

# Rapala®



## Q2 INTERIM REPORT 2010

July 22, 2010

RESPECTED RAPALA BRANDS



Martini

BLUE FOX



LUHR-JENSEN  
OF HOOD RIVER, OREGON

STORM

SUIIX

TRIGGER X

PELTONEN



## SUMMARY OF Q2 2010

EUR million	II/2010	II/2009	I-II/2010	I-II/2009	I-IV/2009
Net Sales	77.6	67.7	148.4	132.9	234.6
Operating Profit - Reported	12.5	9.4	24.2	19.5	22.1
Operating Profit - Comparable	12.6	10.2	24.4	20.4	23.5
Net Profit for the Period	8.4	7.4	17.5	13.6	14.3
EPS (basic), EUR	0.18	0.16	0.40	0.31	0.31
Cash flow from Operations	20.2	17.8	8.2	-2.0	24.6
Net Interest-bearing Debt	90.4	101.0	90.4	101.0	79.4

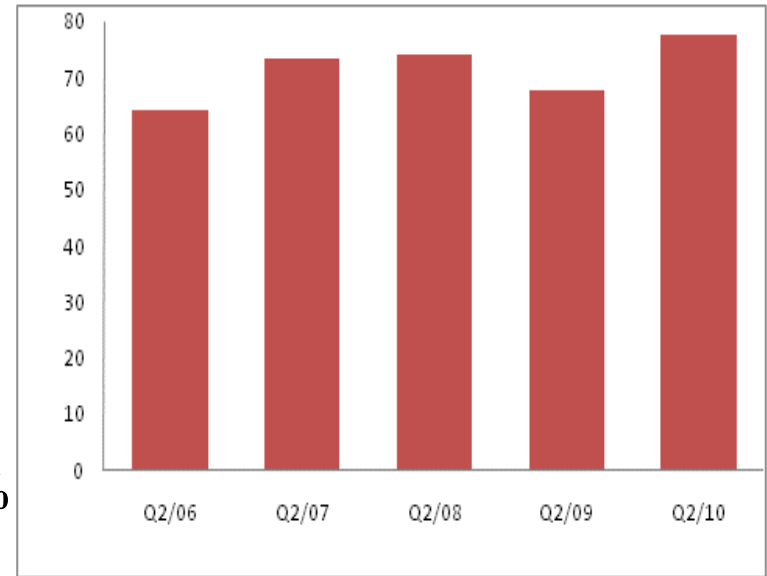
- **Net sales** for Q2 increased **15%** from last year and reached a quarterly record level at 77.6 MEUR. Net sales for H1 increased **12%** to 148.4 MEUR.
- **Comparable operating profit improved** clearly from last year and reached 12.6 MEUR in Q2 and 24.4 MEUR in H1.
- **EPS** were clearly up and reached 0.18 EUR for Q2 and 0.40 EUR for H1.
- 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

