

RAPALA®

ANNUAL ACCOUNTS & Q4/2010

February 10, 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 YEAR 2010 AND Q4

EUR million	IV/2010	IV/2009	I-IV/2010	I-IV/2009
Net Sales	60.4	51.4	269.4	234.6
Operating Profit - Reported	4.2	0.7	31.3	22.1
Operating Profit - Comparable	4.3	1.0	31.8	23.5
Net Profit for the Period	1.8	-0.8	20.7	14.3
EPS (basic), EUR	0.04	-0.02	0.46	0.31
Cash flow from Operations	-2.2	6.0	13.0	24.6
Net Interest-bearing Debt	92.0	79.4	92.0	79.4

- **Net sales** for Q4 increased by 18% from last year to a quarterly record of 60.4 MEUR . YTD net sales increased by 15% to an all time record at 269.4 MEUR .
- **Comparable operating** profit improved from last year and reached 4.3 MEUR in Q4 and 31.8 MEUR YTD.
- **EPS** were 0.04 EUR for Q4 and 0.46 EUR YTD.
- **Cash flow from Operations** dropped from last year's highs to 13.0 MEUR (24.6)
- It is expected that in 2011 the net sales will increase from 2010 and also comparable operating margin is targeted to improve.
- Board's **dividend proposal** for 2010 is 0.23 EUR per share.



ANALYSIS OF NET SALES

Net Sales Development	Q-on-Q	Y-on-Y
Group Total	18 %	15 %
Group Fishing Products	10 %	10 %
Other Group Products	65 %	42 %
Third Party Products	12 %	17 %
North America	27 %	12 %
Nordics	7 %	8 %
Rest of Europe	10 %	17 %
Rest of the World	8 %	26 %

Quarter	Net Sales (MEUR)
Q4/2006	~49
Q4/2007	~53
Q4/2008	~50
Q4/2009	~51
Q4/2010	60.4

- Net sales for Q4 increased 18% and 15% YTD reaching 60.4 MEUR & 269.4 MEUR.
- With **comparable exchange rates**, net sales increased 10% for Q4 and 8% YTD.
- The **newly acquired and established subsidiaries** contributed to YTD net sales 2.6 MEUR.
- **Group Fishing Products** represent 52%, 139.5 MEUR, of Group's YTD sales. **Third party products** 39%, 105.6 MEUR respectively.
- **Nordic** area still largest with 110.4 MEUR YTD sales. **Rest of Europe** reaching, following strong growth in Russia.
- Q4 sales growth was supported by **strong sales of winter sports equipment**, good **North American** sales and impact of **currencies**.

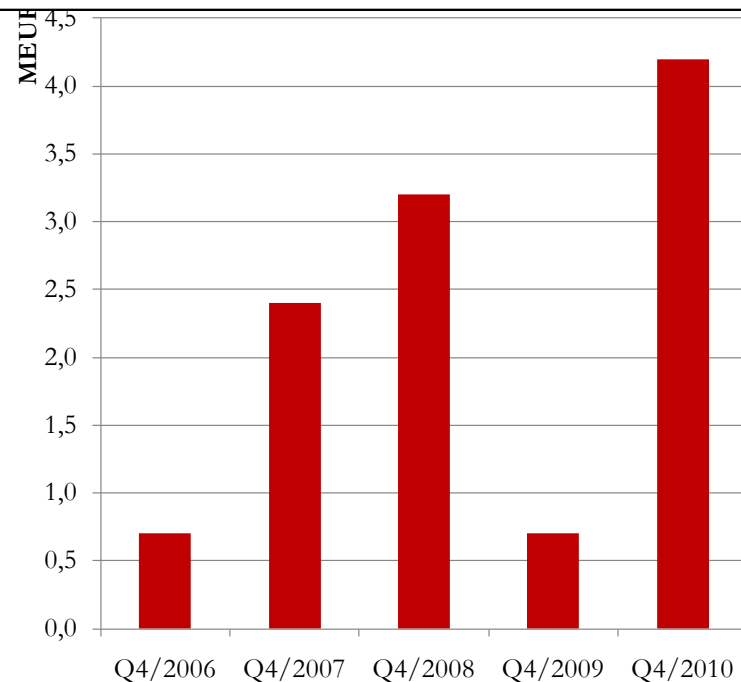


ANALYSIS OF OPERATING PROFIT

Operating profit (MEUR)	Q4/2010	Q4/2009	Q4/2010 YTD	Q4/2009 YTD
Total (comparable)	4.3	1.0	31.8	22.1
Own Products	4.0	1.5	21.4	11.5
Acquired Products	0.3	0.3	2.0	1.0
Other Products	-0.2	-1.2	7.8	9.6
Total (as reported)	4.2	0.7	31.3	22.2

Comparable operating margin increased to 7.17% (2.0%) for Q4 and 11.8% (10.0%) for YTD.

