

RAPALA®

Q1 INTERIM REPORT 2011

May 3, 2011

GROUP STRATEGY AND ORGANIZATION

SUPPLY

BRANDS

DISTRIBUTION

PRODUCT

SOURCE

GROUP BRANDS

HARD BAIT

Rapala
Storm

SPINNERS

Blue Fox

RAPALA

Finland
Estonia
Russia

SOFT BAIT

Storm

BIG GAME

Williamson

OTHER LURES

Blue Fox
Luhr Jensen
Storm Hard baits
Terminator
Trigger X
Dynamite Baits

WILLTECH

Hong Kong
China

DYNAMITE BAITS

Great Britain

HOOKS

TERMINAL TACKLE AND GIFT

KNIVES

XC-SKIS

VMC, France

WILLTECH, China

MARTTIINI, Finland and Estonia

PELTONEN, Finland

ACCESSORIES, RODS & REELS

FISHING LINES

XC-SKIS & POLES

BAITS AND ATTRACTANTS

China and Taiwan

Taiwan and China

Finland and Russia

Great Britain and Taiwan

OWN
MANUFACTURING
AND R&D

SOURCING
AND OWN
R&D

THIRD
PARTY
PRODUCTS



OWN DISTRIBUTION

USA	Australia	Belarus
Canada	South Africa	France
Japan	Brazil	Spain
Malaysia	Finland	Portugal
China	Sweden	Switzerland
Great Britain	Denmark	Poland
Thailand	Norway	Estonia
South Korea	Iceland	Lithuania
		Latvia

RAPALA-SHIMANO DISTRIBUTION

Russia	Hungary
Ukraine	Romania
Czech Republic	
Slovak Republic	

SHIMANO

Italy
Germany
Netherlands
Belgium
Great Britain

LOCAL IMPORTERS

Rest of Europe
Rest of World



SUMMARY OF Q1 2011

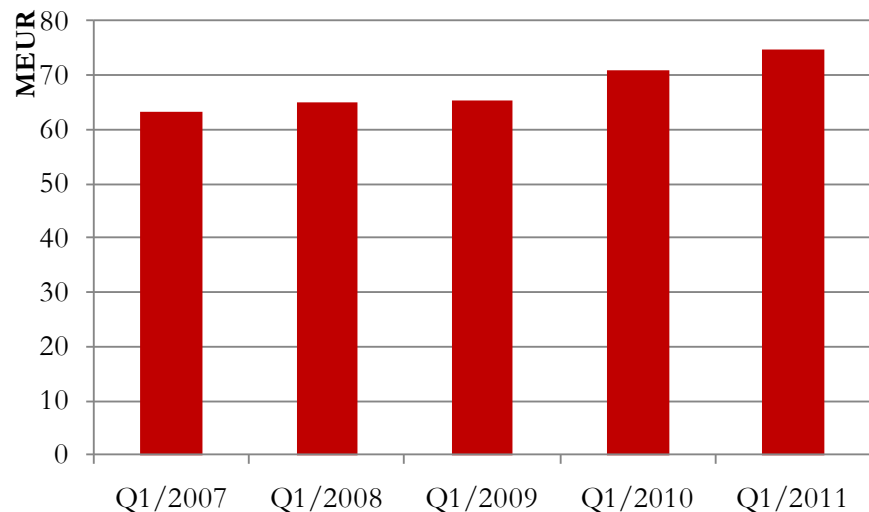
EUR million	I/2011	I/2010	I-IV/2010
Net Sales	74.7	70.8	269.4
Operating Profit - Reported	12.1	11.7	31.3
Operating Profit - Comparable	12.1	11.8	31.8
Net Profit for the Period	7.9	9.1	20.7
EPS (basic), EUR	0.18	0.22	0.46
Cash flow from Operations	-15.5	-12.0	13.0
Net Interest-bearing Debt	106.7	96.6	92.0

- **Net sales** for the first quarter increased by 6% to a quarterly record of 74.7 MEUR, supported by good sales in various European, Asian and Southern hemisphere countries, new units and impact of currencies.
- **Comparable operating** profit improved and reached all time first quarter record of 12.1 MEUR. **Comparable operating margin** was 16.2% (16.7).
- **EPS** were 0.18 EUR.
- **Cash flow from Operations** dropped seasonally to -15.5 MEUR (-12.0) as the inventories increased following more sales oriented working capital management.
- It is expected that in 2011 the net sales will increase from 2010 and also the comparable operating margin is targeted to improve.



