



Q1 Interim Report 2009

April 28, 2009



Crafted from Experience – Positioned for Further Growth



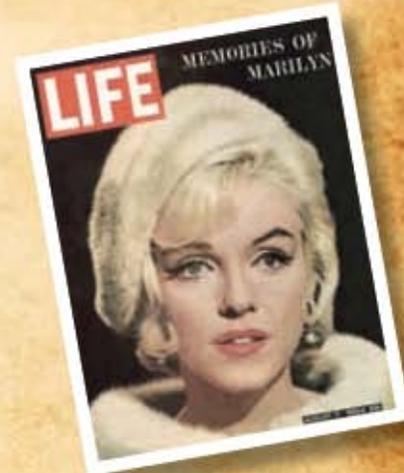
1936



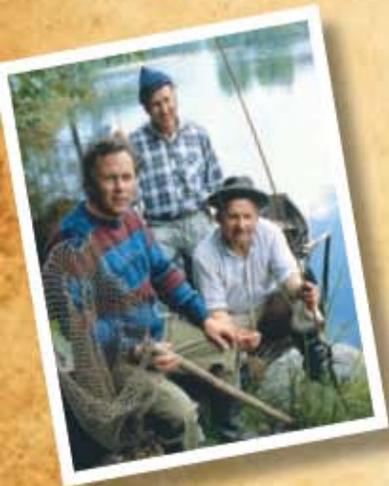
1945



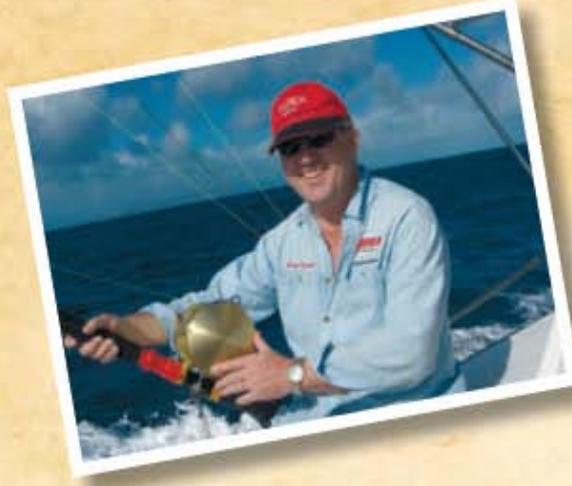
1959



1962



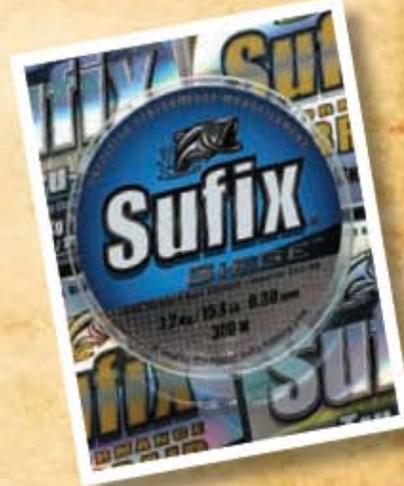
1975



1989



1998



2005-

Agenda



- Q1 in Brief
- Business Organisation and Competitor Situation
- Sales Analysis
- Status of Performance Improvement Initiatives
- Profitability Analysis
- Cash flow & Working Capital
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Q1 in Brief

