

Rapala®



ANNUAL ACCOUNTS & Q4 2009

February 4, 2010

RESPECTED RAPALA BRANDS



Martini

BLUE FOX



LUHR-JENSEN
OF HOOD RIVER, OREGON

STORM

SUIIX

TRIGGER X

PELTONEN

SUMMARY OF YEAR 2009 AND Q4

EUR million	IV/09	IV/08	2009	2008
Net Sales	51.4	50.9	234.6	243.0
Operating Profit - Reported	0.7	3.2	22.1	31.3
Operating Profit - Comparable	1.1	3.2	23.5	30.5
Net Profit for the Period	-0.8	1.0	14.3	19.2
EPS (basic), EUR	-0.02	0.05	0.31	0.45
Cash flow from Operations	6.0	1.6	24.6	5.4
Net Interest-bearing Debt	79.4	89.5	79.4	89.5

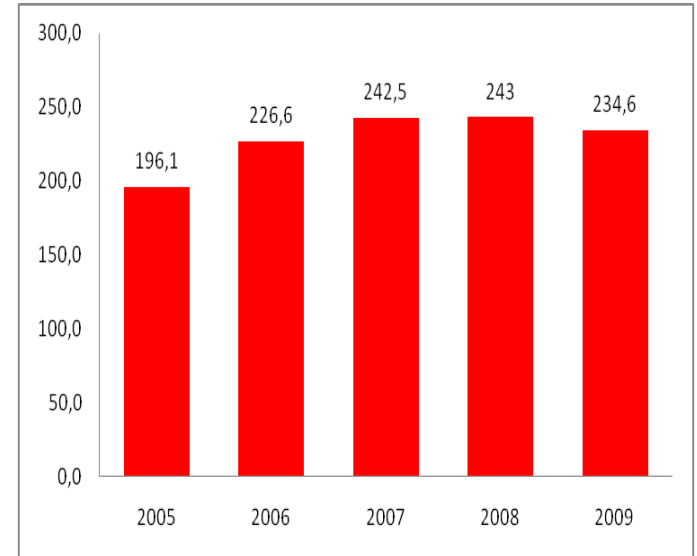
- Results from major actions in **working capital management** started to capitalize and **cash flow from operations improved** from 5.4 MEUR to 24.6 MEUR for 2009.
- **Net sales and profitability were affected by worldwide economic recession** with negative effects on currency movements and sales of more expensive items like fishing electronics and rods & reels **but sales of Fishing Lines were up 142% and Lures 4%.**
- Board's **dividend proposal** for 2009 is 0.19 euro.

RESPECTED RAPALA BRANDS



ANALYSIS OF NET SALES

- Net sales were 51.4 MEUR (50.9) for Q4 and **234.6 MEUR (243.0)** for 2009.
- **Comparable net sales increased 4% for Q4 and decreased 1% for 2009.**
- In addition to **FX** effects, sales of **gift products, subcontracting services and higher price category** products in fishing and hunting were down.
- Net sales of Group Fishing Products +6%, Other Group Products -27% & Third Party Products -9%.
- Net sales in North America +6%, Rest of the World +2%, Nordics -4% and Rest of Europe -11%.
- **Positive signs** during the second half of the year especially **in North America** and in **Lures** – lure factories running at full speed since Q3.
- Due to good winter weather, good sales of **winter sports equipment** in Q4.



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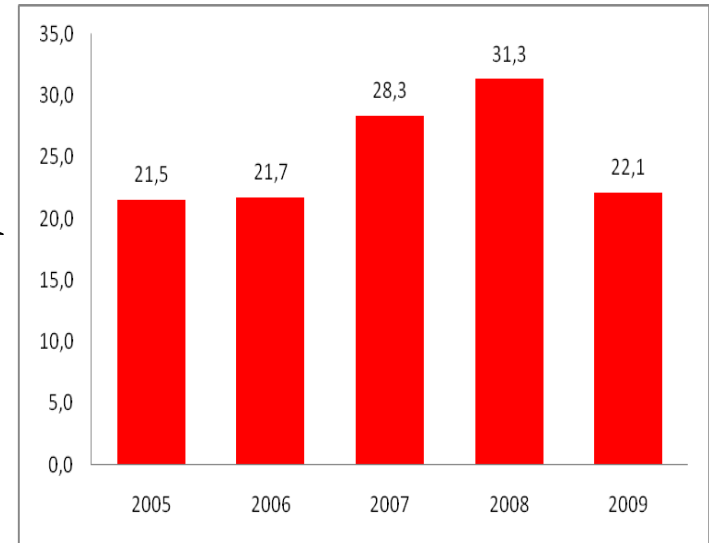


