



**STURM, RUGER & CO., INC.**

*2010 Annual Meeting*

*APRIL 28, 2010*

## Caution: Forward Looking Statements

Statements made in the course of this meeting that state the Company's or Management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's reports on Form 10-K for the year ended December 31, 2009 and Form 10-Q for the fiscal quarter ended April 3, 2010. Copies of these documents may be obtained by contacting the Company or the SEC or on the Company website at [www.ruger.com/corporate/](http://www.ruger.com/corporate/) or the SEC website at [www.sec.gov](http://www.sec.gov). Furthermore, the Company disclaims all responsibility to update forward-looking statements.



# Investment Highlights

- 61-years as one of the world's leading firearms brands.
- Experienced and engaged Board of Directors.
- Strong management team.
- Strong market position in rifles, revolvers and pistols.
- Recent, exciting new product launches.
- We believe we are gaining marketshare.
- Strong balance sheet; well positioned to take advantage of business opportunities as they arise.
- Improving fundamentals.

NYSE: RGR

Shares Outstanding: 19.1 Million

Price: \$15.57 (4/23/09)

Market Capitalization: \$297 Million



# Company Profile

- Trailing 12-month sales of \$276 million, EPS of \$1.58 (ending 4/3/10).
- Manufacturing facilities in Newport, NH and Prescott, AZ.
- Engineering satellite office in Enfield, CT.
- Corporate office in Southport, CT.
- 1,200 non-union employees, plus 150-200 temporary employees.
- Investment castings division.

- Firearms Products:

Rifles

Single-Shot  
Autoloading  
Bolt-Action  
Modern Sporting

Pistols

Rimfire  
Centerfire

Revolvers

Single-Action  
Double-Action

Shotguns

Over & Under

- 2-step distribution: selling to 14 wholesale distributors.
- 251 Catalog SKUs.



# Executive Team



Michael Fifer  
Chief Executive Officer,  
Director



Tom Dineen  
Chief Financial Officer,  
Treasurer



Mark Lang  
Group Vice President



Chris Killoy  
Vice President of Sales  
& Marketing



Tom Sullivan  
Vice President of  
Newport Operations



Steve Maynard  
Vice President of  
Lean Business Development



Kevin Reid  
Vice President and  
General Counsel



Leslie Gasper  
Corporate Secretary



# *Financial and Operational Highlights*



## Consolidated Operating Results (in Millions, except EPS)

|                         | 2010            | 2009           |                 |                 |                |
|-------------------------|-----------------|----------------|-----------------|-----------------|----------------|
|                         | Q1              | Q4             | Q3              | Q2              | Q1             |
| <b>Revenues</b>         | \$68.3          | \$63.9         | \$71.2          | \$72.4          | \$63.5         |
| <b>Gross Margin</b>     | \$23.1          | \$21.2         | \$21.8          | \$25.0          | \$19.5         |
| <b>Operating Profit</b> | \$12.9<br>18.9% | \$9.1<br>14.3% | \$11.3<br>15.9% | \$13.9<br>19.3% | \$9.4<br>14.9% |
| <b>EPS</b>              | \$0.44          | \$0.30         | \$0.37          | \$0.45          | \$0.30         |