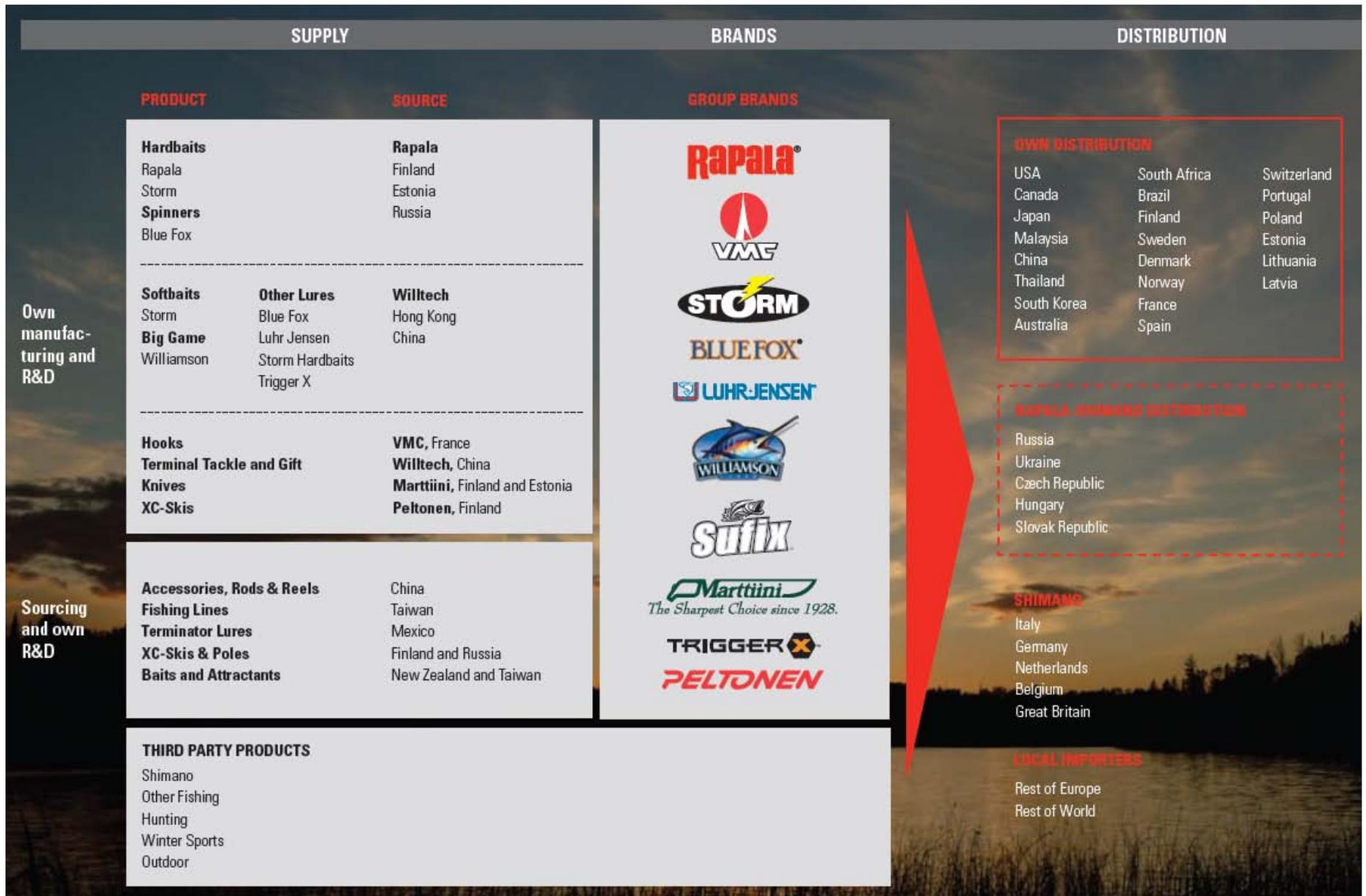


EUR million	I/2009	I/2008	2008
Sales	65.0	65.1	243.0
EBITDA	11.6	12.2	37.5
EBITDA ,excl. non-recurring items	11.7	11.2	36.7
Operating Profit	10.0	10.6	31.3
Operating Profit, excl. non-recurrings	10.1	9.6	30.5
EPS (basic), EUR	0.15	0.16	0.45
Equity-to-assets, %	35.3	36.3	38.0
Net Interest-bearing Debt	112.3	96.5	89.5

- **Q1 2009 net sales on last year levels** in a challenging business environment.
- **Operating profit, excluding non-recurring items, increased to 10.1 (9.6) MEUR**
- **Performance improvement initiatives on plan**, results have started to capitalize.
- **Outlook for 2009:** Net sales for 2009 expected to be at previous year levels with a target to keep the operating margin quite close to the good levels reached in 2008, excl. non-recurring items.



