

Rapala®



Q1 INTERIM REPORT 2010

April 27, 2010

RESPECTED RAPALA BRANDS



Marttiini

BLUE FOX



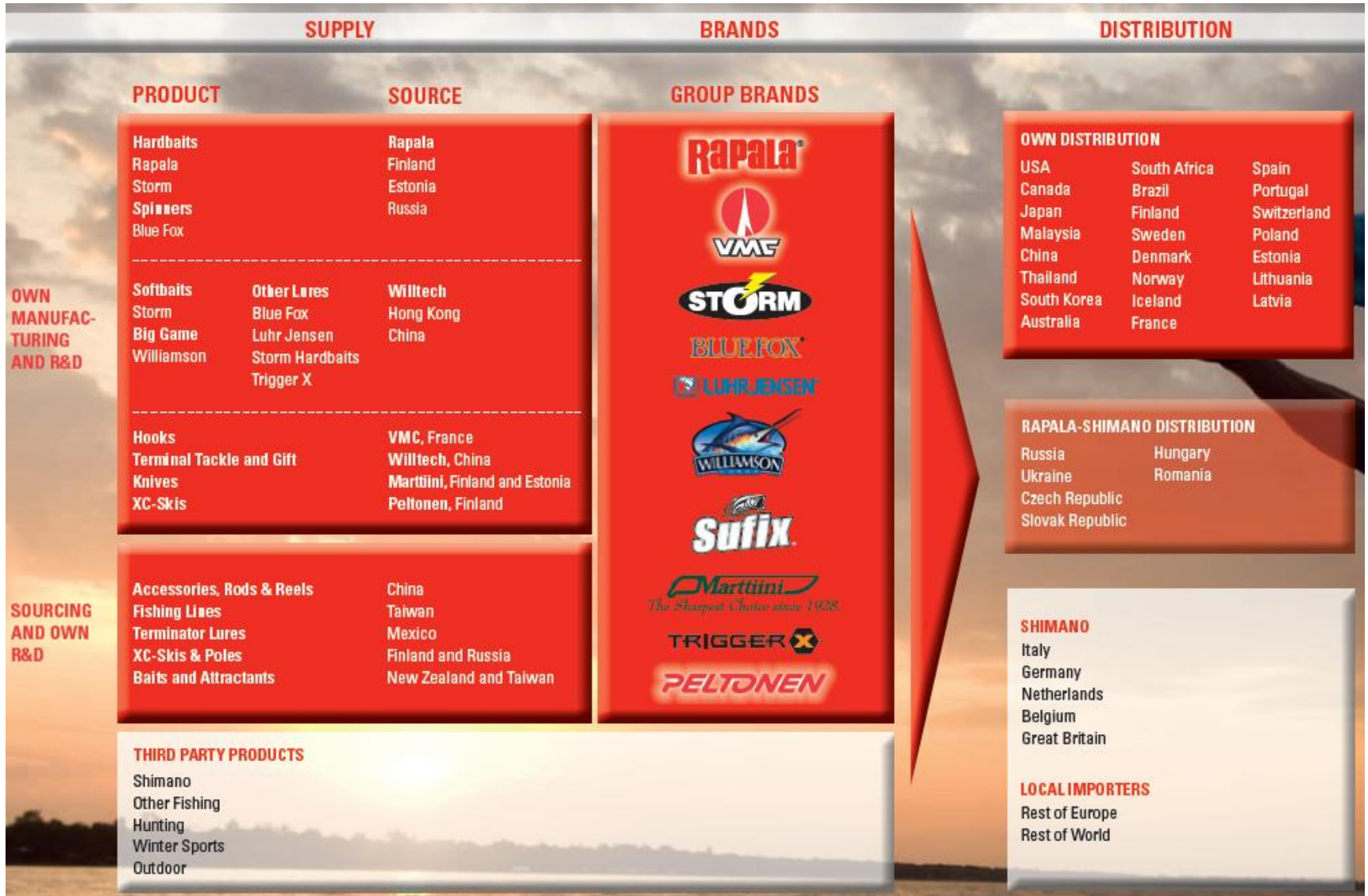
LUHR-JENSEN
OF HOOD RIVER, OREGON

STORM

SUIIX

TRIGGER X

PELTONEN



SUMMARY OF Q1 2010

EUR million	I/2010	I/2009	I-IV/2009
Net Sales	70.8	65.2	234.6
Operating Profit - Reported	11.7	10.0	22.1
Operating Profit - Comparable	11.8	10.1	23.5
Net Profit for the Period	9.1	6.2	14.3
EPS (basic), EUR	0.22	0.15	0.31
Cash flow from Operations	-12.0	-19.8	24.6
Net Interest-bearing Debt	96.6	112.3	79.4

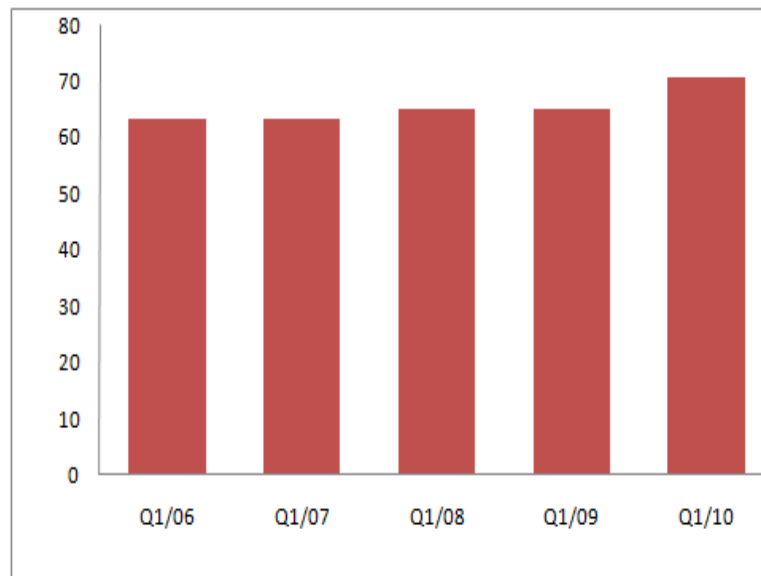
- **Net sales** for Q1 **increased 9%** and reached a quarterly record level at 70.8 MEUR.
- Sales growth was **strongest in East Europe**, which is back to pre-recession growth trend. Sales of **winter sport equipment increased strongly** in the Nordic countries.
- **EPS reached a Q1 record** level at 0.22 EUR (0.15 EUR).
- It is expected that both the **net sales and the comparable operating margin** for the full year 2010, excluding non-recurring items, **will increase from 2009**.

RESPECTED RAPALA BRANDS



ANALYSIS OF NET SALES

- **Net sales +9%** to 70.8 MEUR (65.2) for Q1
- **With comparable FX net sales up 6%**.
- Year 2010 started very well due to strong sales of especially **winter sports equipment**.
- Net sales of **Group Fishing Products +1%**, **Other Group Products (WS & GP +19%** & **3rd Party Products (WS, FX, FP) +18%**.
- Net sales in **North America -3%** (FX), **Nordics -10%** (WS & FX up, HP down) and **Rest of Europe +14%** (FX & 3rd FP), **Rest of the World +4%** (FX & GP).
- **Uncertainty** regarding the world economy **continued** but positive signs of recovery was witnessed especially in **East Europe**, which is **back to pre-recession growth** trend.
- **Strengthening of many currencies eased up the pressure on consumer confidence** and increased the purchase power especially in East Europe, Sweden, Australia and South Africa.

