

RAPALA®

Q1 INTERIM REPORT 2012

April 27, 2012

CORNERSTONES OF STRATEGY IMPLEMENTATION

STRATEGIC OBJECTIVE: PROFITABLE GROWTH

DISTRIBUTION COMPANY NETWORK

- Own distribution unit in 34 countries.
- Widest within the industry.
- Platform for future growth.

MANUFACTURING, SOURCING AND R&D

- Specialized and effective own manufacturing units and sourcing organization producing and supplying premium products for mass markets.

BRAND PORTFOLIO

- Rapala ® world's most recognized fishing tackle brand.
- Respected portfolio of global consumer brands.
- World class sales and marketing.

CORPORATE CULTURE

- Decentralized and flat corporate structure.
- Local decision making.
- Entrepreneurial spirit and profit responsibility.



RAPALA'S UNIQUE DISTRIBUTION POWER

Group's own
Manufacturing,
Sourcing and R&D
platform serving
Group's own Brands

RAPALA



Respected 3rd Party
Suppliers and with
World-Class Brands

*Shimano, Plano, Minn Kota,
Humminbird, Okuma, Bushnell,
Magellan, Remington, Beretta,
Alpina etc.*

Group's own
expanding
distribution
company
network in 34
countries all
over the world

Australia, Belarus, Brazil,
Canada, China, Czech*,
Denmark, Estonia, Finland,
France, Hungary*, Iceland,
Indonesia, Japan, Kazakstan*,
Latvia, Lithuania, Malaysia,
Mexico, Norway, Poland,
Portugal, Romania*, Russia*,
Slovakia*, South Africa, South
Korea, Spain, Sweden,
Switzerland, Thailand, UK*,
Ukraine*, USA

** Co-owned with Shimano*

Retail
Customers
Globally

ranging from
world's largest
retailers to
smallest specialist
shops



SUMMARY OF Q1 2012

| EUR million | I/2012 | I/2011 | I-IV/2011 |
|-------------------------------|--------|--------|-----------|
| Net Sales | 73.5 | 74.7 | 279.5 |
| Operating Profit - Reported | 10.4 | 12.1 | 30.7 |
| Operating Profit - Comparable | 10.3 | 12.1 | 30.5 |
| Net Profit for the Period | 7.5 | 7.9 | 17.2 |
| EPS (basic), EUR | 0.16 | 0.18 | 0.36 |
| Cash flow from Operations | -9.3 | -15.5 | 15.2 |
| Net Interest-bearing Debt | 107.7 | 106.7 | 91.2 |

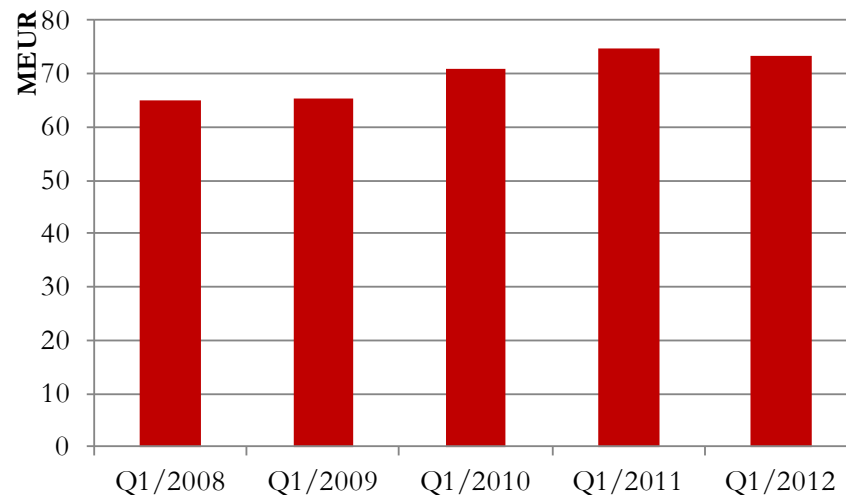
CHALLENGING WINTER IN NORDIC COUNTRIES DEPRESSED SALES AND PROFITS. FULL YEAR OUTLOOK POSITIVE.