Group Organization & Cornerstones of Strategy



Competition & Major Players in the Industry



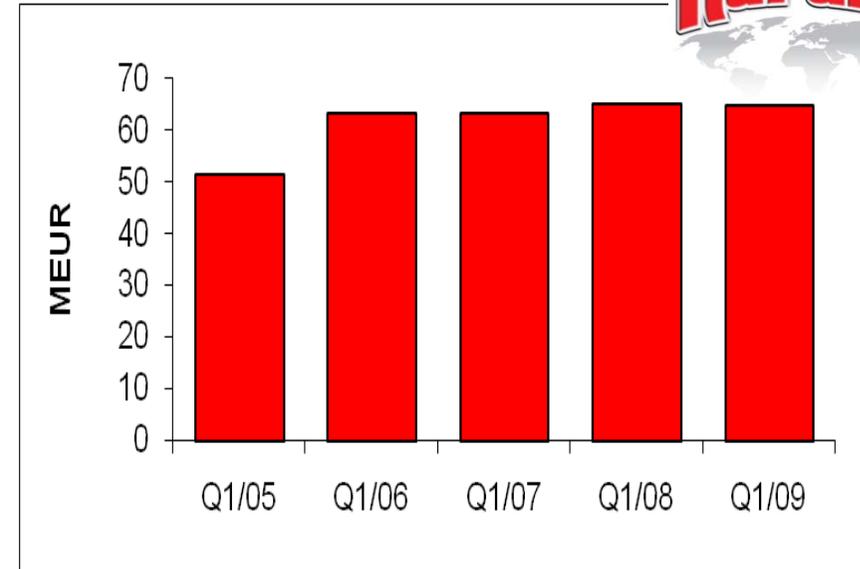
- No major changes in the competitive environment in Q1 2009

Company	Worldwide sales MUSD*	Major product categories	Comments
Jarden Pure Fishing + Shakespeare	500-700*	Rods, reels, combos, line, soft plastics	US sales ca. 50% of sales
Daiwa	630*	Rods, reels, lures & sporting goods	Japan 79% of total sales
Shimano	570*	Rods, reels, accessories, excl. bike	Japan ca. 50% of total sales
Rapala	360*	Lures, hooks, accessories	3rd party products 1/3 of sales
Zebco	80-90 *	Rods & reels	USA
Gamakatsu	80-90 *	Hooks, rods, reels, accessories	Japan
Eagle Claw	60 *	Hooks, rods, reels, accessories	USA
Mustad	50-60 *	Hooks & accessories	Norway
Pradco	40 *	Lures	USA
Okuma	40 *	Rods & reels	Taiwan

* 2008 figures, partly estimated if published information not available



Net Sales Analysis



- First quarter net sales on last year levels at 65.0 MEUR (65.1).
- Good winter season boosted sales in Nordic countries.
- Strengthening of USD increased net sales in North America.
- Rest of Europe's net sales suffered from the weakening of many currencies
- Rest of the World improved from 2008 as a result of new sales of Sufix products, good performance of many Asian distribution units and strengthening of USD.
- Net sales of Group Fishing Products up 11% (Sufix & USD), Other Group Products down 21% (gifts & subcontracting) and Third Party Products down 11% (currencies).
- Summer fishing tackle sales was affected by cold winter & late spring in some markets
- Additional price increases in many markets to compensate weakening of currencies.
- The net effect of the strengthening of USD and weakening of Russian ruble and many other currencies increased first quarter net sales by 0.4 MEUR.