ANALYSIS OF NET SALES

Net Sales Development	Q-on-Q
Group Total	6 %
Group Fishing Products	11 %
Other Group Products	6 %
Third Party Products	-1 %
North America	-1 %
Nordics	12 %
Rest of Europe	18 %
Rest of the World	15 %



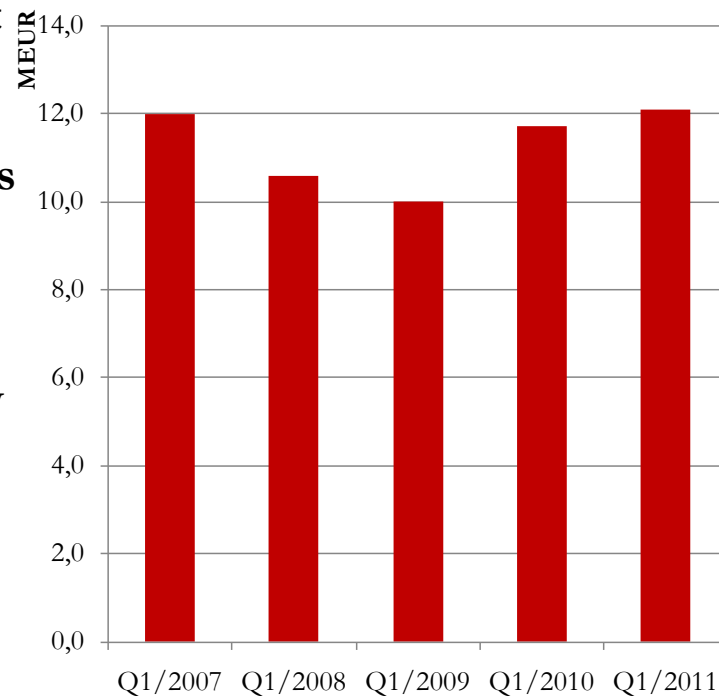
- Net sales for Q1 increased by 6% reaching quarterly record at 74.7 MEUR (70.8 MEUR).
- With **comparable exchange rates**, net sales increased 3%. The **newly acquired and established subsidiaries** contributed to net sales 1.5 MEUR.
- **Group Fishing Products** grew to 41.9 MEUR (37.7), supported with sales of Sufix fishing lines and products of Dynamite Baits. **Other Group Products** benefit from sales of winter sports equipment. **Third party products** amounted to 27.9 MEUR (28.2), but suffering some delivery problems and year-end timing of shipments.
- **North America** affected by long winter and timing of shipments. Norway and Denmark strong in **Nordics**. **Rest of Europe** good performance in West and Southern Europe and Russia, despite some logistical problems. Steady growth in **Rest of the World**.
- The earthquake in Japan did not have any material impact on Group's business or operations



ANALYSIS OF OPERATING PROFIT

Operating profit (MEUR)	Q1/2011	Q1/2010
Group total (comparable)	12.1	11.8
Group Fishing Products	8.6	8.1
Other Group Products	0.5	0.5
Third Party Products	3.1	3.1
Group Total (as reported)	12.1	11.7

- **Comparable operating profit** reached quarterly record at 12.1 MEUR (11.8). **Comparable operating margin** was 16.2% (16.7).
- **Non-recurring costs** of 0.0 MEUR (0.1) relate to business restructurings.
- **Reported operating profit** was 12.1 MEUR (11.7). **Reported operating margin** was 16.2 % (16.5).
- Comparable operating profit was positively impacted by **increased sales** and **improved gross margin**, whereas new units, fixed cost inflation and currency items burdened the profitability.
- **Operating profit margin** of Group Fishing Products affected by stock clearance sales. Third Party Products in line with last year.
- **ROCE** was 21.0% (22.6).