- Non-recurring costs (0.1 for Q4 & 0.5 MEUR YTD) relate mainly to restructuring initiatives and business acquisition.
- **Reported operating** profit was up to 4.2 MEUR (0.7) for Q4 and 31.3 (22.1) YTD.
- **Reported operating margin improved** to 6.9% (1.3) for Q4 and 11.6% (9.4) YTD.
- ROCE up to 8.1% (1.4) for Q4 & 15.2% (11.5) YTD.
- Profitability was positively affected by **increased sales** and consequently improved **fixed cost coverage**, **improvement in profitability** of Group's own products and **strengthening of several currencies**.



NET RESULT AND CASH FLOW

EUR million	IV/2010	IV/2009	I-IV/2010	I-IV/2009
Net profit for the period	1.8	-0.8	20.7	14.3
Adjustments (reversal of non-cash items)	4.0	2.9	17.4	14.7
Financial items and taxes paid/rec	-2.7	-1.6	-12.1	-7.4
Change in working capital	-5.2	5.6	-13.0	3.0
Net cash from operating activities	-2.2	6.0	13.0	24.6

- **Q4 financial (net) expenses** 0.7 MEUR (1.1) and YTD 1.8 MEUR (2.1).
- **EPS** at 0.04 EUR (-0.02) for Q4 and 0.46 EUR (0.31) YTD.
- The focus on **working capital management** has gradually also turned into securing service levels to customers and exploiting sales opportunities.
- **Cash from operating activities** for Q4: -2.2 MEUR (6.0) and YTD 13.0 MEUR (24.6).
- Cash used in investing activities for Q4: 1.6 MEUR (2.6) and YTD 13.2 MEUR (6.3).
- **Acquisition of Dynamite** of 6.1 MEUR, incl. 1.3 M escrow account.
- **Net interest bearing debt** 92.0 MEUR (79.4).
- **Equity to assets** ratio was slightly weaker than last year at 42.6% (42.8), as was **gearing** at 71.2% (71.1).



STRATEGY IMPLEMENTATION

- The Group continued the implementation of its strategy of profitable growth by **acquiring Dynamite Baits Ltd**, a manufacturer of premium carp baits.
- Acquisition makes Rapala a **strong player in the European carp fishing market**, and contributes to the Group's **brand** strategy and portfolio and leverages Rapala's unique **sourcing and distribution platforms**.
- Following the acquisition the **UK distribution of Rapala's other products** will be combined into the Dynamite's efficient UK distribution system during the first half of 2011.
- Rapala proceeded with plans to establish new distribution operations in **Mexico and Indonesia**, both operations are planned to start during first half of 2011.
- Performance improvement initiatives continued in Hungary.
- **Working capital and cash flow management** still top priority, but the focus on inventory management has also turned into securing service levels to customers and exploiting sales opportunities.
- Work to develop the **Group's supply chain** to shorten lead-times, lower the inventories and further to improve service levels to customers, progressed and will continue further in 2011.
- **Organic growth** in terms of new products (e.g. Sufix 832) 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 Q4.



SHORT-TERM OUTLOOK

- In general, the short-term outlook is **positive**.
- In **East Europe** growth of sales is expected to continue. In **Western Europe** market situation is expected to be stable, while the Group's sales there will grow following the acquisition of Dynamite and due to the Group's strong distribution company network. In the **Nordic countries** beginning of the year is still supported with the good sales of winter sports equipment and the good season is expected to support next season's presales and autumn deliveries. **The US** retail market is expected to recover, although slowly, and the Group's position in the US market is strong.
- The Group's growth is further supported with establishment of **new distribution companies** as well as successful **launch of new products**. The Group's manufacturing units are well prepared to meet the demand of the coming fishing season.
- The Group's **order backlog** was up 7% from last December at 47.0 MEUR.
- It is expected that in 2011 the net sales will increase from 2010 and also comparable operating margin is targeted to improve.
- The Board of Directors proposes to the Annual General Meeting that a **dividend of EUR 0.23** for 2010.
- **Annual Report 2010** will be published on March 14th and **AGM** is planned to be held on April 5th.