Restructuring of European Operations



- **Consolidation of French operations**
 - 3 out of 4 units already in new premises
 - VMC Europe to move next summer
 - Capital gains (1.4 MEUR) in 2008
 - Personnel down by more than 40 vs. Q1 2008
- **Development of lure manufacturing**
 - Sortavala fully operational and Ireland closed
 - Production reduced to reach WCM targets
 - Personnel down by ca. 150 vs. Q1 2008

Marttiini

- Knife manufacturing
- 60 employees in Rovaniemi & Pärnu

Vääksy

- Focus on skilled and technical tasks in lures manufacturing
- 170 employees

Sortavala

- Lure assembly
- Start-up in 2007
- 60 employees

Pärnu

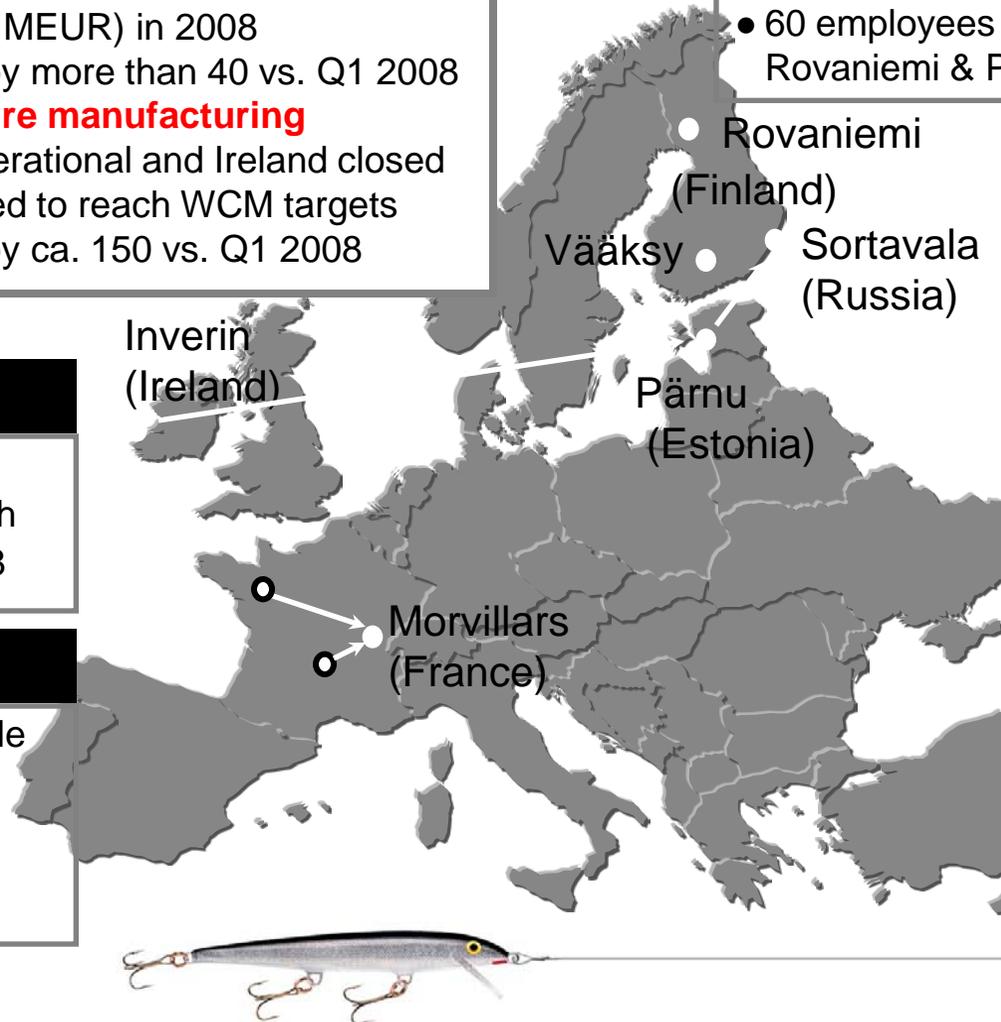
- Focus on assembly, finishing & testing
- 170 employees

Inverin

- Focus on final assembly & dispatch
- Closed in April 2008

Morvillars

- Manufacture of treble hooks
- New consolidated distribution center
- 200 employees



Enhancement of Chinese Manufacturing



- Major operational changes and improvements to enhance production efficiencies and shorten lead times & physical split of fishing tackle & gifts
- Major increase of outsourcing and production fine-tuned to reach WCM targets
- Personnel down ca. 2100 from Q1 2008 and more than 800 from Q4 2008

Guangzhou

- Rapala sourcing office
- 20 employees
- Local sourcing, design/development, quality control etc.