- **Net sales** for the first quarter decreased 2% from last year to 73.5 MEUR (74.7 MEUR), affected by the divestment of gift business and challenging winter business conditions. Excluding the impact of the gift business divestment net sales increased 1% from last year.
- **Comparable operating profit** totaled 10.3 MEUR (12.1 MEUR) for the first quarter. **Comparable operating margin** was 14.0% (16.2%).
- **Reported operating profit** for the first quarter was 10.4 MEUR (12.1 MEUR).
- **EPS** were 0.16 EUR (0.18 EUR).
- **Cash flow from operating activities** improved significantly from last year to -9.3 MEUR (-15.5 MEUR). **Gearing** decreased to 75.9% (79.5%) reaching all time first quarter record.
- It is expected that in 2012 the net sales will increase from 2011 and the comparable operating profit is targeted to improve.



ANALYSIS OF NET SALES

| Net Sales Development | Q-on-Q |
|-----------------------|--------|
| Group Total | -2 % |
| Group Products | -2 % |
| Third Party Products | -1 % |
| North America | 8 % |
| Nordics | -16 % |
| Rest of Europe | 3 % |
| Rest of the World | -9 % |



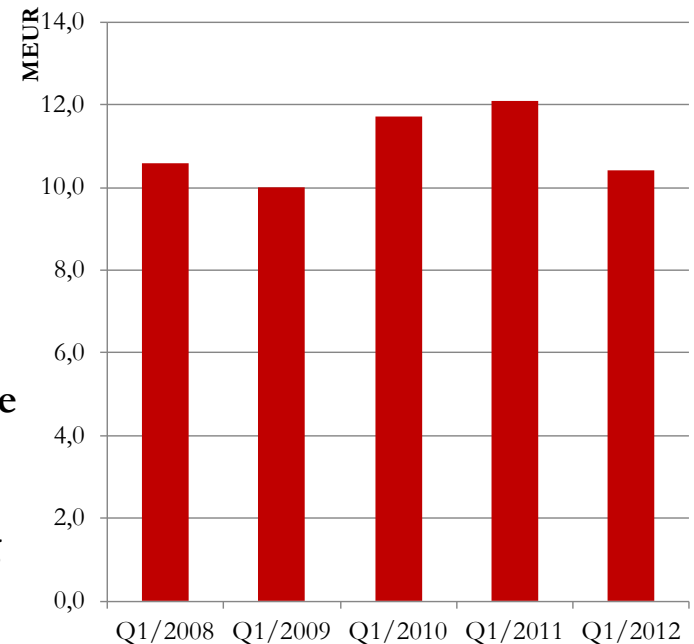
- Q1 sales -2% from last year to 73.5 MEUR (74.7 MEUR). Excluding the impact of the gift business divestment net sales increased 1% from last year.
- With **comparable exchange rates** and **organization structure**, net sales were at last year's level.
- **Group Products** affected by the impact from gift business divestment and slow winter sports equipment sales. Excluding gift and winter sports, sales increased 4%. **Third Party Products** affected by decreased sales of winter sports and hunting equipment. Excluding the impact of winter sports, sales were up 1%.
- External net sales in **North America** were up as a result of improved market sentiment, early spring and strengthening of the US Dollar. In **Nordics** sales were down due to challenging winter business conditions, and restructuring of the business in Norway. **Rest of Europe** sales increased following strong performance in Eastern Europe and France whereas Hungary, Spain and Switzerland are still hurt by the economical uncertainties. In **Rest of the World** sales decreased as a result of the divestment of the gift business. Excluding gift business divestment, sales were up 16%.



ANALYSIS OF OPERATING PROFIT

| Operating profit (MEUR) | Q1/2012 | | Q1/2011 | |
|---------------------------|---------|-------|---------|-------|
| | M€ | % | M€ | % |
| Group Total (comparable) | 10.3 | 14.0% | 12.1 | 16.2% |
| Group Products | 7.0 | 15.2% | 9.0 | 19.3% |
| Third Party Products | 3.4 | 12.3% | 3.1 | 11.0% |
| Group Total (as reported) | 10.4 | 14.1% | 12.1 | 16.2% |

- **Comparable operating profit** totaled 10.3 MEUR (12.1 MEUR). **Comparable operating margin** was 14.0% (16.2%).
- **Non-recurring net gain** of 0.1 MEUR (0.0 MEUR) relate to a gain on disposal of real estate in Finland and costs related to business acquisitions.
- **Reported operating profit** was 10.4 MEUR (12.1 MEUR). **Reported operating margin** was 14.1% (16.2%).
- Operating profit of **Group Products** was negatively impacted by the divestment of the gift business, declined sales of winter sports equipment and reduced margins in hooks and fishing accessories. Also stock clearance sales and establishment of new manufacturing units burdened profitability. Operating profit of **Third Party Products** increased with main contribution coming from fishing products.
- **ROCE** was 17.4% (21.0%).