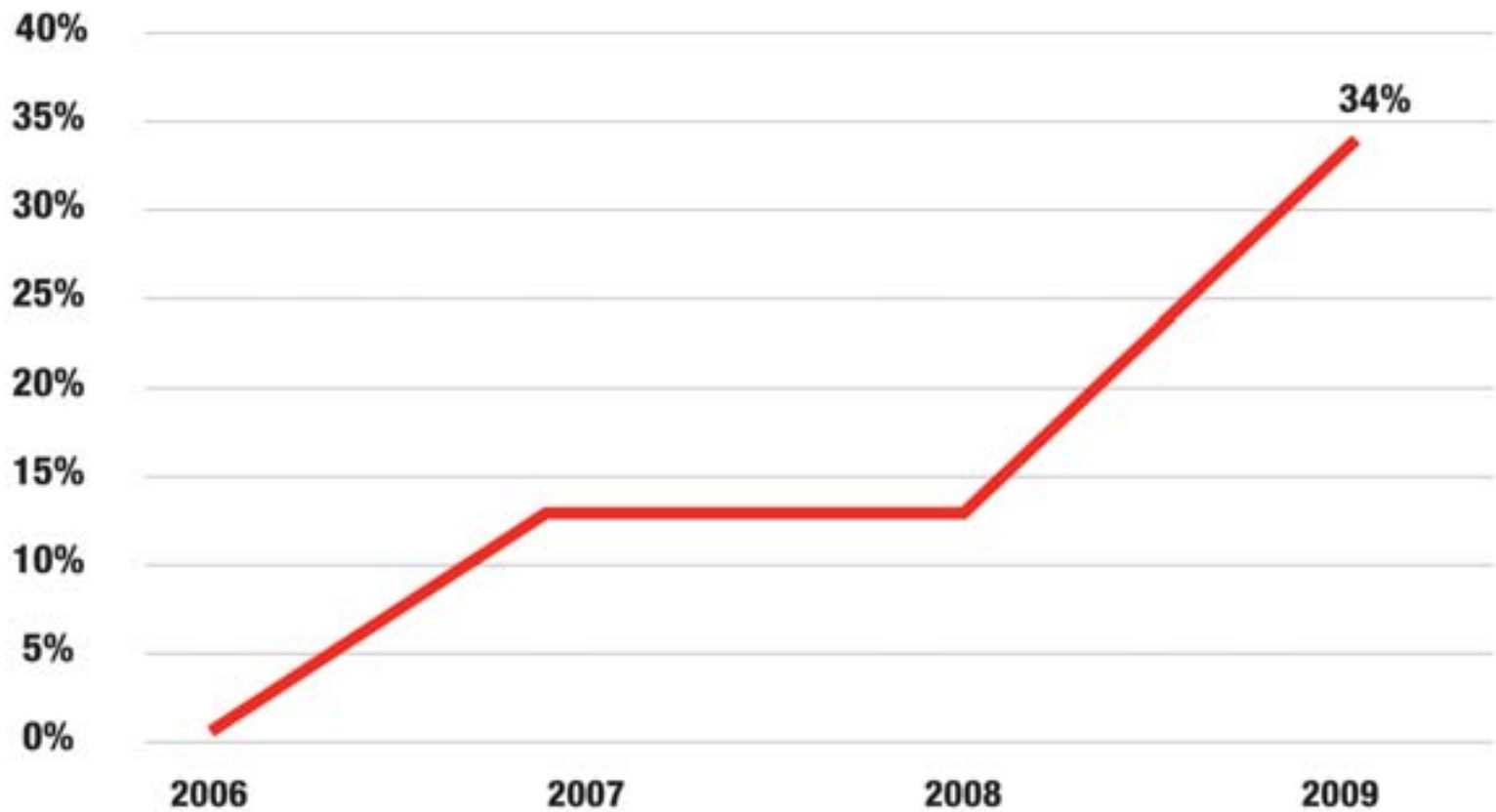


## Comparison of Underlying Performance (in Thousands)

|                                  | 2010            |                | 2009            |                 |                 |
|----------------------------------|-----------------|----------------|-----------------|-----------------|-----------------|
|                                  | Q1              | Q4             | Q3              | Q2              | Q1              |
| <b>Reported Operating Profit</b> | \$12,900        | \$9,119        | \$11,331        | \$13,976        | \$9,434         |
| <b>Adjustments</b>               |                 |                |                 |                 |                 |
| LIFO                             | (122)           | (1,536)        | (1,502)         | (929)           | (249)           |
| O/H Rate                         | (394)           | (1,408)        | 972             | 1,071           | 689             |
| D/L Rate                         | (55)            | (323)          | 302             | 288             | 169             |
| E&O reserve                      | (761)           | 495            | 46              | (210)           | (92)            |
| Frozen DB Pension Plan           | 400             | 557            | 276             | 205             | 500             |
| Stock Option Tax Adjustment      | -               | -              | -               | 1,200           | -               |
| Dorr Demolition Costs            | (83)            | 1,117          | 750             | -               | -               |
| Retrofit Expenses                | 15              | 32             | 49              | 18              | 579             |
| <b>Total Adjustments</b>         | <b>(1,000)</b>  | <b>(1,066)</b> | <b>893</b>      | <b>1,643</b>    | <b>1,596</b>    |
| <b>Adjusted Operating Profit</b> | <b>\$11,900</b> | <b>\$8,053</b> | <b>\$12,224</b> | <b>\$15,619</b> | <b>\$11,030</b> |
|                                  | 17%             | 13%            | 17%             | 22%             | 17%             |



