

RAPALA®

ANNUAL ACCOUNTS & Q4/2011

February 8, 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 Q4 2011

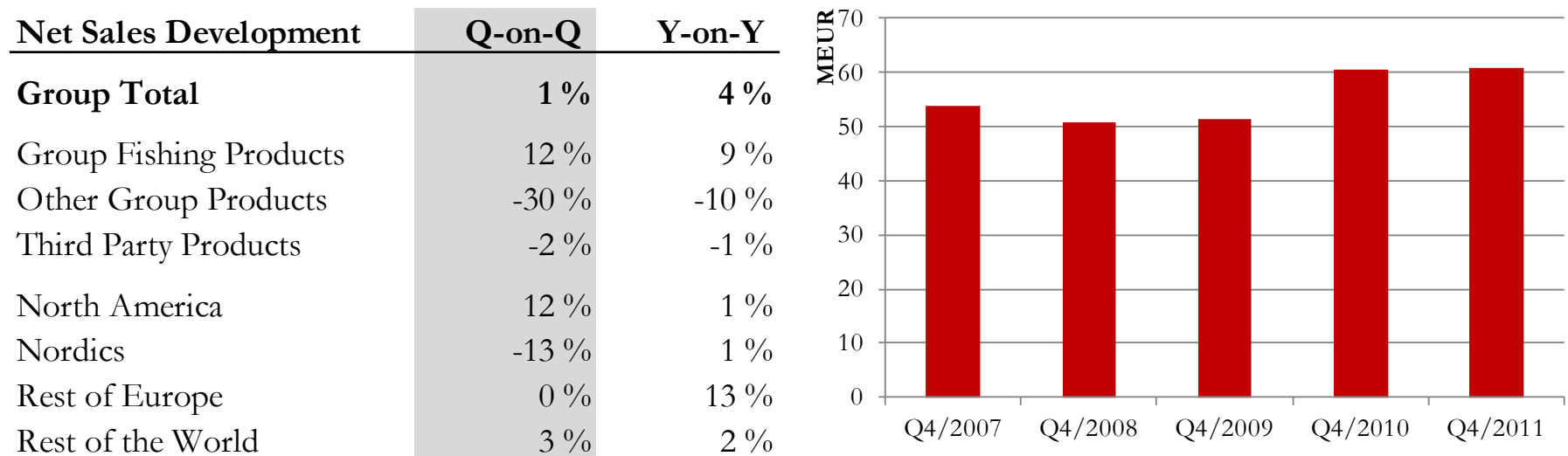
EUR million	IV/2011	IV/2010	I-IV/2011	I-IV/2010
Net Sales	60.8	60.4	279.5	269.4
Operating Profit - Reported	3.5	4.2	30.7	31.3
Operating Profit - Comparable	2.4	4.3	30.5	31.8
Net Profit for the Period	1.1	1.8	17.2	20.7
EPS (basic), EUR	0.02	0.04	0.36	0.46
Cash flow from Operations	-1.6	-2.2	15.2	13.0
Net Interest-bearing Debt	91.2	92.0	91.2	92.0

GOOD YEAR IN CHALLENGING BUSINESS ENVIRONMENT

- **Net sales** for the quarter increased by 1% to a new fourth quarter record of 60.8 MEUR (60.4 MEUR). Net sales for the year were also an all time high at 279.5 MEUR (269.4 MEUR), increasing 4% from last year.
- **Comparable operating profit** decreased from last year to 2.4 MEUR (4.3 MEUR) for the fourth quarter and for the full year was close to last year's record level at 30.5 MEUR (31.8 MEUR). **Comparable operating margin** was 4.0% (7.1%) for the quarter and for the full year slightly lower than last year at 10.9% (11.8%).
- **Reported operating profit** for the fourth quarter was 3.5 MEUR (4.2 MEUR) and 30.7 MEUR (31.3 MEUR) for the full year.
- **EPS** were 0.02 EUR (0.04 EUR) and 0.36 EUR (0.46 EUR) respectively.
- **Cash flow from operating activities** for the fourth quarter improved slightly to -1.6 MEUR (-2.2 MEUR) and was 15.2 MEUR (13.0 MEUR) for the full year. **Gearing** reached all time lows and was 67.2% (71.2%) at the end 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.
- Board proposes to the Annual General Meeting that a **dividend** of EUR 0.23 representing 64% of earning per share.