NET RESULT AND CASH FLOW

| EUR million | I/2012 | I/2011 | I-IV/2011 |
|---|-------------|--------------|-------------|
| Net profit for the period | 7.5 | 7.9 | 17.2 |
| Adjustments (reversal of non-cash items) | 4.6 | 6.0 | 17.6 |
| Financial items and taxes paid/rec | -2.5 | -2.9 | -12.3 |
| Change in working capital | -18.9 | -26.6 | -7.3 |
| Net cash from operating activities | -9.3 | -15.5 | 15.2 |

- **Financial (net) expenses** were 0.0 MEUR (1.0 MEUR), with major change in (net) currency exchange gain of 1.0 MEUR (loss 0.2 MEUR). Net interest and other financing expenses increased slightly from last year level to 1.0 MEUR (0.8 MEUR).
- **EPS** at 0.16 EUR (0.18 EUR).
- **Cash flow from operating activities** improved significantly from last year to -9.3 MEUR (-15.5 MEUR). During first quarter inventories and payables developed more favorably compared to last year and net change in working capital was -18.9 MEUR (-26.6 MEUR).
- Net cash used in **investing activities** amounted to 8.3 MEUR (1.7 MEUR). Normal operative capital expenditure was 2.3 MEUR (1.8 MEUR), increased mainly by establishment of the manufacturing units in Batam. Acquisition of the assets of Strike Master Corporation and Mora ICE brand totaled 6.4 MEUR and proceeds from the sale of a real estate in Finland totaled 0.3 MEUR.
- **Net interest bearing debt** increased seasonally from December and was 107.7 MEUR (106.7 MEUR).
- **Equity-to-assets** ratio was down 40 basis points to 40.8% (41.2%).
- **Gearing** decreased to 75.9% (79.5%) reaching all time first quarter record.



STRATEGY IMPLEMENTATION

- Implementation of Rapala's strategy of profitable growth continued by concluding **three major initiatives which give Rapala the global leadership position in ice fishing category**:
 - Acquisition of the assets of **Strike Master** Corporation in the United States
 - Acquisition of Swedish **Mora ICE** brand and entering into an exclusive supply agreement with Mora of Sweden AB
 - Entering into an exclusive supply agreement with **Marcum** Electronics in the US.
- Newly established distribution units in **Mexico, Indonesia and Kazakhstan** were developed further.
- New lure and hook manufacturing units on Batam Island in Indonesia started their operations during the first quarter and are gradually ramping up the production volumes and improving the operational efficiencies. Group has **decided to expand the Batam lure manufacturing**, and the size of the operation is expected to triple during the next 12 months.
- Special performance improvement initiative in **Norway** continued.
- Working capital and cash flow management was still one of the top priorities of the Group and the Group continues to **work to reduce the inventory levels** and develop the Group's **internal supply chain**.
- Rapala's loan facilities were **refinanced** in April with 150 MEUR 5-year package.
- Discussions and negotiations regarding **acquisitions and business combinations** continued.