Shenzhen

- Willtech manufacturing facility
- Some 1 000 employees
- Lures (metal & plastic)
- Hook manufacturing
- Knife manufacturing
- Gift production
- Consolidated shipments

Hong Kong

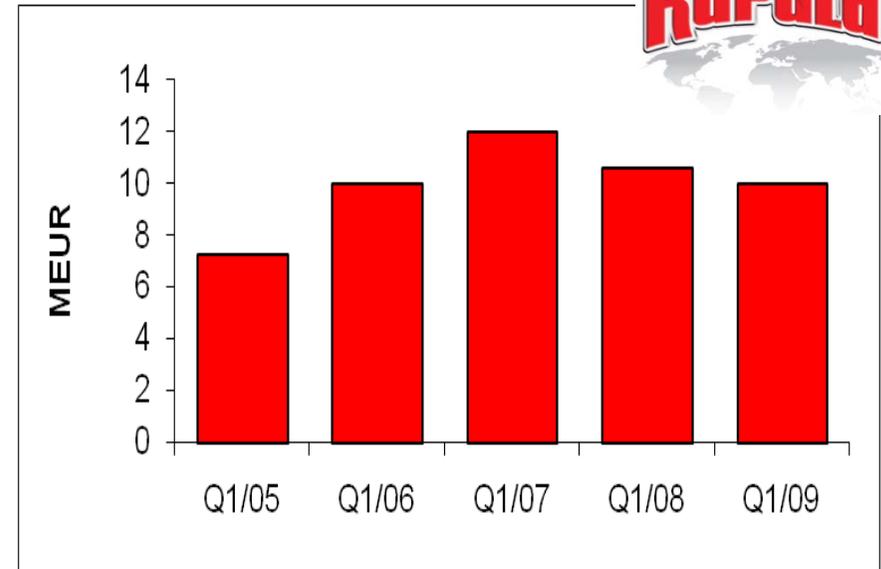
- Sales, R&D and administration
- Sufix Fishing Lines
- 30 employees



Operating Profit Analysis



- **Comparable operating profit**, excluding one-offs, was 10.1 MEUR (9.6) and **comparable operating margin** 15.5% (14.7%).
- Q1 2008 included **a net one-off gain** of 1.0 MEUR (restructuring & real estate sale)
- Q1 **ROCE** was 19.3% (22.8%).
- Result was positively affected by **performance improvement initiatives** and **FX movements** (1y lead-time)
- **Operating profit by Operating Segment**
 - Group Fishing Products MEUR 7.8 (5.5)
 - Other Group Products MEUR 0.1 (1.6)
 - Third Party Products MEUR 2.2 (3.5)
- **Reported operating profit** was 10.0 MEUR (10.6) and operating margin 15.5% (16.3)
- Net interest expenses were 0.9 MEUR (1.4) and FX losses 0.6 MEUR (0.1 gain).
- **Net profit** for Q1 amounted to 6.2 MEUR (6.8) and **EPS** was 0.15 EUR (0.16).



Cash Flow and Working Capital



EUR million	I/2009	I/2008	I-IV/2008
Net profit for the period	6.2	6.8	19.2
Adjustments	5.2	5.0	13.0
Financial items and taxes paid and received	-2.2	-2.8	-14.0
Change in working capital	-29.0	-25.3	-12.7
Net cash from operating activities	-19.8	-16.3	5.4
Net cash used in investing activities	-0.5	-2.0	-6.8
Cash flow before financing	-20.3	-18.3	-1.4