NET RESULT AND CASH FLOW

EUR million	I/2011	I/2010	I-IV/2010
Net profit for the period	7.9	9.1	20.7
Adjustments (reversal of non-cash items)	6.0	3.6	17.4
Financial items and taxes paid/rec	-2.9	-3.3	-12.1
Change in working capital	-26.6	-21.4	-13.0
Net cash from operating activities	-15.5	-12.0	13.0

- **Q1 financial (net) expenses** 1.0 MEUR (gain 0.5), negatively impacted by change in (net) currency exchange expenses.
- **EPS** at 0.18 EUR (0.22) for Q1.
- **Cash from operating activities** was seasonally down to -15.5 MEUR (-12.0) as the inventories increased following more sales oriented working capital management aiming at securing fill rates and gaining market share as well as due to the on-going changes in Group's supply chain management.
- Cash used in investing activities amounted to 1.7 MEUR (1.7).
- **Net interest bearing debt** increased to 106.7 MEUR (Q1/2010: 96.6 & Q4/2010: 92.0) due to the cycle of the business and increased working capital.
- **Equity to assets** ratio was down 50 basis points to 41.2% (41.7). **Gearing** increased to 79.5% (77.7). At December 2010 equity to assets ratio was 42.6% and gearing 71.2%.



STRATEGY IMPLEMENTATION

- The Group continued the implementation of its strategy of profitable growth during Q1 with **emphasis on setting up and integrating the newly established and acquired companies** into Group's manufacturing and distribution company network as well as **launching new initiatives to improve Group's internal supply chain and inventory management**.
- Preparations to take over the **distribution of Rapala products into the UK distribution system of Dynamite** continued, with launch taking place in the beginning of April.
- Distribution of **Dynamite's products** through various Rapala distribution companies outside UK has also started and plans to expand the use of Dynamite brand are proceeding.
- The Group's new distribution companies in **Indonesia** and **Mexico** were established and the sales will commence during Q2. In addition to Mexico and Brazil, Rapala is actively considering business opportunities also in other **Latin American countries**.
- The Group made investments and started to plan and implement new initiatives and structural improvements in its **internal supply chain and product life-cycle management**, with target to ensure improved service levels to customers while simultaneously bringing Group's inventories permanently to lower levels.
- Special **performance improvement program** started in Norwegian distribution company.
- **Organic growth** in terms of new products (e.g. Sufix 832 fishing line and Rapala Clackin' Minnow lure) and extensions of current product categories as well as special marketing, sales and brand initiatives continued.
- Discussions and negotiations regarding **acquisitions and business combinations** continued in Q1.