TRIGGER X

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ANALYSIS OF OPERATING PROFIT

- Q4 reported operating profit was 0.7 MEUR (3.2) and **22.1 MEUR (31.3)** for 2009.
- **Non-recurring** costs and impairment losses of 1.9 MEUR and a non-recurring gain of 0.5 MEUR from the sale of office premises in Hong Kong (0.8 MEUR net gain from one-offs in 2008).
- Q4 reported operating margin was 1.3% (6.4%) and 9.4% (12.9%) for 2009.
- Return on capital employed was 11.5% (16.9%).
- Operating profit was strongly affected by **reduction of sales** and weakened **FX**.
- Profitability was also affected by **liquidation campaigns** arranged in several countries to reduce inventories as part of the ongoing working capital project.
- **Fixed costs were down 3%** as a result of several performance improvement initiatives.
- Q4 comparable operating profit was 1.1 MEUR (3.2) and 23.5 MEUR (30.5) for 2009.
- **Comparable operating margin** was 2.1% (6.3%) for Q4 and **10.0% (12.6%)** for 2009.



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ANALYSIS OF BUSINESS SEGMENTS

- Net sales of **Group Fishing Products**, boosted by Sufix line sales, were up 6%.
- Net sales of **Other Group Products** -27% (reduced sales of gift products and subcontracting services , Peltonen xc-skis up), **Third Party Products** -9% (weakening of FX in East Europe & Scandinavia and fall in higher price category products).
- Operating profit of **Group Fishing Products** decreased to 15.7 MEUR (19.5) as a result of currency movements and stock-clearance sales.
- Operating profit of **Other Group Products** fell to 0.5 MEUR (1.6) (strong fall in sales) and **Third Party Products** decreased to 5.8 MEUR (10.3) (FX and reduced sales).
- Net sales in **North America** increased 6% supported by the stronger USD.
- Net sales in **Nordic countries** decreased 4% as a result of reduced distribution volumes of especially hunting products and weakening of Swedish and Norwegian crowns.
- Net sales in **Rest of Europe** were down 11% due to weaker currencies and recession.
- Net sales in **Rest of the World** increased 2% as a result of the new sales of Sufix products and strengthening of USD while the sales of Gift products fell strongly.

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NET RESULT AND CASH FLOW

EUR million	IV/2009	IV/2008	I-IV/2009	I-IV/2008
Net profit for the period	-0.8	1.0	14.3	19.2
Adjustments (reversal of non-cash items)	2.9	2.8	14.7	13.0
Financial items and taxes paid/received	-1.6	-4.7	-7.4	-14.0
Change in working capital	5.6	2.5	3.0	-12.7
Net cash from operating activities	6.0	1.6	24.6	5.4

- Financial (net) expenses were 2.1 MEUR (4.8) & **earnings per share 0.31 EUR (0.45)**.
- **Results of WCM project started to materialize** and further results are expected in 2010.
- Strong execution of working capital management decreased inventories 5.6 MEUR and non-interest bearing assets, mainly trade receivables, 6.6 MEUR.
- Accordingly, **cash from operating activities increased markedly to 24.6 MEUR (5.4)**.
- Net interest bearing debt decreased to 79.4 MEUR (89.5 MEUR).
- **Equity to assets ratio** reached 42.8% (38.0%) and **gearing** 71.1% (86.4%).

RESPECTED RAPALA BRANDS



STRATEGY IMPLEMENTATION

- Implementation of the groups strategy continued in 2009.
- High emphasis on making a **positive turnaround in cash flow** and finalizing the new operating model in the Chinese manufacturing operations.
- A **major supply chain and logistics initiative** to shorten the lead-times, lower the inventories and further improve the service levels to customers was started in 2009 including a worldwide implementation of a common logistics software .
- As a result of **new operating model in China**, production capacity can be adjusted quicker and more accurately to meet the market requirements. Improvements are expected also in lead-times and service level.
- **Integration of Sufix fishing line business** was completed in 2009.
- New distribution companies in **Romania** in Oct. 2009 and in **Iceland** in Jan. 2010.
- It is expected that new distribution companies in **Belarus** (fishing) and **China** (gift) will start their operations during Q1.
- **Ultrabite** pheromone brand acquisition and exclusive agreement to commercialize this patented pheromone technology was closed in December. Substantial sales growth expected in this area in the future (currently less than 2 MEUR).

