

RAPALA VMC CORPORATION INTERIM REPORT Q1 2013

April 24, 2013

RAPALA VMC CORP.

Summary of Q1 2013

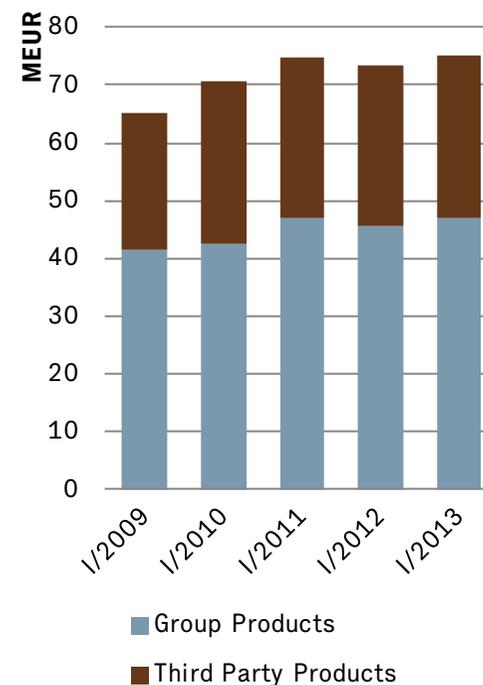
MEUR	I/2013	vs I/2012	I-IV/2012
Net Sales	75.3	+2%	290.7
Operating Profit - Reported	8.6	-17%	25.9
Operating Profit - Comparable	8.1	-24%	27.1
Net Profit for the Period	6.6	-12%	14.0
EPS (basic), EUR	0.15	-0.01	0.26
Cash Flow From Operations	-8.1	+1.2	25.2
Net Interest-bearing Debt	100.4	-6.9	89.9

- SALES GROWTH CONTINUED DESPITE DELAYED SPRING. POSITIVE DEVELOPMENT IN WORKING CAPITAL AND CASH FLOW.
- Q1 RECORD SALES +2 %
 - Supported by the new ice fishing business, and strong sales in Russia, North America and Finland
 - Late spring delayed the start of the sales of more profitable summer fishing products
- Q1 COMPARABLE OPERATING PROFIT: 8.1 MEUR (-24%)
 - Affected by late spring, ongoing production transfers to Batam, inventory reduction initiatives and foreign exchange rates.
- Q1 NET PROFIT 6.6 MEUR (-12%)
 - Includes a positive tax impact of 0.6 MEUR relating to a court ruling and authority decision in Finland concerning past year
- Q1 CASH FLOW FROM OPERATIONS AND INVENTORY LEVELS IMPROVED FROM LAST YEAR
- GUIDANCE UNCHANGED

Net Sales – Product Segments

MEUR	I/2013	I/2012	Y-on-Y
Group Total	75.3	73.5	+2%
Group Products	47.1	45.8	+3%
Third Party Products	28.1	27.7	+1%

- Q1 NET SALES 75.3 MEUR (+2%)
 - Record Q1 sales, despite late start of the summer fishing season
 - 0,3 MEUR impact of new units, no significant impact from exchange rates.
- GROUP PRODUCTS 47.1 MEUR (+3%)
 - Supported by new ice fishing products, hooks and Rapala lures
- THIRD PARTY PRODUCTS 28.1 MEUR (+1%)
 - Increased sales of winter sports, outdoor, hunting and fishing electronics
 - Impacted by shortage of products from suppliers



Net Sales – Geographical Areas

MEUR	I/2013	I/2012	Y-on-Y
North America	21.7	20.5	+6%
Nordic	15.2	15.2	0%
Rest of Europe	29.5	29.7	-1%
Rest of the World	8.9	8.1	+10%

- **NORTH AMERICA**

- Long winter supported the sales of ice fishing products
- Scatter Rap lure family launched successfully in USA

- **NORDICS**

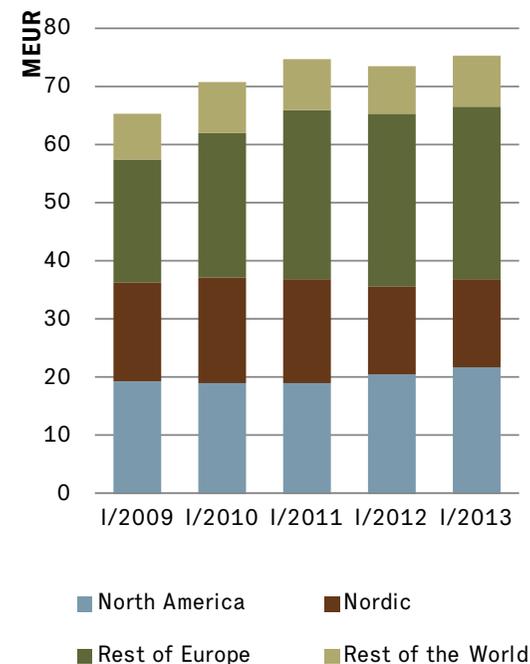
- Impacted by foreign exchange rates and late spring