# Return on Shareholders' Equity

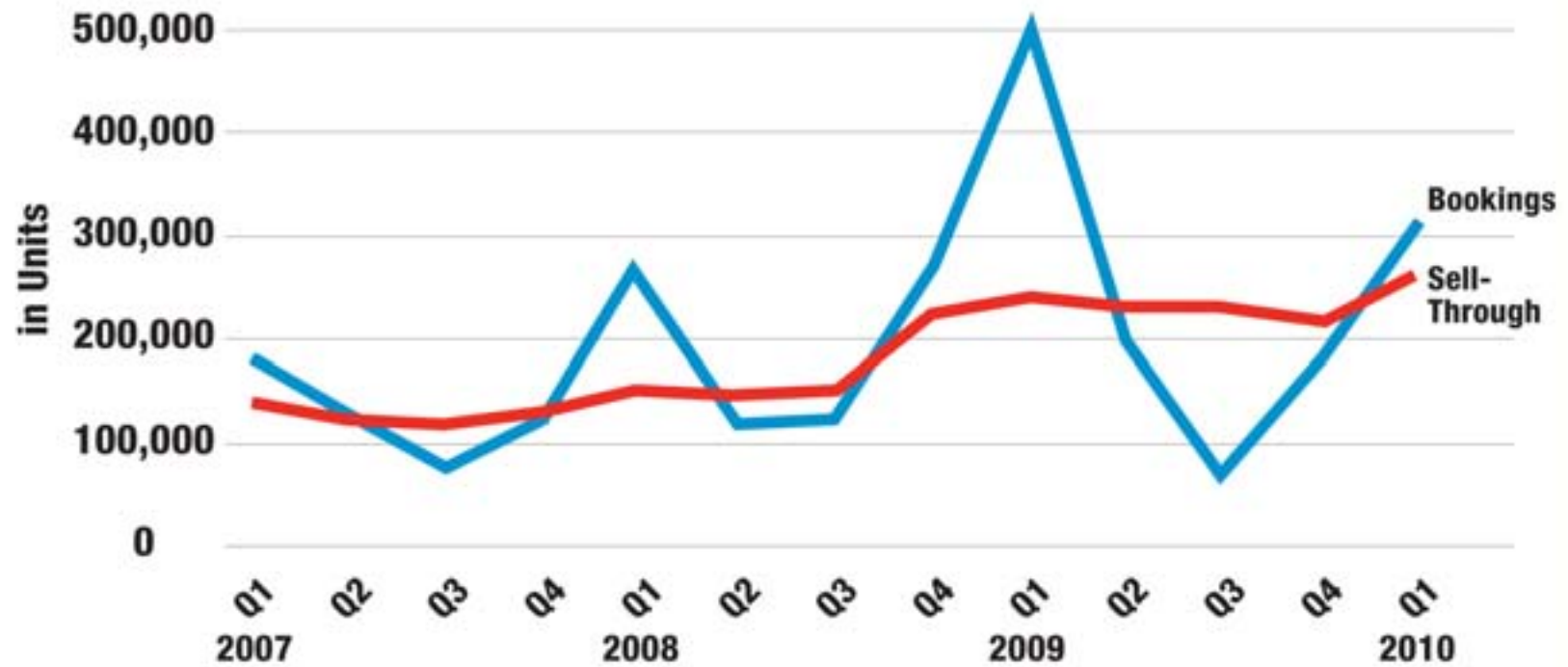


# *Market Conditions*

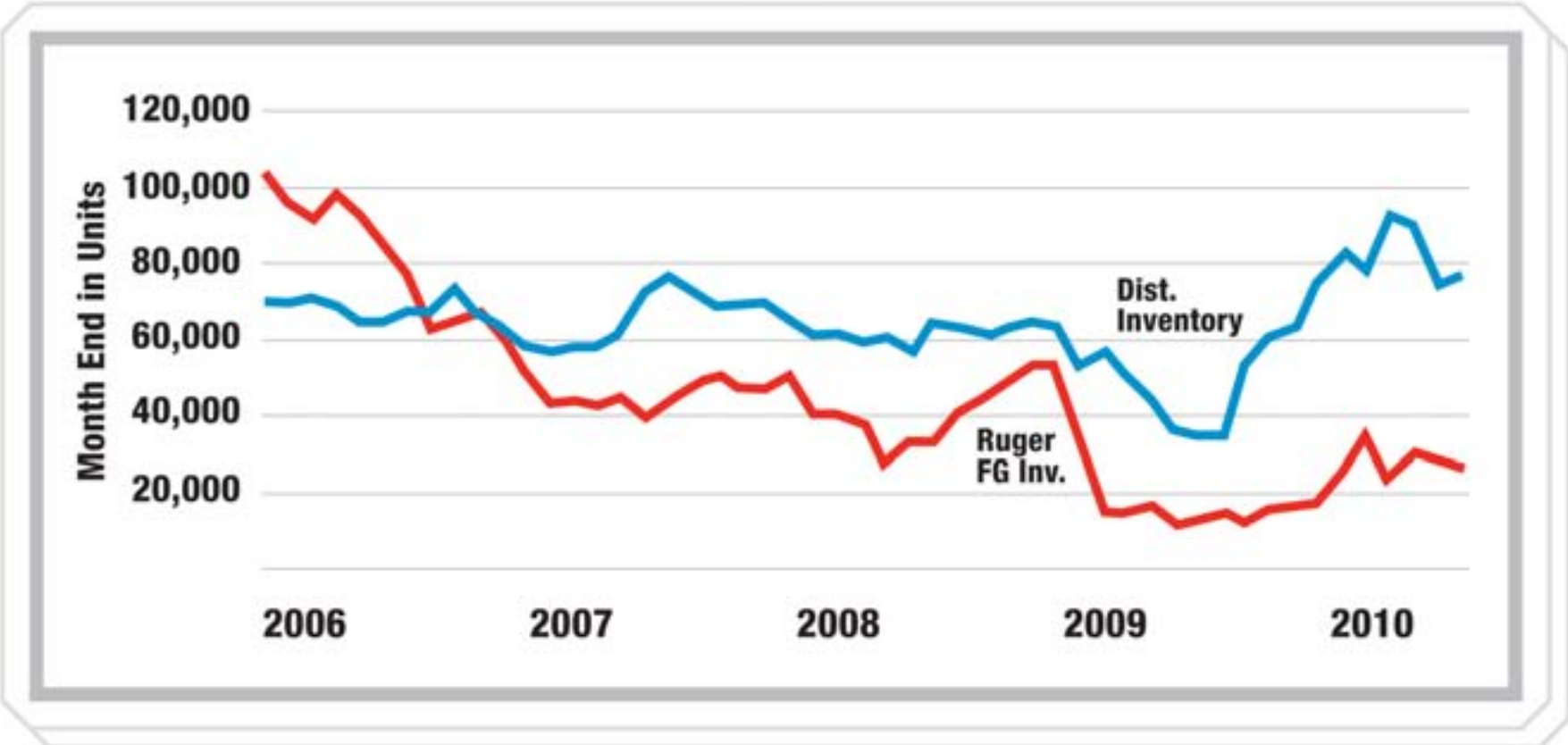


**RUGER**

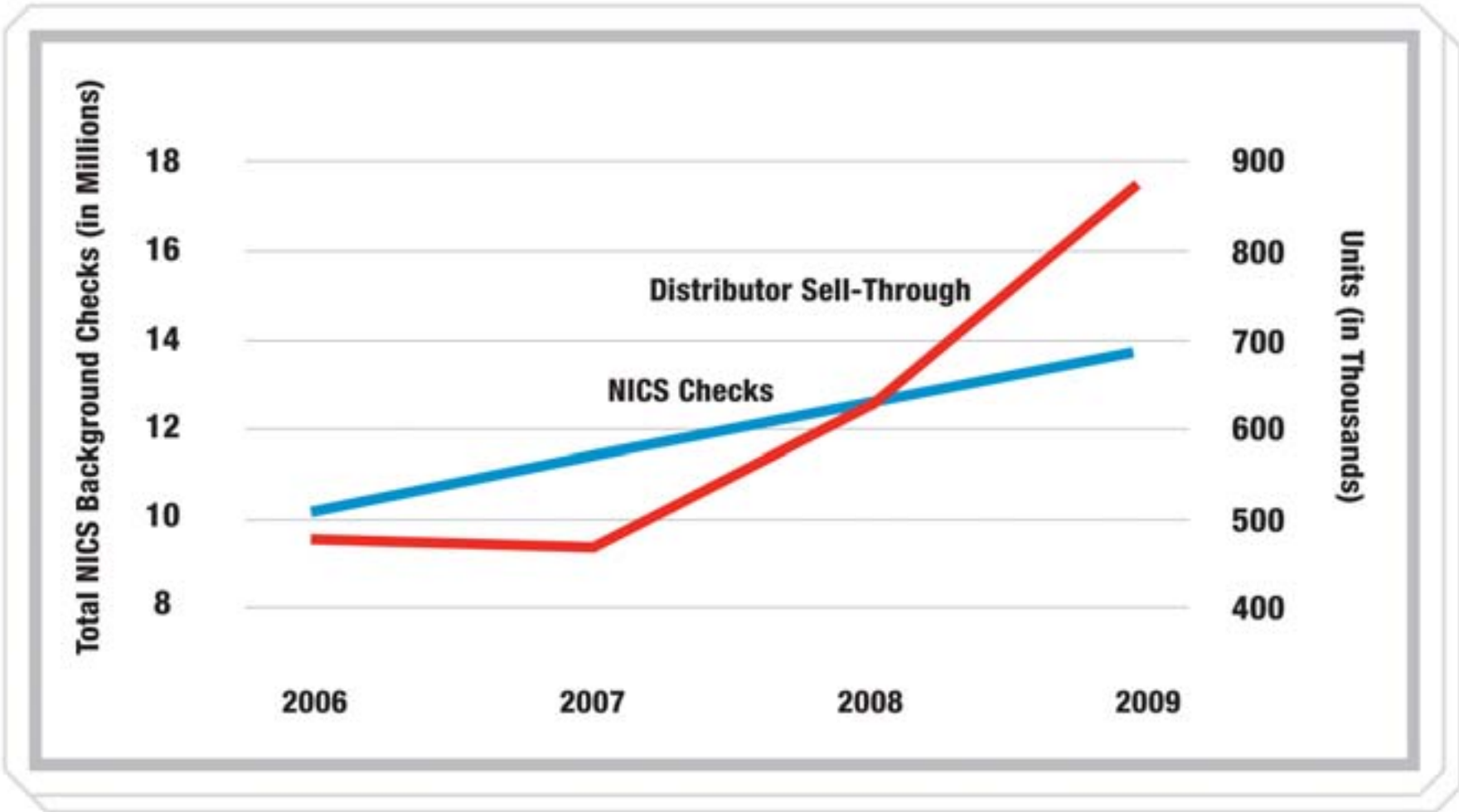
# Bookings & Distributor Sell-Through



# Finished Goods Inventory



# Trends in Retail Demand



# Market Share Movement

## Product Category

Single-Action Revolvers

Double-Action Revolvers (LCR)

Rimfire Pistols

Centerfire Full-Size (SR9)

Centerfire Compact (LCP & SR9c)

Mini-14 Rifles

Hunting Rifles

Rimfire Rifles

Modern Sporting Rifles (SR-556)

## 2008

Maintained

Lost

Maintained

Lost

Gained

Maintained

Maintained

Gained

Lost

## 2009

Maintained

Gained

Maintained

Maintained

Gained

Maintained

Maintained

Gained

Gained

# RUGER®

(Based on Management Estimates and Distributor Commentary)



# Ruger Business System

## New Product Development



# Ruger Business System

Highlighted new products: 2009 & 2010 Q1.

## **2 New Platform Products**

- LCR & SR-556.

## **31 New Product Derivatives**

- Including the SR9c, SR-22 & 22/45 RP.

## **75 Distributor Specials**

**RUGER**<sup>®</sup>





THE AR PLATFORM **REDEFINED.**



**THE RUGER**

**SR-556™**





**Chambered in 5.56mm NATO/.223 Rem.**

*Chambered in the 5.56 x 45mm NATO cartridge, the SR-556™ will also fire the .223 Rem. cartridge.*

THE RUGER  
**SR-556**



**RUGER**

# **THE RUGER® LCR™**



2009 Handgun  
of the Year



2010 American Rifleman  
Handgun of the Year

## **THE EVOLUTION OF THE REVOLVER**



# New Product Derivatives



**New Model Blackhawk®  
in .327 Federal Magnum**



**22/45™ Pistol with  
Replaceable Grip Panels**



**GP100® in  
.327 Federal Magnum**



**SR-22™ Rifle**



**SR9c™**



# Distributor Specials



10/22<sup>®</sup> Rifle



M77<sup>®</sup> Hawkeye<sup>®</sup> Rifle