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SHORT-TERM OUTLOOK

- In general, the **short-term outlook is cautiously optimistic**.
- General **uncertainty may continue** in the world economy and will most likely continue to affect the ordering behavior of many customers and maintain the need for quick deliveries and short lead-times.
- Orders for **Group branded lures** and **winter sports** equipment have recently been on a record level. Accordingly, the Group lure manufacturing facilities and the Peltonen cross country ski factory are currently **running at full capacity**.
- Good winter weather conditions have boosted the sales of winter sports equipment.
- At the end of 2009, the Group's **order backlog was up 13%** at 43.8 MEUR (38.6).
- It is expected that **net sales and operating profit**, excluding the non-recurring items, will **increase from 2009** even if the Group continues to reduce its inventories.
- **Reducing working capital and increasing cash flow** continue to be the top priority for 2010 with strong emphasis on innovation and development of new products.
- **Annual Report** will be published on week 11 and **Q1 Report 2010** on April 27, 2010.

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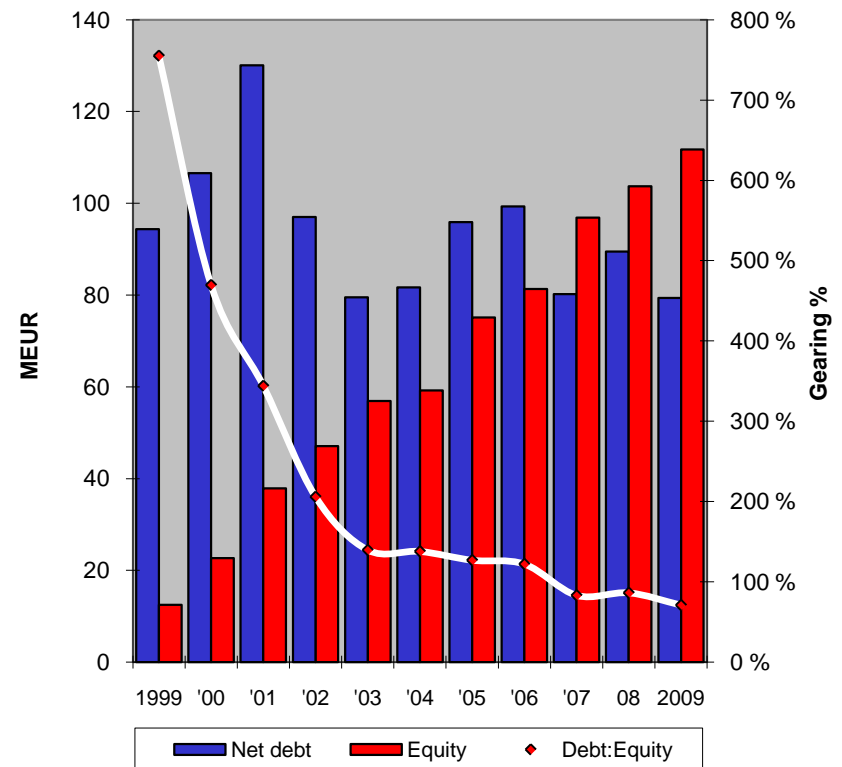
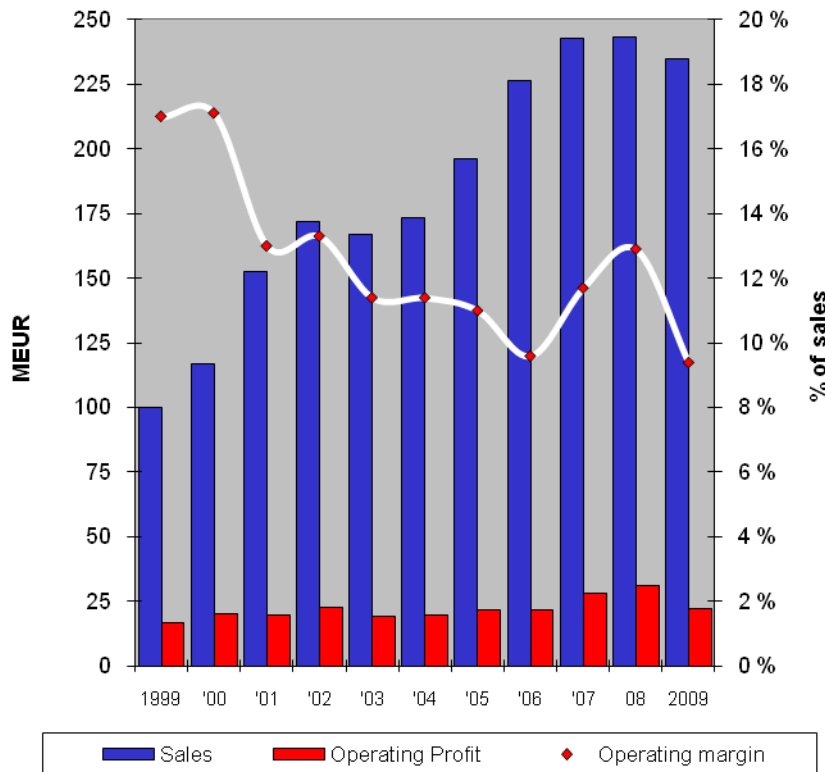
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FINANCIAL TRENDS IN RAPALA