ANALYSIS OF NET SALES



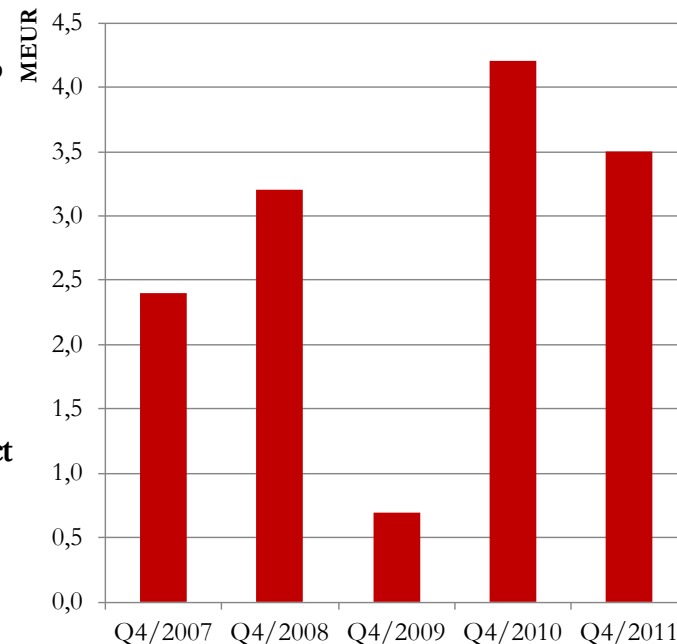
- Q4 sales +1% to a new fourth quarter record of 60.8 MEUR (60.4 MEUR). 2011 sales all time high at 279.5 MEUR (269.4 MEUR), increasing 4% from last year.
- With **comparable exchange rates** and **organization structure** net sales increased 1% in Q4 and by 2% in 2011.
- In Q4 net sales of **Group Fishing Products** were driven by fishing lines and accessorid. **Other Group Products** were down for Q4 due to gift products and winter sports equipment, suffering of late winter compared to last year. **Third Party Products** small net reduction compared to last year resulting from various product groups.
- **North American** sales developed positively during Q4. YTD sales affected by weaker USD. In **Nordics** late winter and restructuring of Norway affected Q4. **Rest of Europe** strong quarter in Russia and France, netted of by reduction in internal sales. In **Rest of the World** all external sales up in all markets except S-Africa.



ANALYSIS OF OPERATING PROFIT

Operating profit (MEUR)	Q4/2011		Q4/2010		Q4/2011 YTD		Q4/2010 YTD	
	M€	%	M€	%	M€	%	M€	%
Group Total (comparable)	2.4	4.0%	4.3	7.1%	30.5	10.9%	31.8	11.8%
Group Fishing Products	1.8	5.5%	4.0	13.8%	19.9	13.0%	21.4	15.4%
Other Group Products	1.8	25.1%	0.3	3.2%	2.5	11.0%	2.0	8.1%
Third Party Products	-0.1	-0.7%	-0.2	-0.9%	8.4	8.0%	7.8	7.4%
Group Total (as reported)	3.5	5.8%	4.2	6.9%	30.7	11.0%	31.3	11.6%

- **Comparable operating profit** amounted to 2.4 MEUR (4.3) for Q4 and 30.5 MEUR (31.8) YTD. **Comparable operating margin** was 4.0% (7.1%) and 10.9% (11.8%) YTD.
- **Non-recurring net gain** of +1.1 MEUR (-0.1) in Q4 and +0.2 MEUR (-0.5 MEUR) relate to divestment of gift business restructurings and acquisition costs.
- **Reported operating profit** was 3.5 MEUR (4.2) for Q4 and 30.7 MEUR (31.3) YTD. **Reported operating margin** was 5.8% (6.9) for Q4 and 11.0% (11.6) YTD.
- During the year margin was impacted by inventory reduction initiatives, impact of relocation of Finnish distribution unit as well as increase in fixed costs.
- **Margin** of Group Fishing Products was impacted by US dollar and product mix. Other Group Products impacted by gift divestment and late winter.
- **ROCE** was 6.3% (8.1) in Q4 and YTD 13.7% (15.2).