10/22<sup>®</sup> Rifle



Mark III<sup>™</sup> Pistol



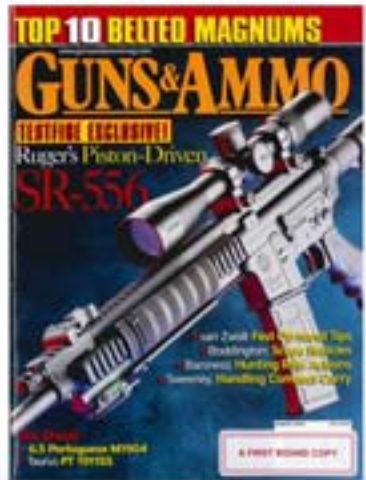
New Model Super Blackhawk<sup>™</sup> Revolver



22 Charger<sup>™</sup> Pistol



# Editorial Coverage



# *Voice of the Customer*

Ruger Business System



# Handgun Retailer Survey

- 380 handgun retailers were surveyed by a major national distributor in February 2010.
- Each was asked to rate each manufacturer on a scale of 1 – 10 for:
  - Handgun Profit Margins
  - Handgun Sales
  - Consumer Demand
  - Availability for Replenishment

- Manufacturers that were rated:

|         |                    |         |     |
|---------|--------------------|---------|-----|
| Ruger   | Smith & Wesson     | Glock   | FN  |
| Taurus  | Springfield Armory | Walther | H&K |
| Beretta | Sig Sauer          |         |     |

RUGER®





# Handgun Retailer Survey

- Ruger ranked #1 overall:

- Ruger Rated: 7.52
- Average Manufacturer Rating: 5.64

- Ruger category rankings were:

- #1 in Handgun Profit Margins
- #2 in Handgun Sales
- #2 in Consumer Demand
- #3 in Availability for Replenishment



# *Manufacturing*



# Ruger Business System

Applying Lean to our manufacturing processes:

## **Newport Manufacturing Facility**

- Eighty percent of all product is produced in cells.
- Setting up a pull system for suppliers, and have implemented standard work for material replenishment for several product families.
- Inventory turns are up.
- Productivity continues to improve.
- Customer Service is starting their lean journey this year.

## **Prescott Manufacturing Facility**

- Assembly cells established for all products.
- All new products are produced in cells.
- Pull system implemented on all raw materials, and starting on internal parts.
- Inventory turns are up.
- Productivity continues to improve.