- **REST OF EUROPE**

- UK and Central Europe impacted by delayed spring
- Strong growth in Russia continued
- Macroeconomic challenges in Spain and Hungary, Switzerland under restructuring

- **REST OF THE WORLD**

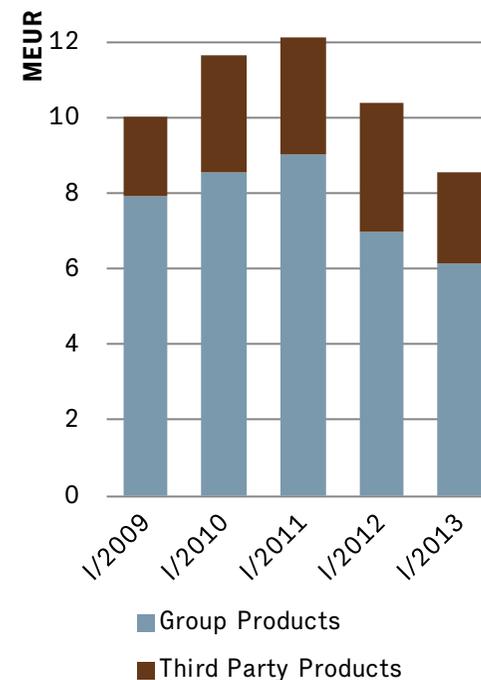
- Supported by new distribution company in Chile
- Good sales in Latin America and most Asian distribution markets, led by Japan
- With comparative exchange rates sales were up 18%



Operating Profit

MEUR	I/2013		I/2012	
Group Total (comparable)	8.1	10.8%	10.6	14.4%
Group Products	6.2	13.1%	7.0	15.2%
Third Party Products	2.4	8.6%	3.4	12.3%
Group Total (as reported)	8.6	11.4%	10.4	14.1%

- Q1 COMPARABLE OPERATING PROFIT -24%
 - Excluding non-recurring items and mark-to-market valuation of operative currency derivatives
 - Affected by late spring, production transfer to Batam, volume and margin impact of inventory reduction initiatives and foreign exchange impacts on purchases
- REPORTED OPERATING PROFIT -17%
 - Mark-to-market valuation of operative currency derivatives gain 0.5 MEUR (loss -0.2 MEUR)
- Q1 ROCE 14.5% (17.4%)



Net Profit and Financial Position

MEUR	I/2013	I/2012
Net Profit for the Period	6.6	7.5
Non-controlling Interests	0.9	1.3
Equity Holders of the Company	5.7	6.2
Financial ratios		
EPS (basic), EUR	0.15	0.16
Net Interest-bearing Debt, MEUR	100.4	107.3
Equity-to-assets, %	42.3%	40.8%
Debt-to-equity, %	68.7%	75.7%

- Q1 FINANCIAL (NET) EXPENSES 0.3 MEUR (0.0 MEUR)
 - Positive impact from currency exchange rates decreased
 - Interest expenses and other financial expenses decreased slightly
- Net profit impacted by court ruling and authority decisions related to taxes in Finland
 - 0.6 MEUR positive impact concerning past years
- Share of non-controlling interest in net profit decreased from last year
- Strengthening of the Group's balance sheet continued
 - Gearing at first quarter record low level

Cash Flow and Working Capital

MEUR	I/2013	I/2012
Change in Working Capital	-15.1	-18.9
Cash Flow From Operations	-8.1	-9.3
Net Cash Used in Investing Activities	-2.0	-8.3

Balance sheet

Inventories	116.4	125.0
Assets (non-interest-bearing)	89.0	85.5
Liabilities (non-interest-bearing)	62.3	62.5
Total Working Capital	143.2	148.1

- Positive development in operative cash flow for Q1 following intense focus on working capital and inventory management
 - Working capital seasonally up from December
 - Compared to Q1 last year, positive development from inventories and trade receivable
- Inventories reduced by 8.6 MEUR
 - Inventory decrease -7% vs. Sales increase +2%
 - Excluding new business units and impact of currency movements comparable inventories reduced 10.1 MEUR
- Investing activities mainly normal capital expenditure.
 - 2012 Q1 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

RAPALA VMC CORP.