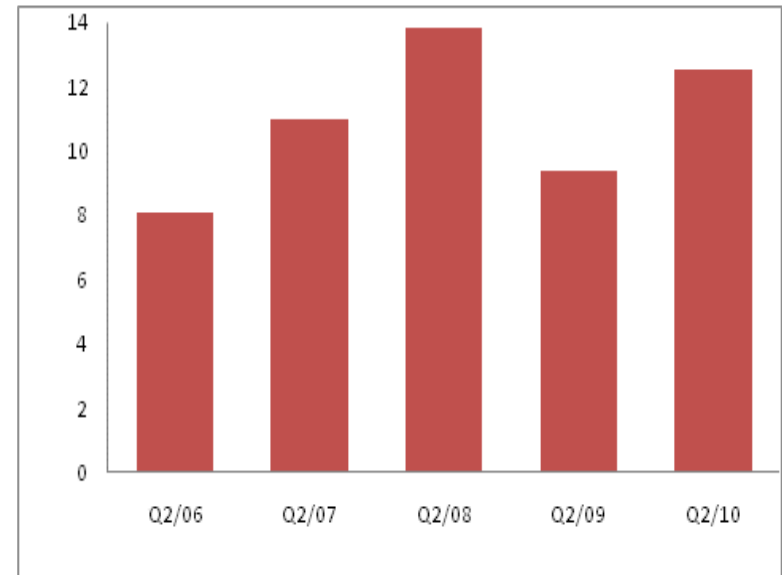
- **Net sales** for Q2 increased **15%** and **12%** for H1 reaching **77.6 MEUR** & **148.4 MEUR**.
- **With comparable exchange rates**, net sales increased **5%** for Q2 and **6%** for H1.
- Net sales of **Group Fishing Products** +13%, & 7%, **Other Group Products** -2% & 8% and **3rd Party Products** +20% & 19%.
- Net sales in **North America** +10% & +3%, **Nordics** + 20% & +2%, **Rest of Europe** +23% & 19%, **Rest of the World** +45% & 22%.
- **Uncertainty** regarding the world economy but **positive signs** of recovery were witnessed especially in **East Europe**, where several countries are back to pre-recession sales growth trend.
- Market situation in **Nordic countries**, **West Europe** and **Asia** has stabilized and **started to improve gradually**. **North America** stable with **monthly ups and downs**.
- **Strengthening of several local currencies** have eased up the pressure on consumer confidence and increased the purchase power in several markets.



RESPECTED RAPALA BRANDS



- **Comparable operating profit**, excluding one-offs, was **12.6 MEUR (10.2)** for Q2 and **24.4 MEUR (20.4)** for H1.
- **Comparable operating margin increased to 16.2% (15.1)** for Q2 and **16.4% (15.3)** for H1.
- **Non-recurring items (0.1 & 0.2 MEUR)** relate to ongoing restructuring initiatives.
- Reported operating profit was up to **12.5 MEUR (9.4)** for Q2 and **24.2 (19.5)** for H1.
- Reported operating margin improved to **16.1% (13.9)** for Q2 and **16.3% (14.6)** for H1.
- **ROCE up to 24.4% (18.6) & 23.6% (19.2).**
- Profitability improvement came mainly from **increased sales** and **strengthened FX.**
- Operating profit of all operating segments improved: **Group Fishing Products +41% & 20%**, **Other Group Products** improved from red to black figures and **3rd Party Products +9% & 23%**.



RESPECTED RAPALA BRANDS



## NET RESULT AND CASH FLOW

EUR million	II/2010	II/2009	I-II/2010	I-II/2009	I-IV/2009
Net profit for the period	8.4	7.4	17.5	13.6	14.3
Adjustments (reversal of non-cash items)	5.8	4.9	9.4	10.1	14.7
Financial items and taxes paid/rec	-2.7	-1.3	-6.0	-3.5	-7.4
Change in working capital	8.7	6.7	-12.8	-22.3	3.0
<b>Net cash from operating activities</b>	<b>20.2</b>	<b>17.8</b>	<b>8.2</b>	<b>-2.0</b>	<b>24.6</b>

- Q2 financial (net) expenses 0.4 MEUR (gain 0.4) and for H1 gain 0.1 (expense 1.2).
- **EPS** at 0.18 EUR (0.16) for Q2 and 0.40 EUR (0.31) for H1.
- **Results of WCM project** continued to materialize and contribute to the cash flow.
- **Cash from operating activities for Q2 20.2 MEUR** (17.8) and H1 8.2 MEUR (-2.0).
- Cash used in investing activities for Q2: 2.7 MEUR (1.9) and H1: 4.4 MEUR (2.4).
- Net interest bearing debt seasonally up to 90.4MEUR (Q4/09: 79.4 & Q2/09: 101.0).
- **Equity to assets ratio improved to 41.3%** (Q4/09: 42.8% & Q2/09: 37.5%), **gearing reached an all-time record low level for Q2 at 70.0%** (Q4/09: 71.7% & Q2/09: 91.4%).