- **Top line growth expected to continue** after the fall-back (world recession) in 2009.
- **Also positive development in profitability** expected to continue after 2009.
- **Financial position getting even stronger** allowing headroom for new acquisitions.



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SHARES AND SHAREHOLDERS

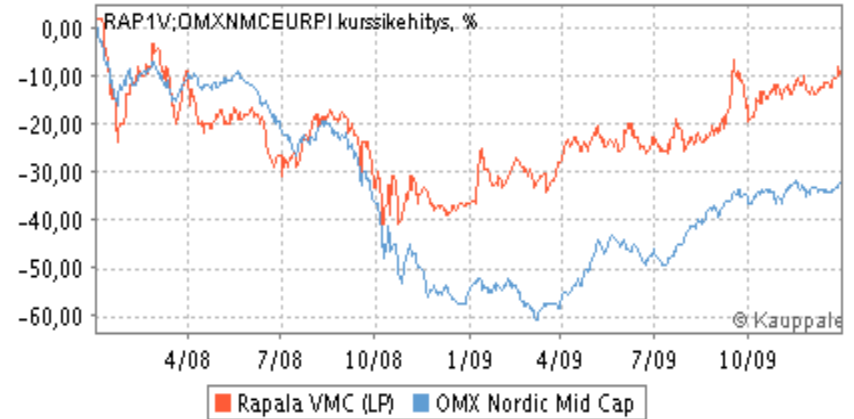
SHARE RELATED DATA (12/2009)

- Market capitalization 196.2 MEUR
- 2009 high/low 5.16/3.50 EUR
- All-time high/low 8.40/2.50 EUR

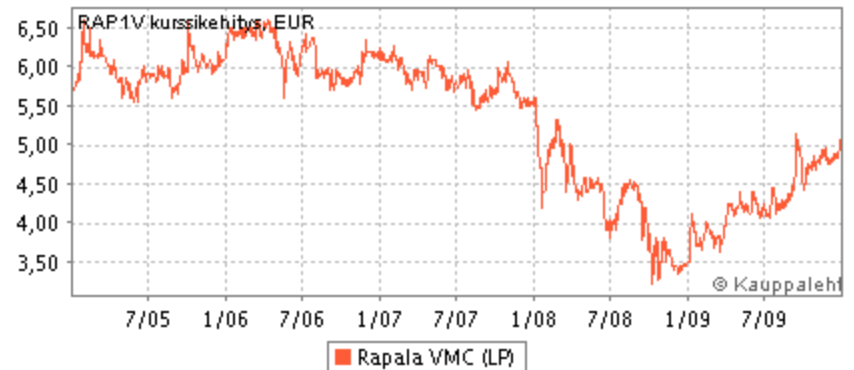
MAJOR SHAREHOLDERS

- VMC Holdings 28 %
- Sofina 19 %
- Odin Funds 8 %
- William Ng 4 %
- Utavia 4 %
- State Pension fund 3 %
- Shimano 2 %

Share price index performance in 2008–2009



Share price performance in 2005–2009



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COMPANY EVENTS IN SPRING 2010



Q1 Results 2010 Published

On April 27, 2010

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