- **Cash flow from operating activities** was below 2008 due to increased working capital.
- **Inventories and trade receivables increased seasonally** but were also above 2008
- **Major working capital management project started** in November 2008. Results expected to start gradually from Q2 onwards.
- **Net cash used in investing activities**, incl. acquisitions & disposals, 0.5 MEUR (2.0).
- **Net interest-bearing debt** seasonally up to 112.3 MEUR (Dec 2008: 89.5, I/2008: 96.5).
- **Equity-to-asset ratio** down to 35.3% (Dec 08: 38.0); **gearing** up to 101.7% (Dec 08: 86.4)



Strategy Implementation - Growth & Profitability



- Rapala continued to implement its strategy for profitable growth.
- Discussions & negotiations on acquisitions & business combinations continued.
- Integration of Sufix business progress on plan and sales started strong.
 - In next 2 – 3 years Rapala aims to expand fishing line sales to above 20 MEUR
 - Strategic long-term target is to increase the fishing line sales to 30-40 MEUR.
- Sales of new Trigger-X products started well in selected distribution channels.
- Strong emphasis on performance improvement initiatives continued.
- New initiatives started targeting at cost savings and increase of productivity.
- Operational changes and improvements in the Chinese factory proceeded.
 - Increase of sub-contracting, split of Fishing & Gift, changes to production planning
- Benefits of restructuring in France have started to materialize. After moving hook distributor VMC Europe to joint premises (summer 2009), the consolidation is completed. Annual savings are expected to reach 1-2 MEUR.
- Major decrease of Group's headcount mainly due to the new operating mode in Chinese manufacturing unit (-2100), but French consolidation of units, restructuring of European lure manufacturing and adjusting manufacturing volumes to support ongoing working capital project have resulted in a further reduction of almost 200 employees.
- Simultaneously, new personnel recruited to support the growth in Sufix business and some distribution units.