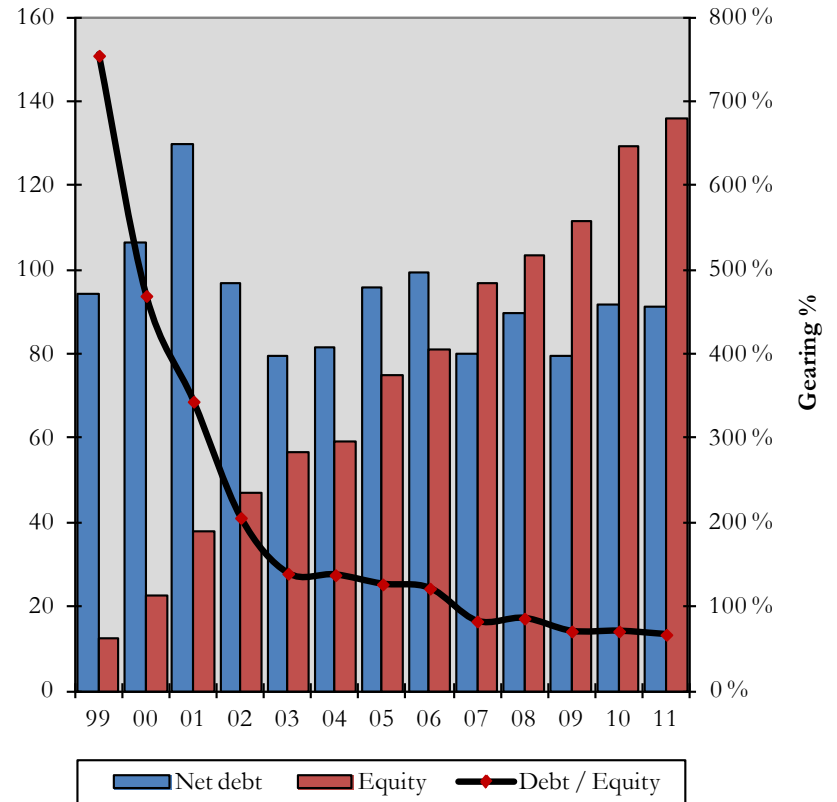
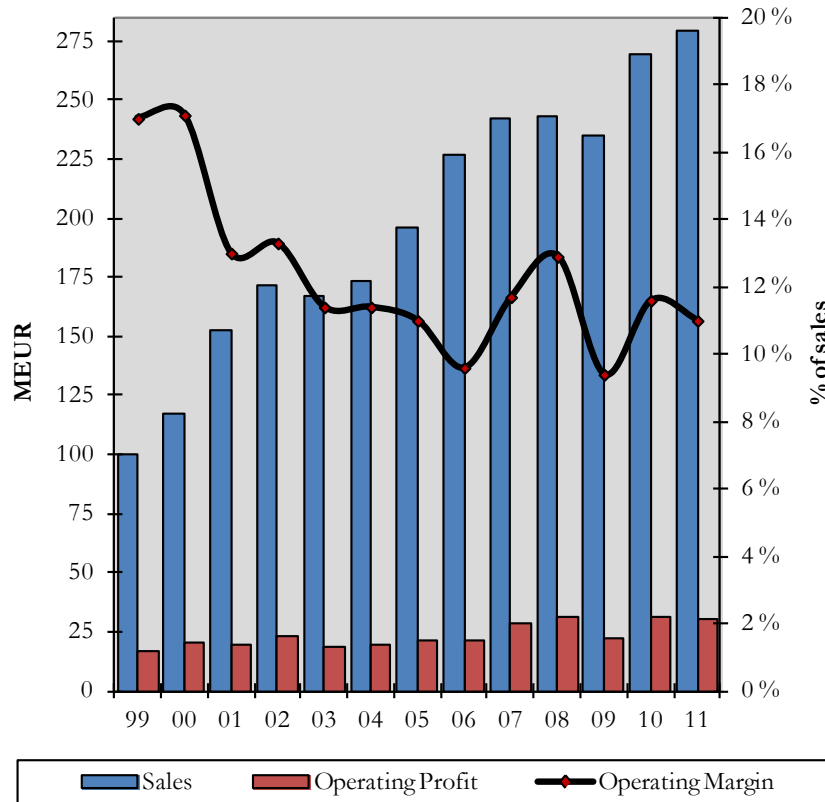