NET RESULT AND CASH FLOW

EUR million	IV/2011	IV/2010	I-IV/2011	I-IV/2010
Net profit for the period	1.1	1.8	17.2	20.7
Adjustments (reversal of non-cash items)	2.2	4.0	17.6	17.4
Financial items and taxes paid/rec	-3.3	-2.7	-12.3	-12.1
Change in working capital	-1.6	-5.2	-7.3	-13.0
Net cash from operating activities	-1.6	-2.2	15.2	13.0

- Total **financial (net) expenses** increased significantly in 2011 and amounted to 5.5 MEUR (1.8 MEUR), due to 3.3 MEUR negative swing change in (net) currency exchange expenses.
- **EPS** at 0.02 EUR (0.04) for Q4 and 0.36 EUR (0.46) YTD.
- **Cash flow from operating activities** for the quarter improved slightly to -1.6 MEUR (-2.2 MEUR) and 15.2 MEUR(13.0) YTD, with positive impact from AR and inventories, which however still at unsatisfactory level.
- Net cash used in investing activities was down to 9.6 MEUR (13.2 MEUR) for the year, due to smaller business acquisitions.
- **Net interest bearing debt** was down to 91.2 MEUR (Q4/2010: 92.0).
- **Equity-to-assets** ratio improved from last year to 43.2% (42.6).
- **Gearing** reached all time lows and was 67.2% (71.2%) at the end of the year. Strengthening of balance sheet is supporting future acquisition opportunities.



STRATEGY IMPLEMENTATION IN 2011

- Implementation of Rapala's strategy continued during 2011 by taking actions relating to both **manufacturing and distribution activities**.
- The European distribution cooperation with **Shimano** was deepened in the **UK** by establishing a true 50:50 **joint venture company** to distribute products of both Rapala and Shimano.
- Also in the UK Rapala concluded a deal to **acquire Advanced Carp Equipment Ltd** ("ACE"), a company engaged in design and sales of equipment and accessories for carp fishing.
- Rapala made a decision to open **new lure and hook manufacturing units on Batam Island** in Indonesia in 2011, in order to secure access to cost competitive production resources also in the future.
- In December 2011 Rapala **sold its non-core Chinese gift manufacturing business** to its largest customer French Pylones SAS.
- New distribution companies started operations in **Mexico, Indonesia and Kazakhstan**. Special performance improvement initiatives were carried out in **Norway and Australia**.
- During the fourth quarter **Rapala USA opened B2C webshop** targeted solely to US consumers.
- Finnish distribution company Normark Suomi Oy and ski manufacturer Peltonen Ski Oy **relocated into new larger premises** during 2011.
- The planning and implementation of actions and changes in Group's **internal supply chain, inventory and product life-cycle management** continued. Implementation of these actions will continue also next year.
- Discussions and negotiations regarding **acquisitions and business combinations** continued.



SHORT-TERM OUTLOOK

- The negative changes in the sentiment of the economy globally and especially in Europe during latter part of the year **increased the uncertainty concerning retail and consumer demand.**
 - Despite these uncertainties **expectations for the coming year are optimistic.**
 - There are **promising signs of accelerating recovery in the USA** and Rapala's position with major US customers is currently very good. There is also good progress in coming summer season's **presales** in several markets.
 - The **late start of winter season 2011/2012** as well as 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.
 - It is expected that in 2012 the net sales will increase from 2011 and the comparable operating profit is targeted to improve.
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- Q1/2012 published on April 27, 2012.