Outlook for 2009



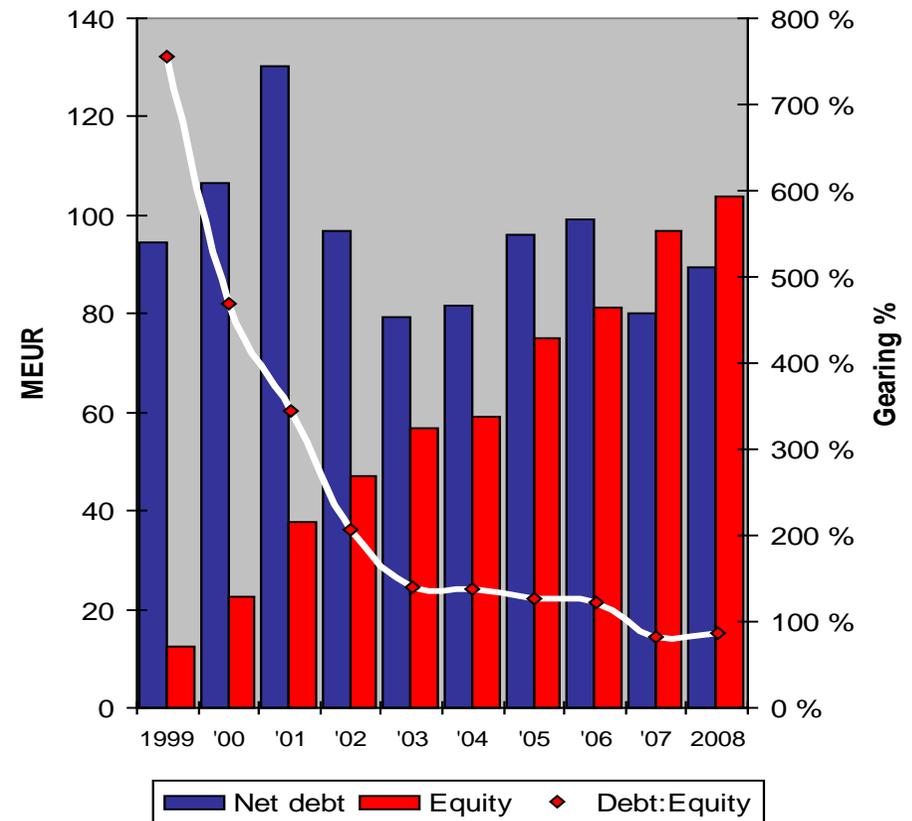
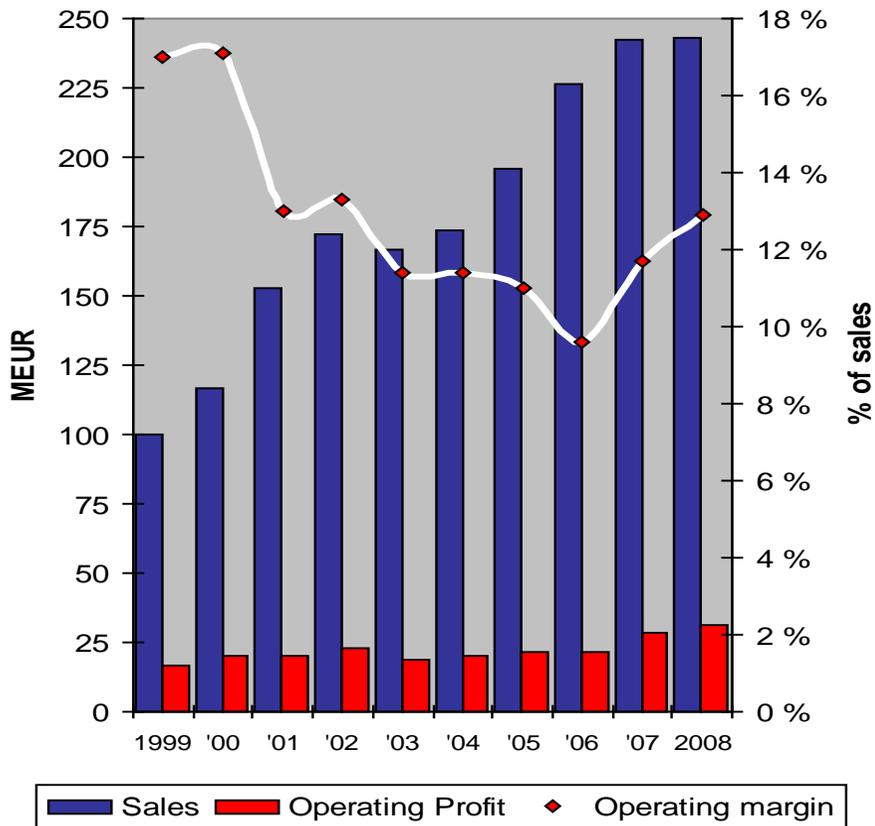
- In general, the **market outlook for 2009 remains unchanged** from February and continues challenging.
- The **slowdown and uncertainty** in North America and European economies as well as in many Asian countries is **expected to continue** during the coming months.
- **Fishing tackle business has typically been quite non-cyclical during recessions**, which together with the Group's strong brand and distribution power raises cautious optimism even in the current market situation.
- **Healthy demand for the Group products** is expected to continue.
- It is expected that the Group's **net sales for the financial year 2009 will be at previous year levels**.
- Excluding non-recurring items, the **target** is to maintain the **operating margin quite close to the good levels reached in 2008**.
- Implementation of the Group's strategy for profitable growth continue.
- **Key themes** in 2009 are
 - **reduction of working capital** and **increase of cash flow** from operating activities.
 - **integration of acquired Sufix** fishing line business, and
 - **finalization of the ongoing performance improvement initiatives**
- Second quarter interim report will be published on July 24.