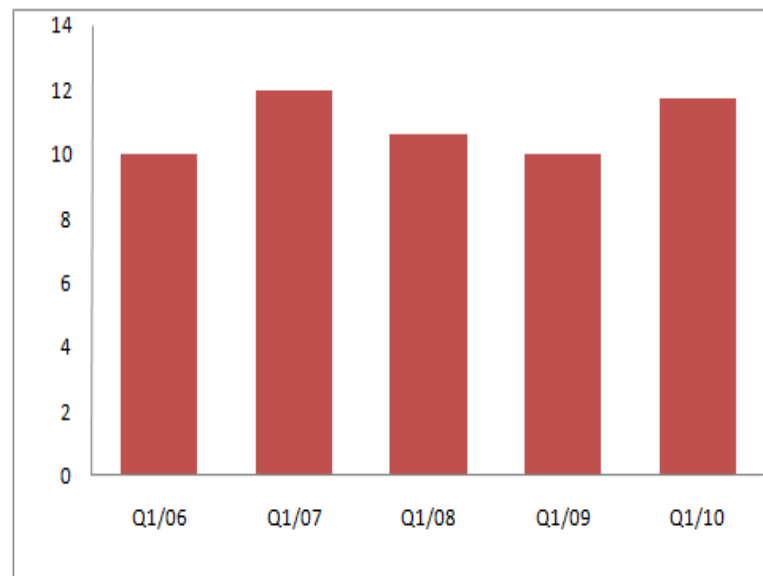


RESPECTED RAPALA BRANDS



ANALYSIS OF OPERATING PROFIT

- **Q1 reported operating profit was up to 11.7 MEUR (10.0).**
- **Non-recurring costs of 0.1 MEUR (0.1)** from the restructuring of Hungarian distribution unit.
- Reported **operating margin 16.5% (15.4%).**
- **ROCE up to 22.6% (19.3%).**
- Operating profit improvement came from **increased net sales.**
- Operating profit of all operating segments improved: **Group Fishing Products** to 8.1 MEUR (7.8), **Other Group Products** to 0.5 MEUR (0.1) and **Third Party Products** to 3.1 MEUR (2.1).
- Q1 comparable operating profit, excluding one-offs, was 11.8 MEUR (10.1).
- **Comparable operating margin increased to 16.7% (15.5%).**



RESPECTED RAPALA BRANDS

NET RESULT AND CASH FLOW

EUR million	I/2010	I/2009	I-IV/2009
Net profit for the period	9.1	6.2	14.3
Adjustments (reversal of non-cash items)	3.6	5.2	14.7
Financial items and taxes paid/received	-3.3	-2.2	-7.4
Change in working capital	-21.4	-29.0	3.0
Net cash from operating activities	-12.0	-19.8	24.6

- Financial (net) gain was 0.5 MEUR (expense 1.6) and **record EPS at 0.22 EUR (0.15)**.
- **Results of WCM project continued to materialize** and contribute to the cash flow.
- Strong execution of working capital management decreased inventories 9.4 MEUR.
- **Cash from operating activities improved strongly to -12.0 MEUR (-19.8)**.
- Net interest bearing debt seasonally up to 96.6 MEUR (Q4/09: 79.4 & Q1/09: 112.3).
- **Equity to assets ratio improved to 41.7%** (Q4/09: 42.8% & Q1/09: 35.3%) and **gearing improved to 77.7%** (Q4/09: 71.7% & Q1/09: 101.7%).

RESPECTED RAPALA BRANDS



STRATEGY IMPLEMENTATION

- Implementation of the Group's strategy for profitable growth continued in Q1.
- High emphasis continued on **the positive development in cash flow and opening new distribution companies to support future growth.**
- The results of the major working capital initiative to reduce Group inventories and improve cash flow progressed and contributed to the positive cash flow.
- **Major supply chain and logistics initiative** to shorten the lead-times, lower inventories and further improve the service levels to customers **will continue throughout 2010.**
- Newly **established distribution company in Iceland** started its operations in Q1 and the new **Chinese gift** distribution company in April. These units will further expand and strengthen the Group distribution network.
- Group continued other **performance improvement initiatives** (e.g. development of lure manufacturing processes & restructuring of Hungarian distribution operations). Group shareholding in the Hungarian distribution company was raised to 66.6%.
- Also **development of organic growth** in terms of extensions of current product categories as well as special marketing, sales and brand initiatives continued.
- Discussions and negotiations regarding **acquisitions and business combinations** continued during Q1.