RUGER®

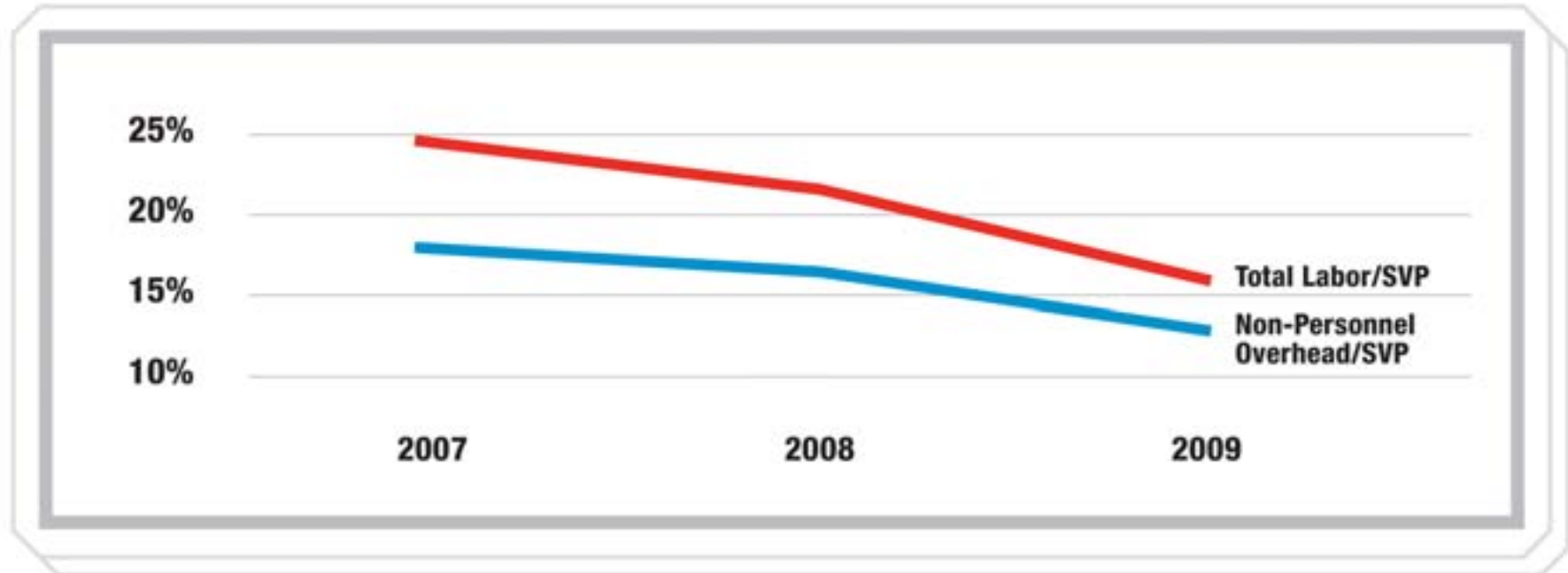


# *Prescott Operations*



# Ruger Business System

Manufacturing Cost Reductions:

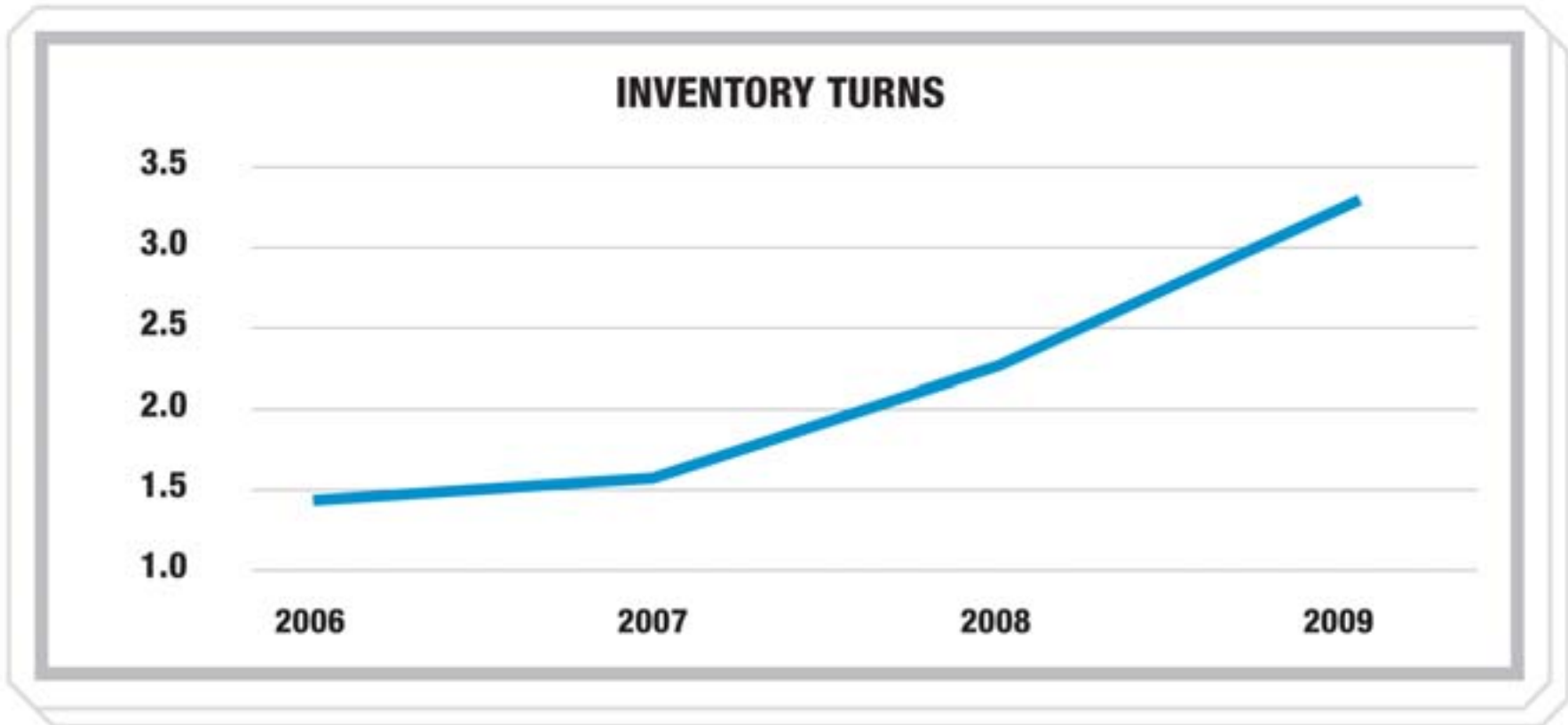


SVP is the sales value of units produced in the period.