RESPECTED RAPALA BRANDS



- Implementation of the Group's strategy for profitable growth continued in Q2.
- High emphasis on **positive development in cash flow, implementing performance improvement initiatives & developing new distribution units** to support future growth
- The results of the major working capital initiative contributed to positive cash flow.
- **Work to develop the Group supply chain** to shorten the lead-times, lower the inventories and further improve the service levels to customers, progressed and **will continue throughout 2010 and further to 2011.**
- The newly established **Chinese gift distribution** company started its operations in April and a new distribution unit was established to **Belarus** in June.
- Group continued several other **performance improvement initiatives.**
- Also **development of organic growth** in terms of extensions of current product categories as well as special marketing, sales and brand initiatives continued.
- The new revolutionary **Sufix 832 fishing line**, developed in cooperation with Gore, the maker of famous gore-tex fabrics, was awarded the Best Fishing Line at the US ICAST fishing tackle show in mid-July.
- Discussions and negotiations regarding **acquisitions and business combinations** continued in Q2.

RESPECTED RAPALA BRANDS



- In general, the **short-term outlook is cautiously optimistic**.
- In **East Europe**, the market has continued the strong growth that started in Q1 and also **Nordic countries**, **West Europe** and **Asia** have started to pick-up gradually.
- **North America** development continues to be quite flat with some monthly ups and downs, which will most likely continue to affect the ordering behavior of some customers and maintain the need for quick deliveries and short lead-times.
- At the end of Q2, Group order backlog was up 47% from last June at 33.2 MEUR.
- 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**.
- **Reducing working capital and increasing cash flow continue to be the top priority** in 2010 with strong emphasis on sales development, innovation & development of new products.
- Q3 Report 2010 will be published on October 21, 2010.

RESPECTED RAPALA BRANDS



Marttiini

BLUE FOX



LUHR-JENSEN  
OF HOOD RIVER, OREGON

STORM

SUIIX

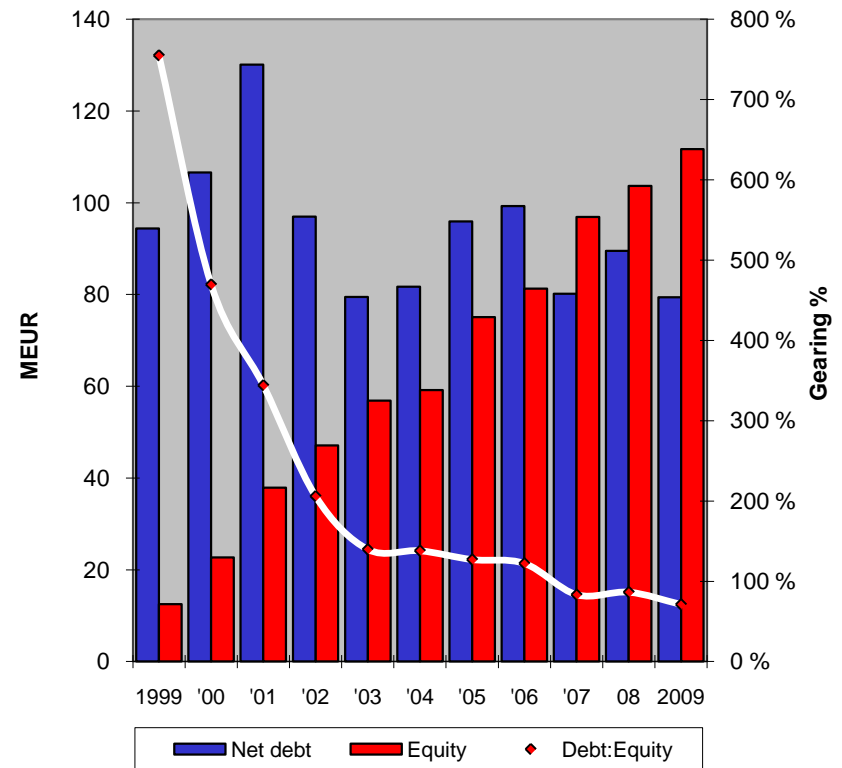
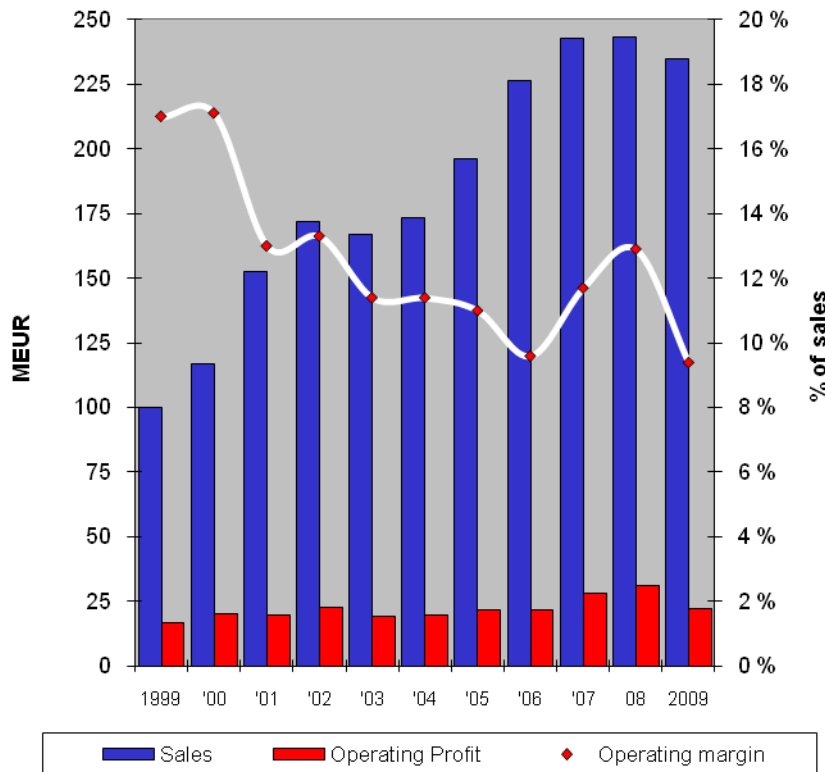
TRIGGER X