R E S P E C T E D R A P A L A B R A N D S



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SHORT-TERM OUTLOOK

- In general, the **short-term outlook is cautiously optimistic.**
- **General uncertainty may continue in 2010 through increased unemployment** in many countries, which will most likely continue to affect the ordering behavior of some customers and maintain the need for quick deliveries and short lead-times.
- In **East Europe**, the market has continued the strong growth that was there before the recession. **US** market is quite stable but there are big differences between countries in **Europe and Asia.**
- At the end of Q1, Group **order backlog was up 14% from last year** at 37.2 MEUR.
- Group lure manufacturing facilities & Peltonen ski factory run at full capacity.
- It is expected that **comparable net sales and operating profit**, excluding the non-recurring items, **will increase from 2009.**
- **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.
- Q2 Report 2010 will be published on July 22, 2010.

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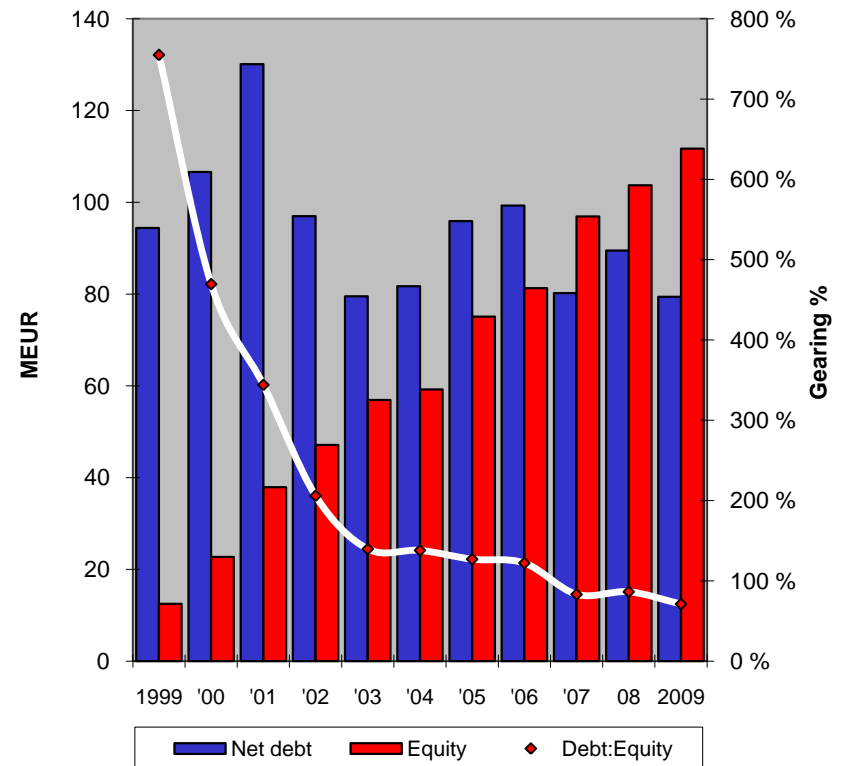
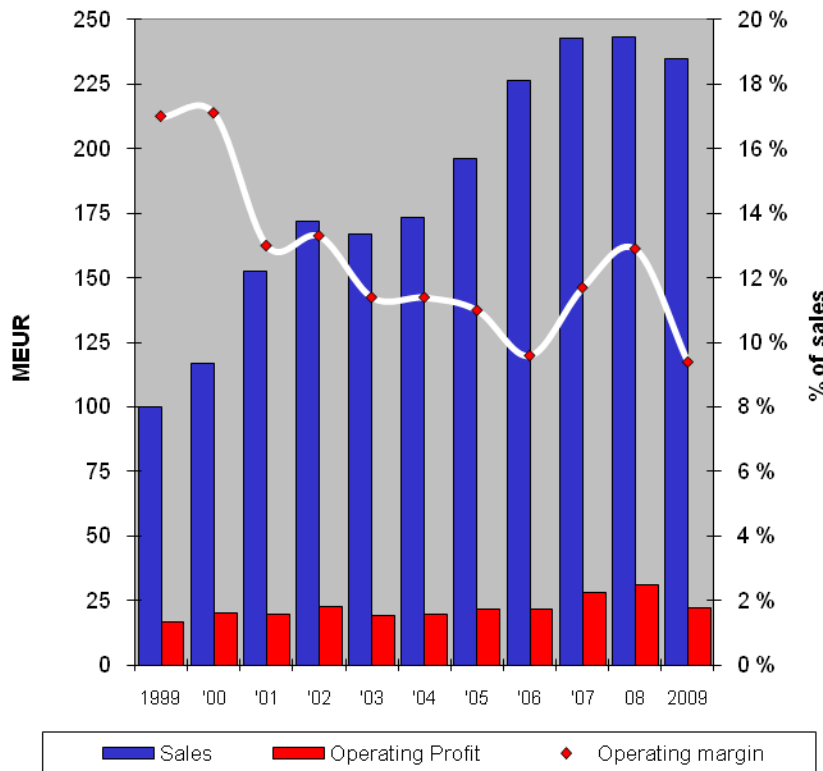