# Ruger Business System

Freeing-Up Assets to Invest in Top-Line Growth:

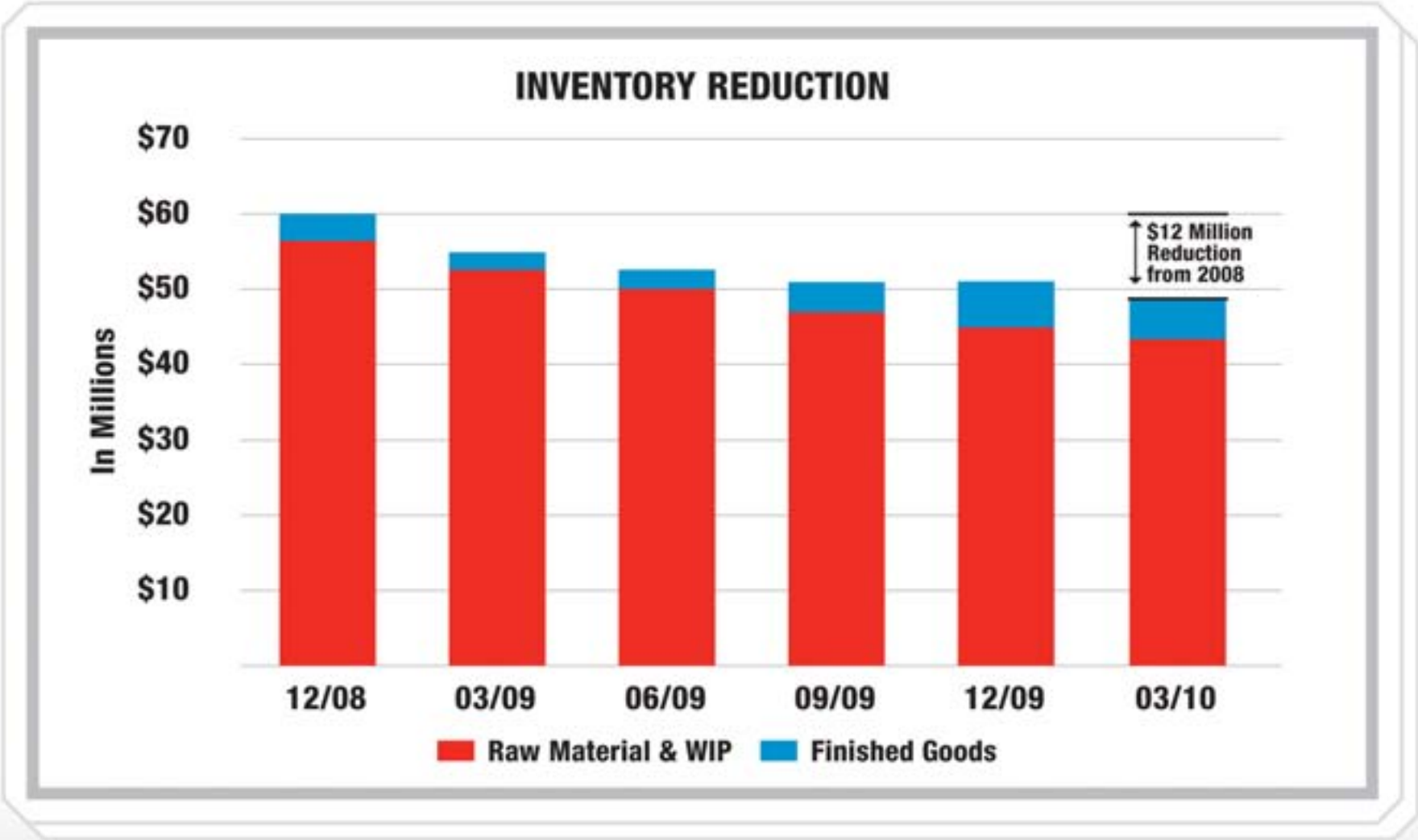


# *Liquidity*



# Ruger Business System

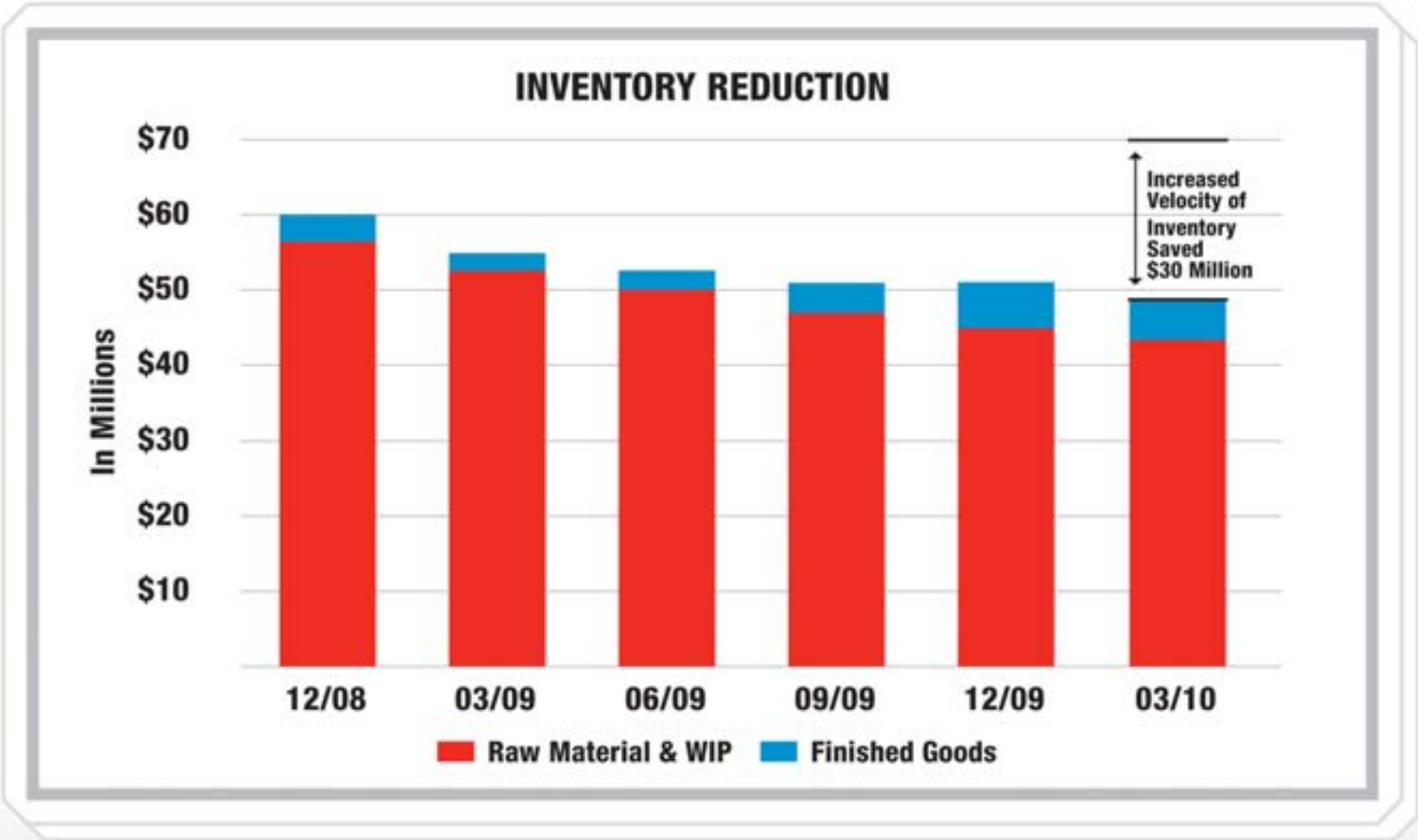
