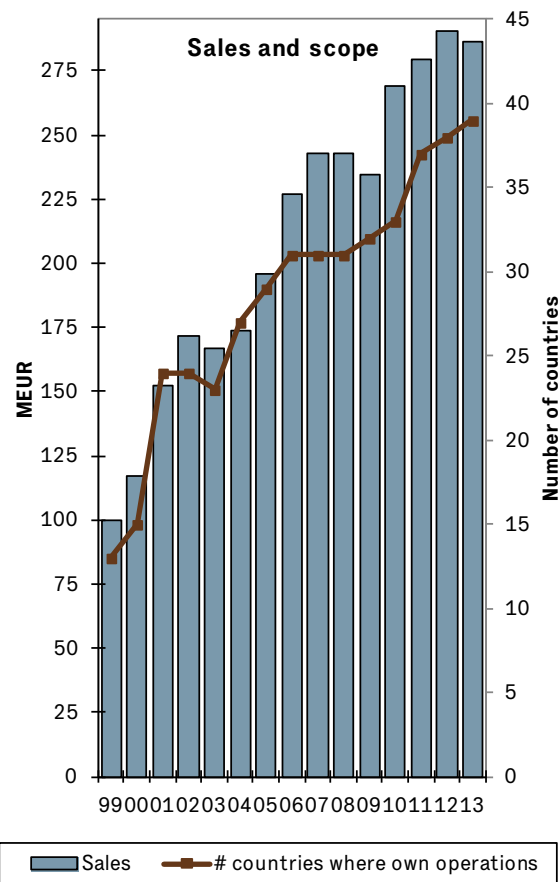
Strategy Implementation

- Own Mora ICE and Rapala-UR ice drill manufacturing operations in Finland were started in Q4
 - Otter ice fishing products were added to “The Ice Force” distribution platform in USA
- The expansion of lure manufacturing in Batam made Indonesian operations already the largest in the world
 - Decision to fully close down own manufacturing operations in China by the end of Q2/2014
- The establishment of new VMC hook manufacturing in Batam was finalized in Q1/2013
 - production levels increased during the year
- 10% minority in Peltonen cross country ski factory acquired
- Swiss distribution restructured during the year
- Working capital and cash flow management still one of the top priorities of the Group
- New products introduced to the market
 - Rapala Scatter Rap and Storm Arashi lures, Sufix NanoBraid fishing line and Rapala Eco Wear Reflection jacket launched
 - Angry Birds lures and other fishing equipment expanded sales to new customer segments
- The Group continued to seek growth opportunities throughout the year and participated in various discussions and negotiations concerning acquisitions and business combinations

Short-term Outlook

- Outlook for 2014 is stable while cautious
 - Strong competitive position despite of several market uncertainties
- The US retail sentiment developing positively
- Closing down the manufacturing activities in China will lead to improved efficiency and performance
 - Adverse impact on profitability in 2014
- Assuming comparable translation exchange rates, the Group expects to maintain net sales and comparable operating profit at 2013 level
 - Excluding non-recurring items and mark-to-market valuations of operative currency derivatives
- Annual General Meeting planned for April 10, 2014
 - 0.24 EUR dividend per share proposed to the AGM
 - Financial Statements for 2013 and Corporate Governance Statement published in week 12
- Q1 interim report published on April 17, 2014

Financial Trends



- Assuming comparable translation exchange rates, the Group expects to maintain net sales and comparable operating profit at 2013 level

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Shares and Shareholders

SHARE RELATED DATA (12/2013)

- Market capitalization 200.5 MEUR
- 12-month high/low 5.50/4.56 EUR
- All-time high/low 8.40/2.50 EUR

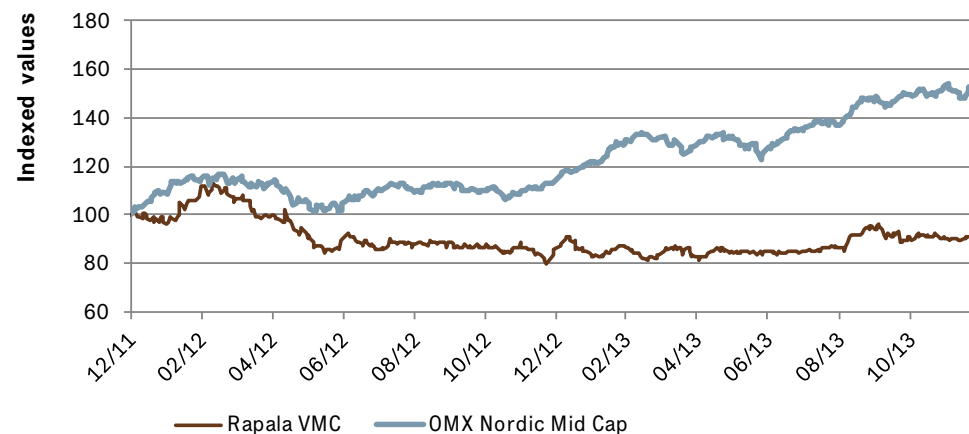
MAJOR SHAREHOLDERS (12/2013)

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

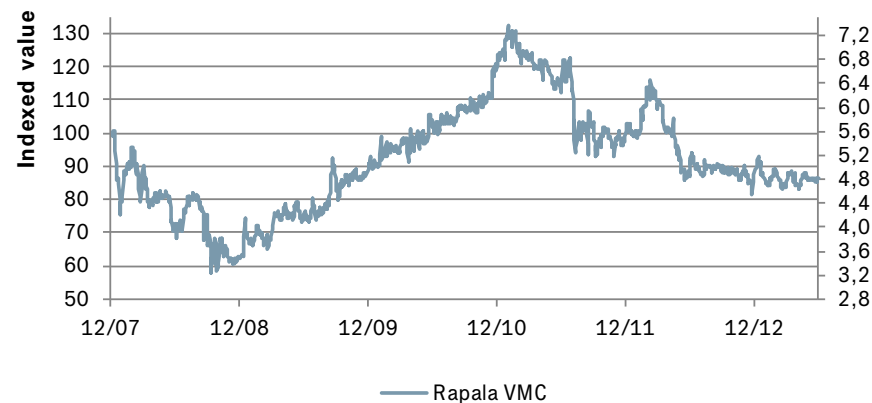
Own shares: 907 308 shares (2.3%)

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Share price index performance in Dec 2011 – Dec 2013



Share price performance in Jan 2008 – Dec 2013





END OF PRESENTATION

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