GROWTH OPPORTUNITIES FOR 2011

SUFIX 832 TO SUPPORT THE GROWTH IN FISHING LINES

- Exceptionally good reviews by fishermen and magazines
- Technology co-operation with Gore
- Very good in-sales and first signs of strong consumer sales



FIRST FULL YEAR FOR DYNAMITE IN RAPALA

- Strong brand. Extension possibilities.
- Growing form of fishing.
- Synergy potentials in R&D, distribution and sourcing.



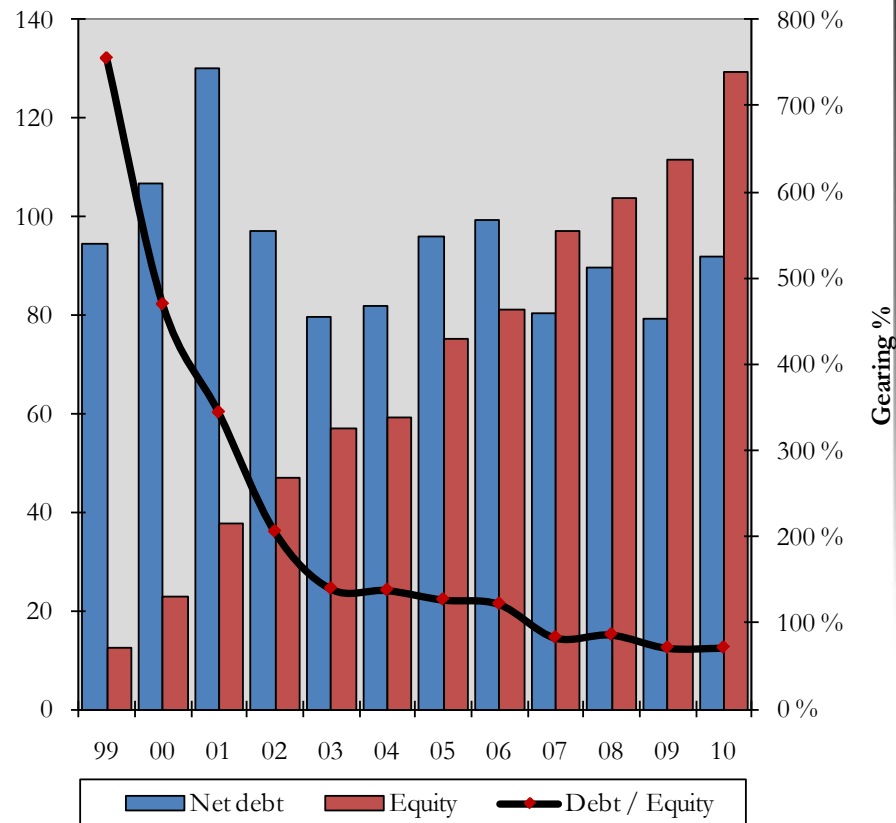
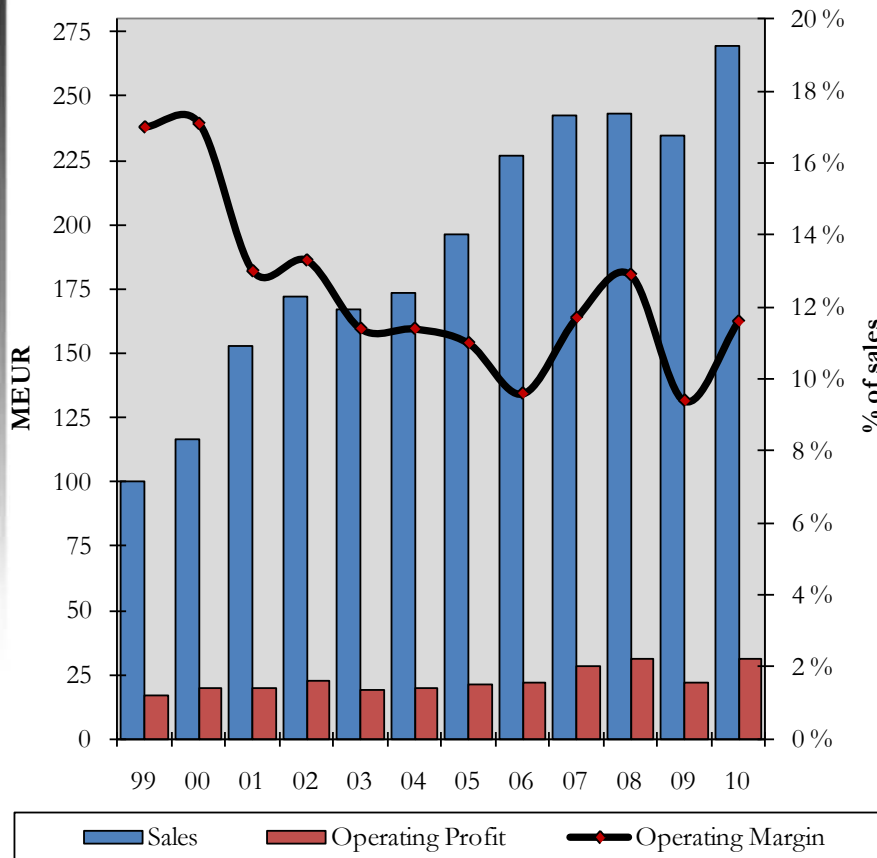
EXPANSION OF THE DISTRIBUTION NETWORK