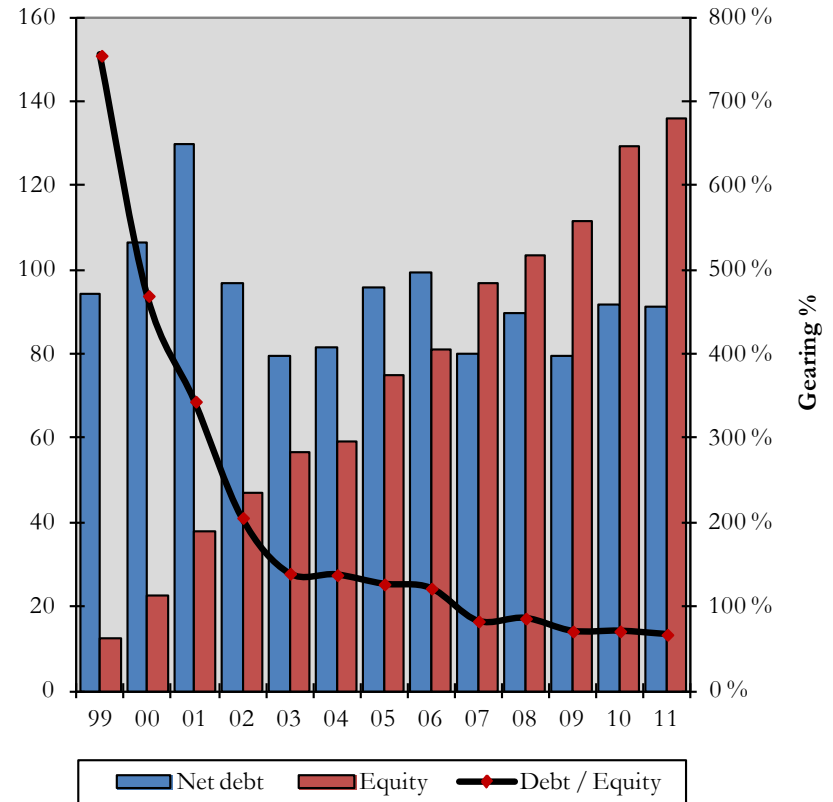
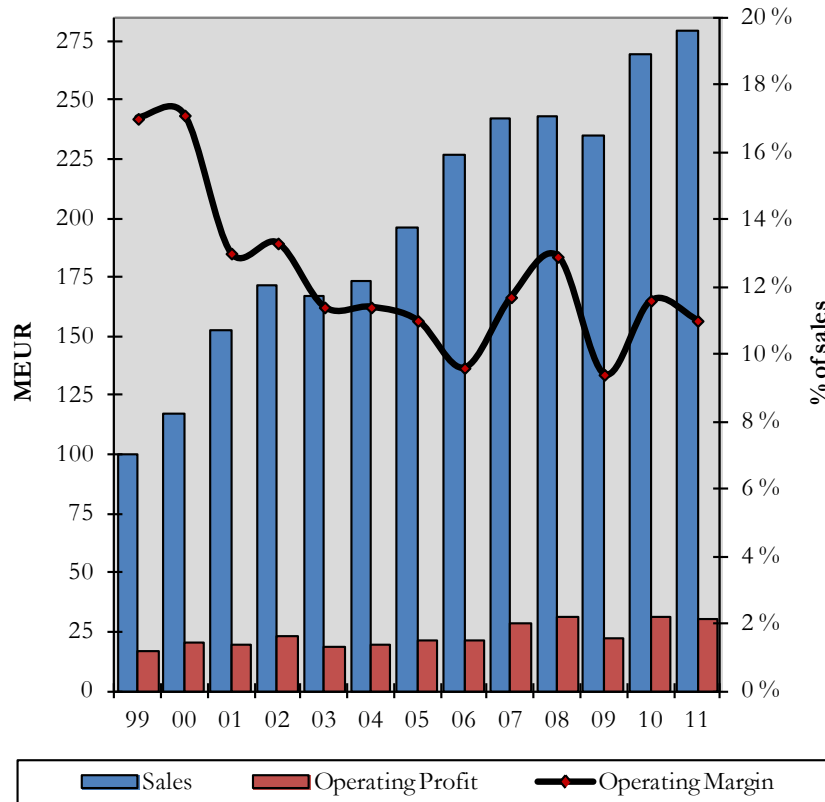


PROFIT DISTRIBUTION AND AGM

- The Board of Directors proposes to the Annual General Meeting that a **dividend of EUR 0.23 for 2011** (2010: EUR 0.23) per share be paid.
- **The Annual Report**, including Financial Statements for 2011 and Corporate Governance Statement will be published in **week 12**.
- **Annual General Meeting** is planned to be held on **April 11, 2012**.