Freeing-Up Assets to Invest in Top-Line Growth:





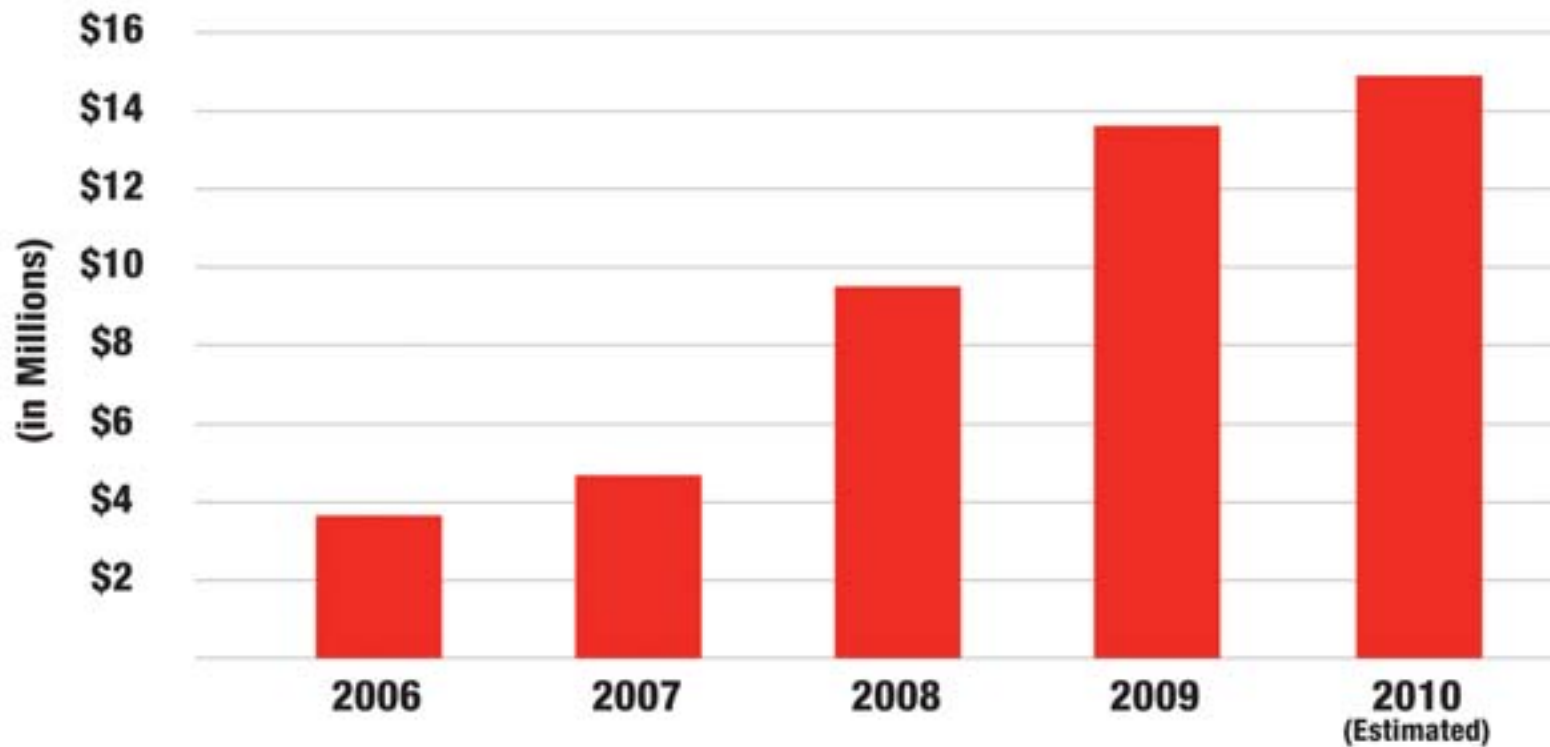
# Ruger Business System

Freeing-Up Assets to Invest in Top-Line Growth:



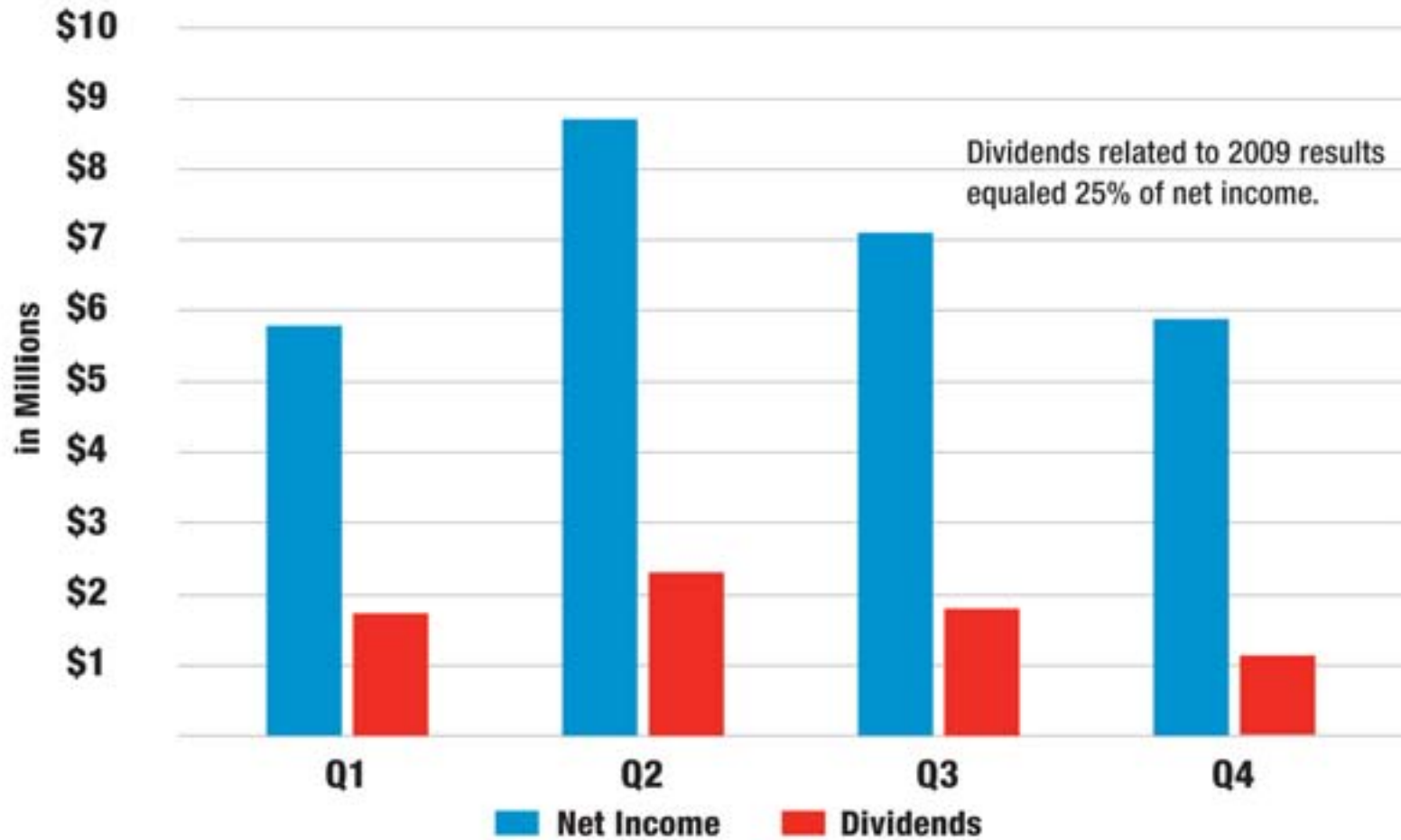
# Ruger Business System

Investment in Top-Line Growth: approximately two-thirds of 2009 CAPEX was related to new product introductions and expansion of capacity.



# Net Income vs. Dividends

Dividends are calculated as a percentage of adjusted operating profit.



# Shares Outstanding



# Cash



# Investor Communications

We anticipate releasing 2010 quarterly earnings and holding investor conference calls on the following dates:

| <u>Period:</u> | <u>Earnings Release</u> | <u>Conference Call</u> |
|----------------|-------------------------|------------------------|
| Q2 2010:       | July 28, 2010           | July 29, 2010          |
| Q3 2010:       | October 27, 2010        | October 28, 2010       |
| Q4 2010:       | February 23, 2011       | February 24, 2011      |

RUGER®



# Investment Highlights

- 61-years as one of the world's leading firearms brands.
- Experienced and engaged Board of Directors.
- Strong management team.
- Strong market position in rifles, revolvers and pistols.
- Recent, exciting new product launches.
- We believe we are gaining marketshare.
- Strong balance sheet; well positioned to take advantage of business opportunities as they arise.
- Improving fundamentals.

NYSE: RGR

Shares Outstanding: 19.1 Million

Price: \$15.57 (4/23/09)

Market Capitalization: \$297 Million





# RUGGER®



Thank You Admiral Service



# *Questions*



## Caution: Forward Looking Statements

Statements made in the course of this meeting that state the Company's or Management's intentions, hopes, beliefs, expectations or predictions of the future are forward-looking statements. It is important to note that the Company's actual results could differ materially from those projected in such forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained from time to time in the Company's SEC filings, including but not limited to the Company's reports on Form 10-K for the year ended December 31, 2009 and Form 10-Q for the fiscal quarter ended April 3, 2010. Copies of these documents may be obtained by contacting the Company or the SEC or on the Company website at [www.ruger.com/corporate/](http://www.ruger.com/corporate/) or the SEC website at [www.sec.gov](http://www.sec.gov). Furthermore, the Company disclaims all responsibility to update forward-looking statements.





**STURM, RUGER & CO., INC.**

*Thank You*