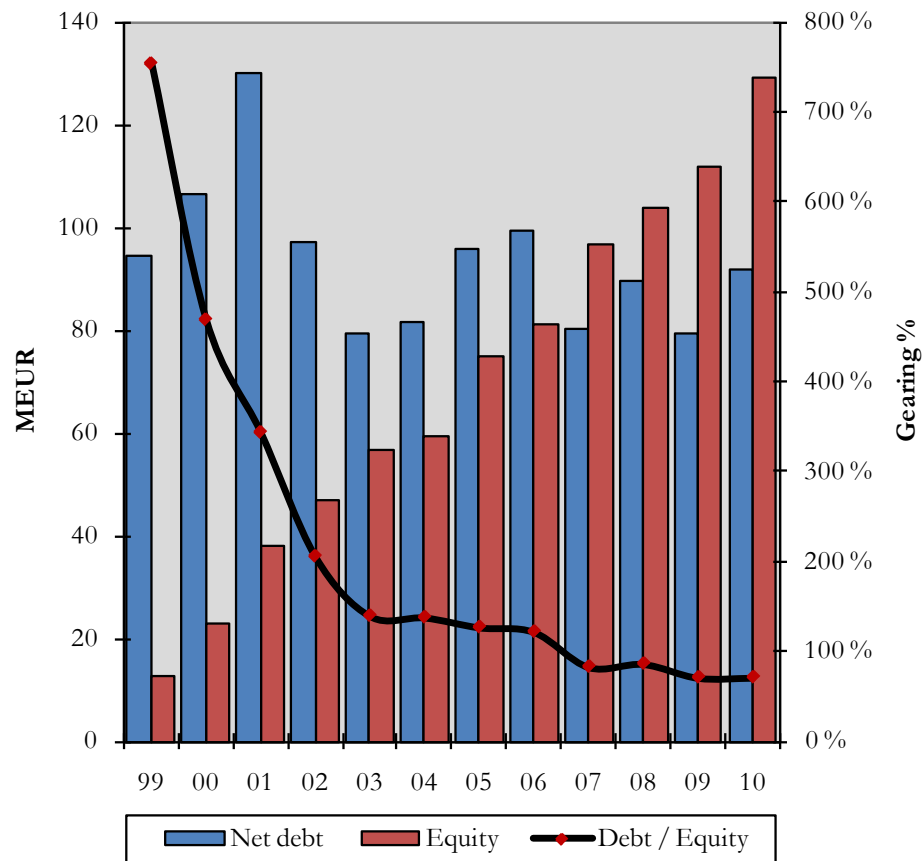
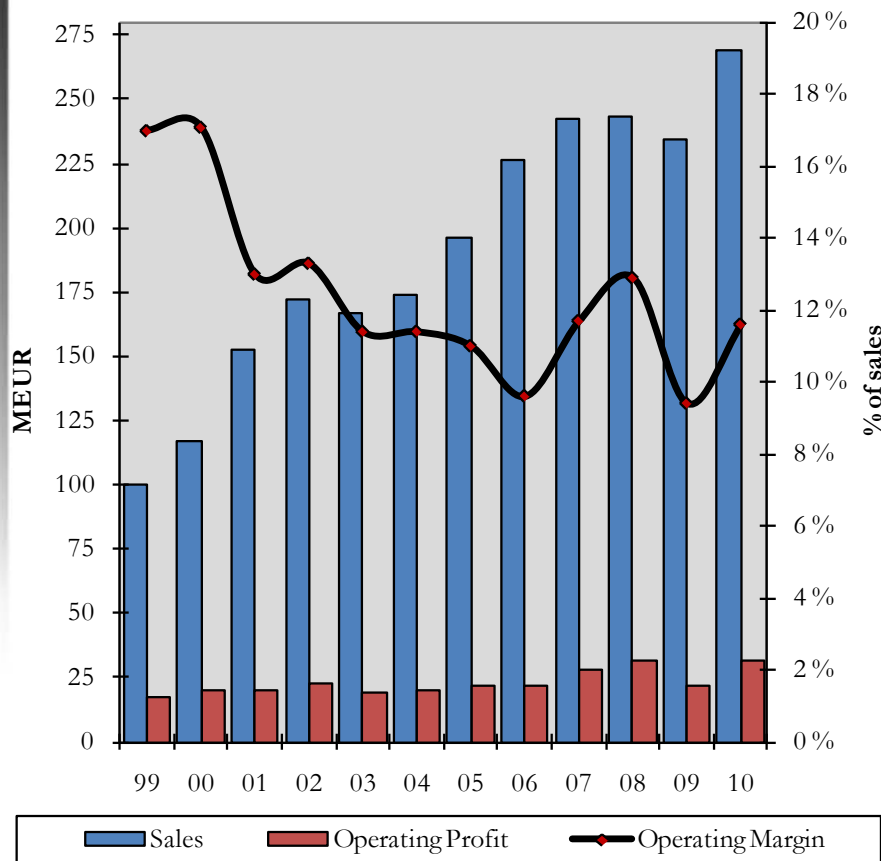
SHORT-TERM OUTLOOK

- In line with the first quarter performance, **the view on general market situation and sentiment continues to be positive for 2011.**
- In some major markets the summer fishing season did not fully start during the first quarter due to long and snowy winter. This together with some Q1 logistical delays are expected to **shift some sales to the second quarter.**
- The long winter as such will **support next winter season's presales and autumn deliveries of winter sports equipment in the Nordic countries and Russia,** where the distribution of winter sports equipment will start in Q4.
- The **delivery performance** of Group's manufacturing units and distribution companies is good, which combined with **good range of new products** is supporting the sales. New **supply chain initiatives** already enable additional sales during the end of the season.
- The still ongoing uncertainties in the current status and development pace of the global economies continue to create some disturbance in some markets like in Southern Europe and North America, where the increase in fuel price could have negative implications on consumer behavior
- It is expected that in 2011 the net sales will increase from 2010 and also comparable operating margin is targeted to improve.
- Second quarter interim report will be published on July 27.