FINANCIAL TRENDS IN RAPALA



- It is expected that in 2011 the net sales will increase from 2010. The comparable operating profit is expected to remain close to last year's level although comparable operating profit margin is expected to be slightly lower.
- Financial position getting even stronger allowing headroom for new acquisitions.



SHARES AND SHAREHOLDERS

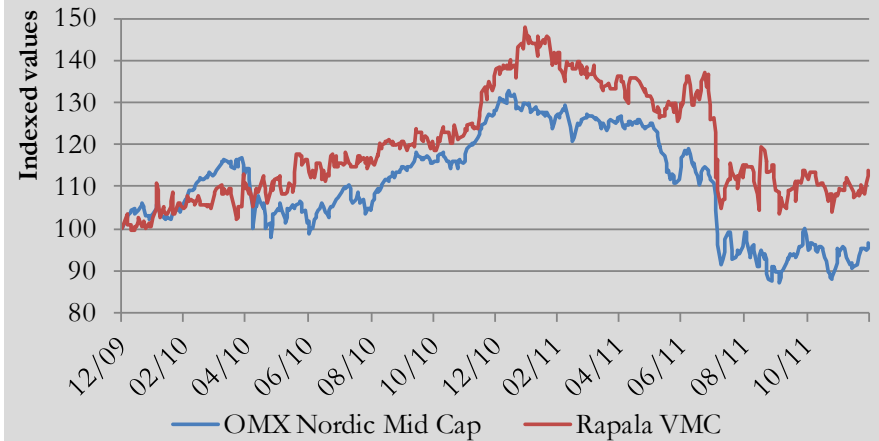
SHARE RELATED DATA (12/2011)

- Market capitalization **223.0 MEUR**
- 12-month high/low **7.38/4.86 EUR**
- All-time high/low **8.40/2.50 EUR**

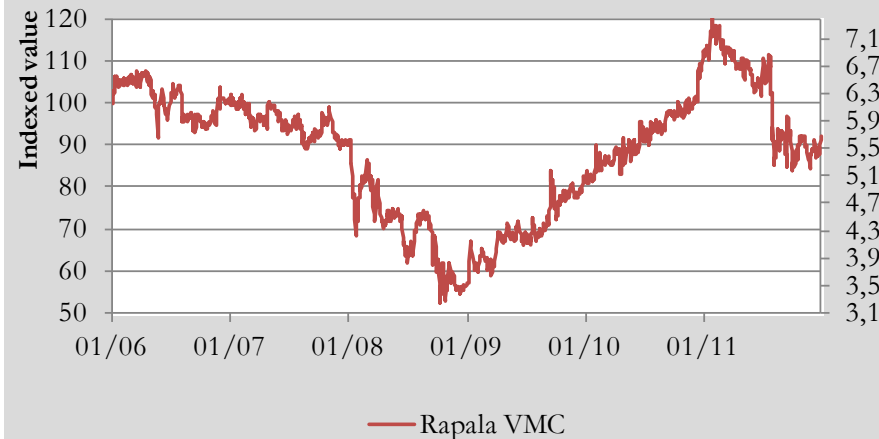
MAJOR SHAREHOLDERS (12/2011)

- VMC Holdings **30 %**
- Sofina **19 %**
- Odin Funds **7 %**
- OP Funds **5 %**
- Nordea Funds **5 %**
- Ilmarinen **4 %**
- State Pension fund **3 %**
- Shimano **2 %**
- Pension Fennia **2 %**

Share price index performance in Jan 2010 – Sep 2011



Share price performance in Jan 2006 – Sep 2011



RAPALA®

END OF PRESENTATION

Tight lines!