- Strategic corner stone. Strongest network in the industry.
- Seeds for future growth.



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

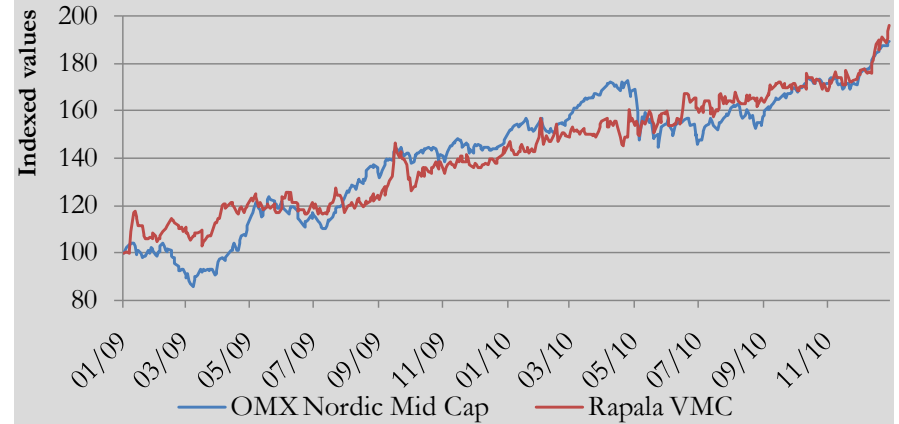
SHARE RELATED DATA (12/2010)

- Market capitalization 267.0 MEUR
- 12-month high/low 6.86/4.80 EUR
- All-time high/low 8.40/2.50 EUR

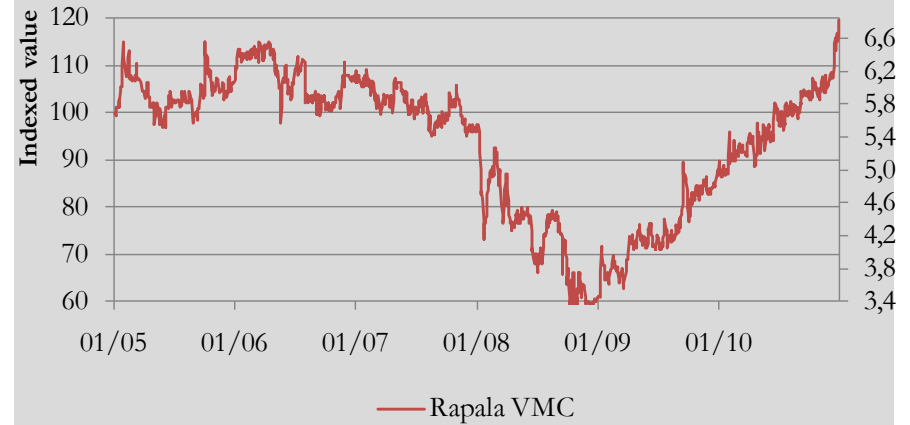
MAJOR SHAREHOLDERS (12/2010)

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

Share price index performance in 2009-2010



Share price performance in 2005-2010



RAPALA®

END OF PRESENTATION

Tight lines!