SHORT-TERM OUTLOOK

- Despite the lower than last year first quarter sales and operating profit, mainly caused by the divestment of the gift business, startup costs of the new manufacturing units and difficult winter business conditions, the **outlook for the full year is positive**.
- **Early spring** is supporting the beginning of main summer fishing season in several major markets.
- Summer season's **presales** have been good in several markets and the Group is well positioned to serve the customers when the main season starts.
- **US economy** is showing signs of improvement and overall retail environment is picking up.
- The growth in **East Europe and Asia** is expected to continue, while in **Europe** some uncertainty concerning retail and consumer demand is still present in certain markets.
- The **divestment of the gift business** will have some reducing impact on the Group's net sales and the continuing **inventory cleaning initiatives** may pressure the profitability, while at same time **performance improvement initiatives** in various units are expected to show results.
- The **new acquisitions and distribution agreements** relating to winter fishing business are expected to impact positively on the Group's sales and operating profit during the second half of the year.
- It is expected that in 2012 the net sales will increase from 2011 and the comparable operating profit is targeted to improve.
- Q2/2012 published on July 24, 2012.



FINANCIAL TRENDS IN RAPALA



- It is expected that in 2012 the net sales will increase from 2011 and the comparable operating profit is targeted to improve.
- Financial position getting even stronger allowing headroom for new acquisitions.



SHARES AND SHAREHOLDERS

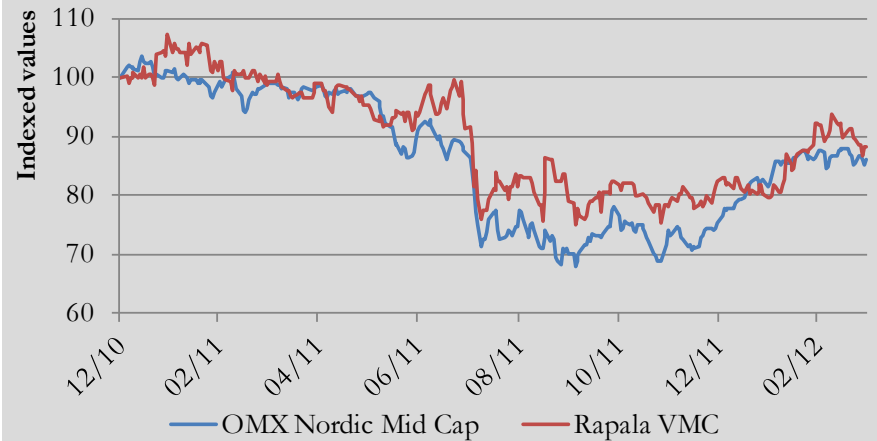
SHARE RELATED DATA (03/2012)

- Market capitalization 235.4 MEUR
- 12-month high/low 6.93/4.86 EUR
- All-time high/low 8.40/2.50 EUR

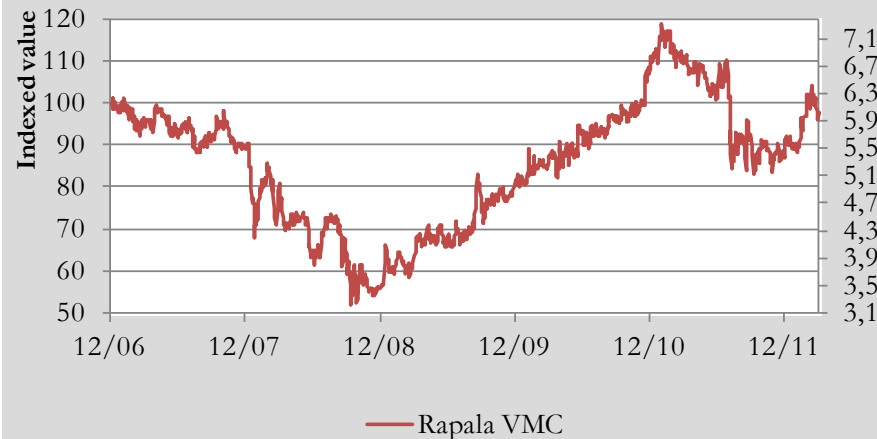
MAJOR SHAREHOLDERS (03/2012)

- VMC Holdings 30 %
- Sofina 19 %
- Nordea Funds 8 %
- Odin Funds 7 %
- Ilmarinen 4 %
- State Pension fund 3 %
- OP Funds 3 %
- Shimano 2 %
- Pension Fennia 2 %

Share price index performance in Jan 2011 – Mar 2012



Share price performance in Jan 2007 – Mar 2012



RAPALA®

END OF PRESENTATION

Tight lines!