Strategy Implementation

- Decision to establish own ice drill manufacturing operations in Finland strengthens position in ice drill business
 - Preparations to start the operations by the end of the year
- Hook manufacturing in Batam
 - Establishment finalized during the first quarter
- First phase of the new lure manufacturing unit in Batam will be finalized in April
 - Construction and installation work for tripling the size of lure manufacturing operations proceeding and certain new production phases already started in Q4
 - New products and production phases to be added gradually during the next 12–15 months
 - New facilities technically capable to manufacture products cost efficiently as the volumes pick up
- 10% minority in Peltonen cross country ski factory acquired
- Performance improvement initiative continued in Swiss distribution unit
- Working capital and cash flow management still one of the top priorities of the Group
- New innovative products introduced to the market
 - Rapala Scatter Rap lure family launched in February in USA
 - Cooperation with Rovio Entertainment Ltd brings Angry Bird characters in to lures and other fishing equipment.
- Discussions and negotiations regarding acquisitions and business combinations



NEW Scatter Rap®. With evasive action.

The Scatter Rap® Shad mimics the most common forage perfectly. This all-species bait can be cast or trolled to impart the aggressive, evasive, erratic sweeping action that is Scatter Rap®.

BUILT WITH  SCATTER LIP



reddot design award
winner 2013



RAPALA®



ANGRY BIRDS™

**FISHING TACKLE
IN STORES NOW!**

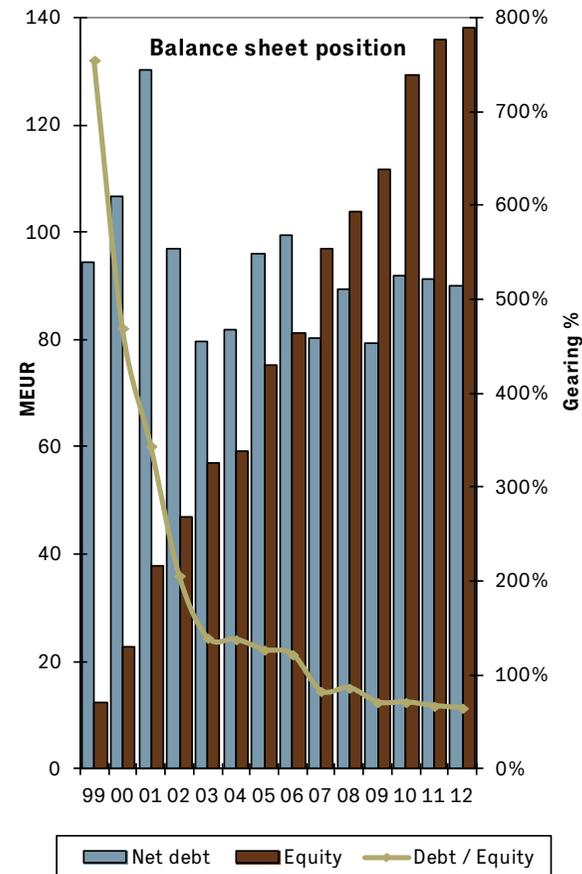
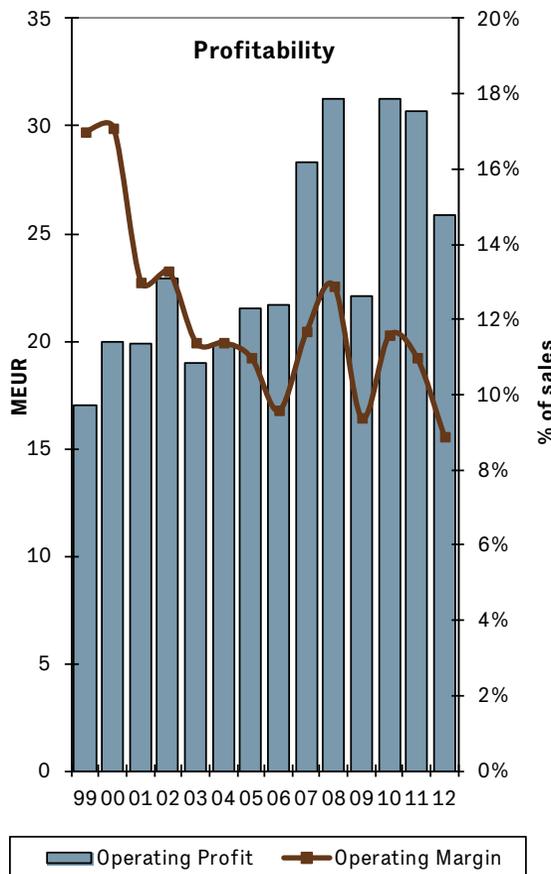
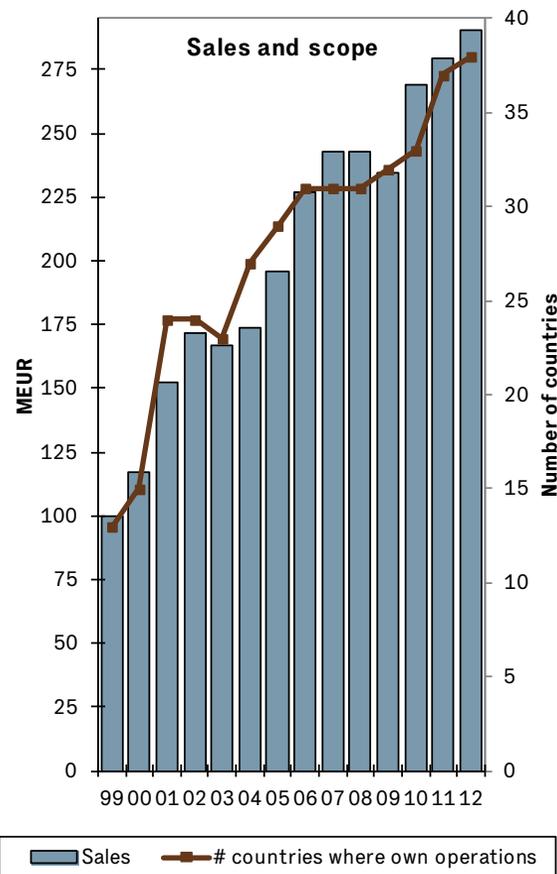
Short-term Outlook