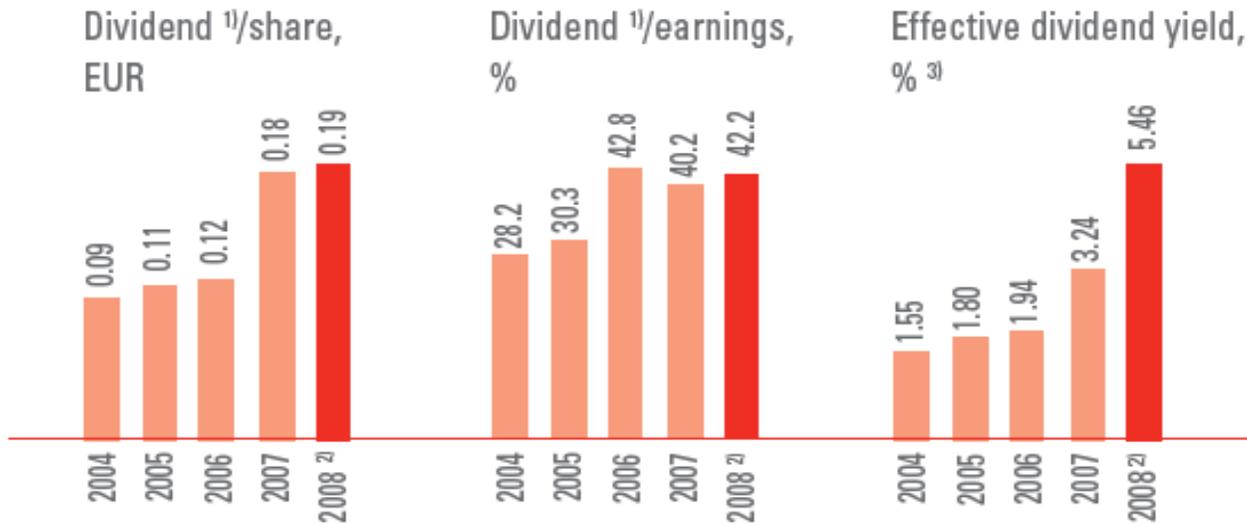
Financial Position Healthy – Focus on WCM



- Rapid growth in last few years from €100m to above €240m.
- Promised **turnaround in operating margin** continued in 2008.
- Focus in 2009-2010: **to reduce working capital and improve cash flow.**



Dividend Pay-out Trends



1) For the financial years 2) Board proposal 3) Share price Dec. 31

- Dividend per share increase in each of the last 5 years
- In 5 years dividend more than doubled from 0.09 euro to 0.19 euro
- Steady growth in dividend per earnings: from 28.2% to 42.2%
- Dividend per share price (dividend yield) increased each of the last 5 years
- Effective dividend yield increased from 1.6% to 5.5%



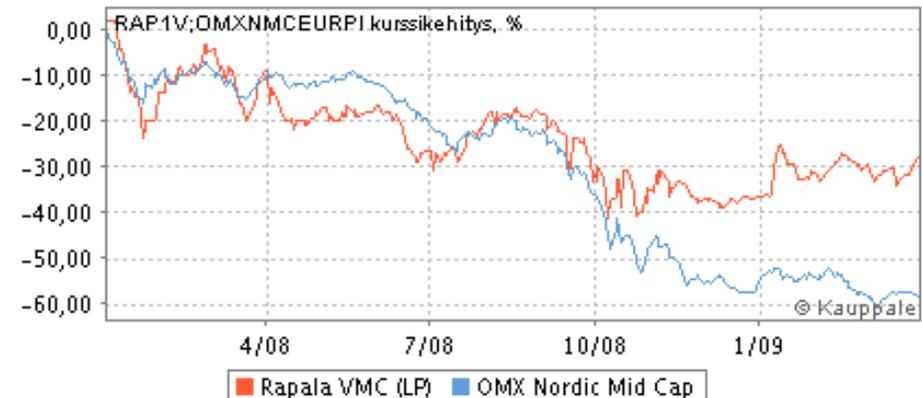
Share Price Performance & Shareholders



Share Related Data (3/2009)

- Market Cap 156 MEUR
- 12-month high 5.09 EUR
- 12-month low 2.95 EUR
- All-time high 8.40 (2/99)
- All-time low 2.50 (11/01)

Share price performance in 2008 & Q1 2009



Major Shareholders

- VMC 28 %
- Sofina 19 %
- Odin Funds 9 %
- Utavia 4 %
- State Pension Fund 3%
- William Ng 2 %
- Shimano 2 %

Share price performance 12/2003-12/2008 (5 years)