TRIGGER X

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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.



RESPECTED RAPALA BRANDS



SHARES AND SHAREHOLDERS

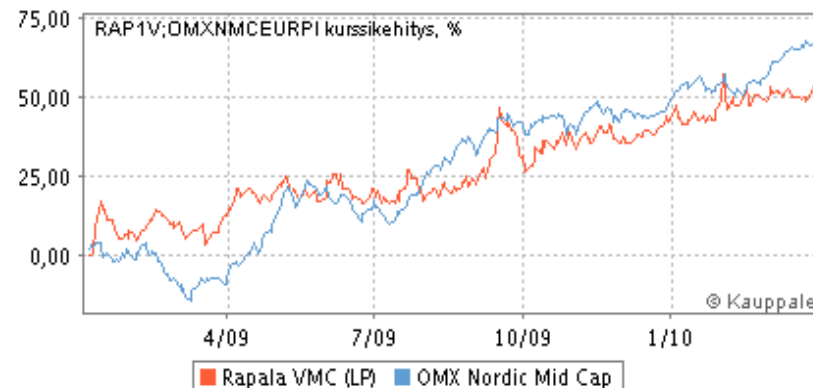
SHARE RELATED DATA (03/2010)

- Market capitalization 211.1 MEUR
- 12-month high/low 5.50/3.95 EUR
- All-time high/low 8.40/2.50 EUR

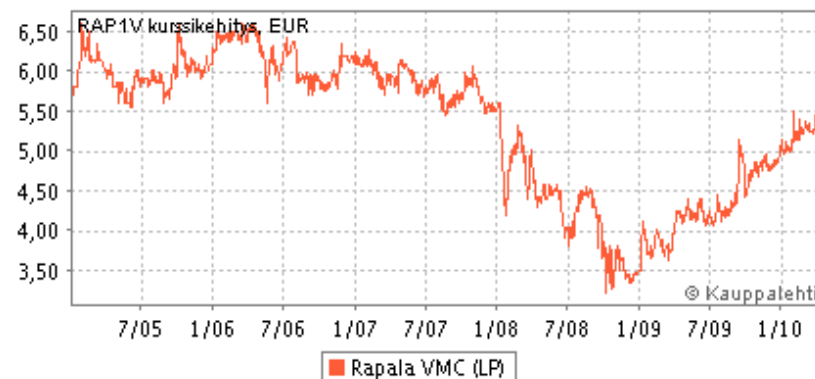
MAJOR SHAREHOLDERS

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

Share price index performance in 2009 & Q1 2010



Share price performance in Jan. 2005 – Mar. 2010



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End of Presentation

Tight Lines!

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