- Q1 sales grew in major markets in North America and Russia
 - Growth expected to continue
- In several markets late arrival of spring postponed sales to Q2
 - Total impact of weathers on whole season's sales still uncertain
 - Where applicable, presales generally been on or above last year's levels
- Successful launch of the new Rapala Scatter Rap lure family expected to support the sales in the USA and Japan
- Pipeline of winter fishing products expected to be rather empty after long winter in North America
 - "The Ice Force" well established among retailers in the USA for coming season securing improved sales during the year
 - US distribution range further complemented with Otter winter fishing products for coming season
- Profitability of the new manufacturing units and few other underperforming units expected to improve
- Continuing actions to reduce inventory levels may impact profitability but support cash flow

- 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

- Q2 interim report published on July 19, 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 (03/2013)

- Market capitalization 183.1 MEUR
- 12-month high/low 6.15/4.52 EUR
- All-time high/low 8.40/2.50 EUR

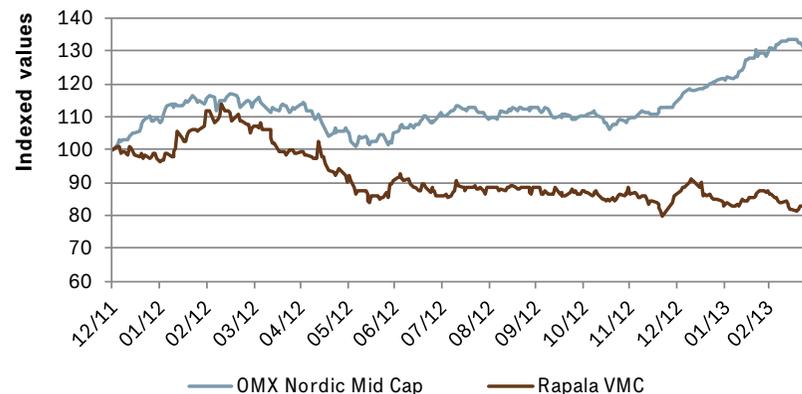
MAJOR SHAREHOLDERS (03/2013)

- 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%
- Tapiola Funds 1%

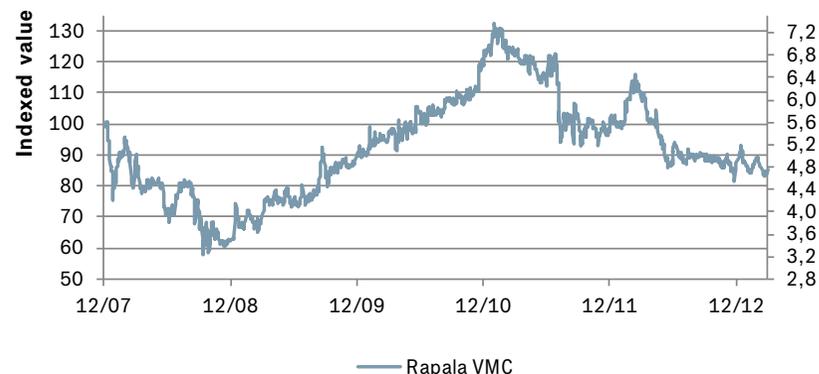
Own shares: 764 737 shares (1.9%)

RAPALA VMC CORP.

Share price index performance in Jan 2012 – Mar 2013



Share price performance in Jan 2008 – Mar 2013





END OF PRESENTATION

RAPALA VMC CORP.