PELTONEN



## 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



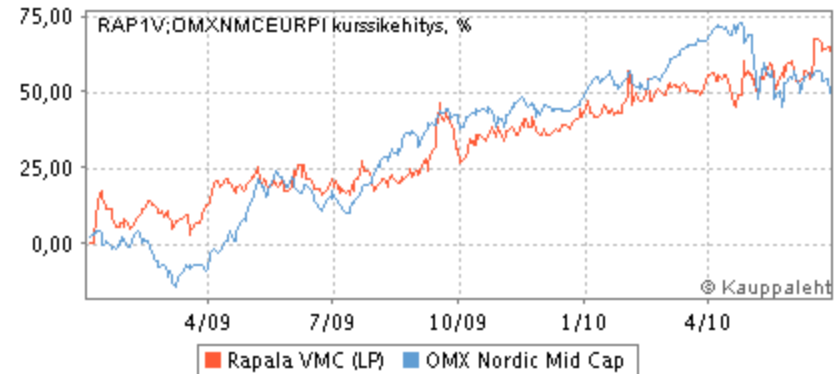
### SHARE RELATED DATA (06/2010)

- Market capitalization **220.1 MEUR**
- **12-month high/low** **5.93/4.04 EUR**
- **All-time high/low** **8.40/2.50 EUR**

### MAJOR SHAREHOLDERS

- VMC Holdings **29 %**
- Sofina **19 %**
- Odin Funds **8 %**
- William Ng **4 %**
- Utavia **4 %**
- State Pension fund **3 %**
- Shimano **2 %**

Share price index performance in 2009 & H1 2010



Share price performance in Jan. 2005 – June 2010



-> During the first six months of 2010, 7 112 018 shares (3 006 603) were traded.

RESPECTED RAPALA BRANDS

# Rapala®



## End of Presentation

### Tight Lines!

RESPECTED RAPALA BRANDS