FINANCIAL TRENDS IN RAPALA

- It is expected that in 2011 the **net sales will increase** from 2010 and also **comparable operating margin is targeted to improve**.
- **Financial position getting even stronger** allowing headroom for new acquisitions.



SHARES AND SHAREHOLDERS

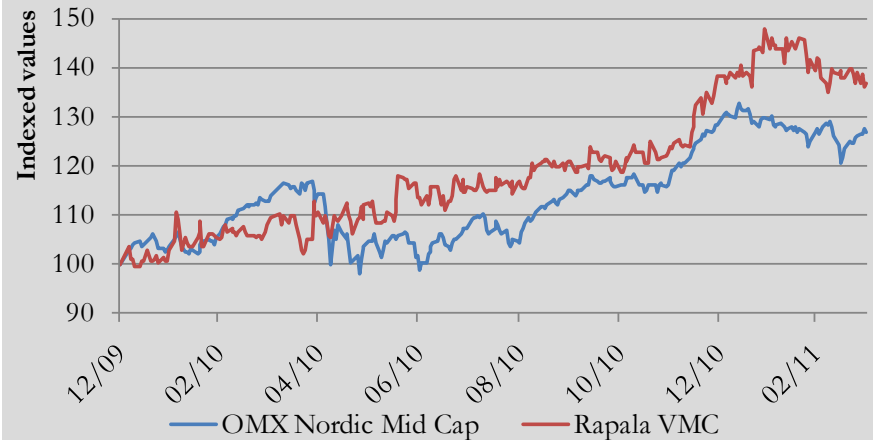
SHARE RELATED DATA (03/2011)

- Market capitalization 268.4 MEUR
- 12-month high/low 7.38/5.03 EUR
- All-time high/low 8.40/2.50 EUR

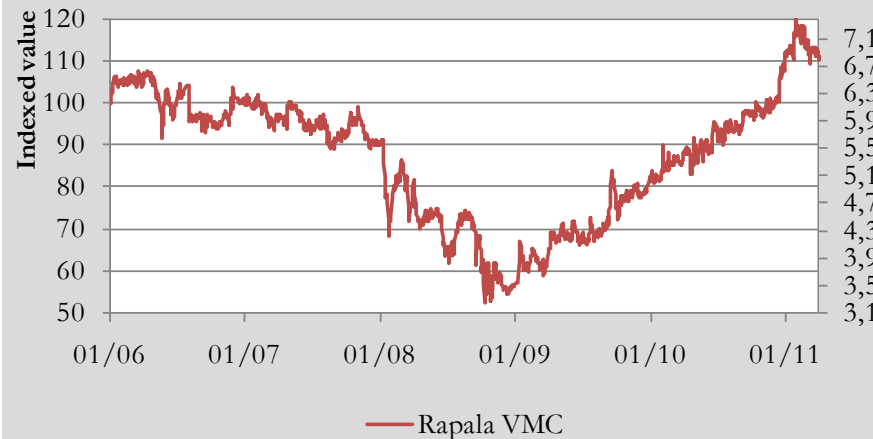
MAJOR SHAREHOLDERS (03/2011)

- VMC Holdings 30 %
- Sofina 19 %
- Odin Funds 8 %
- Ilmarinen 5 %
- OP Funds 5 %
- Nordea Funds 4 %
- State Pension fund 3 %
- Pension Fennia 2 %
- Shimano 2 %

Share price index performance in Jan 2010 – Mar 2011



Share price performance in Jan 2006 – Mar 2011



RAPALA®

END OF PRESENTATION

Tight lines!

