

Amer Sports Corporation

**INTERIM REPORT**  
 October 23, 2014 at 1:00 pm

## Amer Sports Corporation Interim Report January–September 2014

### JULY–SEPTEMBER 2014

- Net sales totaled EUR 645.8 million (July–September 2013: EUR 608.9 million). In local currencies, net sales increased by 6%.
- Gross margin was 44.7% (45.0). The decline was mainly due to early phasing of lower margin deliveries in Winter Sports Equipment, and adverse margin development in Russia.
- EBIT excluding non-recurring items was EUR 87.6 million (82.5). Non-recurring items were EUR -18.3 million (0), related to the restructuring program announced in July.
- Earnings per share excluding non-recurring items were EUR 0.49 (0.47). Earnings per share were EUR 0.36 (0.47).
- Net cash flow after investing activities was EUR -84.8 million (-119.3).
- Outlook for 2014 unchanged.

### JANUARY–SEPTEMBER 2014

- Net sales were EUR 1,523.4 million (January–September 2013: EUR 1,479.1 million). In local currencies, net sales increased by 6%.
- Gross margin was 44.4% (44.3%).
- EBIT excluding non-recurring items was EUR 90.6 million (90.2). Non-recurring items were EUR -19.5 million (0).
- Earnings per share excluding non-recurring items were EUR 0.39 (0.44). Earnings per share were EUR 0.27 (0.44).
- Net cash flow after investing activities was EUR -79.3 million (-101.4).

### OUTLOOK FOR 2014

Amer Sports expects global trading conditions to remain challenging, with some regional improvements. In 2014, Amer Sports' net sales growth in local currencies is expected to meet at minimum the company's long-term annual 5% growth target and EBIT excluding non-recurring items to improve from 2013. The company will continue to focus on the growth of Apparel and Footwear, consumer-driven product and marketing innovation, commercial expansion and operational excellence.

### KEY FIGURES

EUR million	7–9/2014	7–9/2013	1–9/2014	1–9/2013	2013
Net sales	645.8	608.9	1,523.4	1,479.1	2,136.5
Gross profit	288.5	273.9	675.8	655.9	932.2
Gross profit %	44.7	45.0	44.4	44.3	43.6
EBIT excluding non-recurring items	87.6	82.5	90.6	90.2	154.9
EBIT % excluding non-recurring items	13.6	13.5	5.9	6.1	7.3
Non-recurring items*	-18.3	-	-19.5	-	-
EBIT total	69.3	82.5	71.1	90.2	154.9
EBIT %	10.7	13.5	4.7	6.1	7.3
Financing income and expenses	-8.8	-6.5	-25.9	-18.5	-28.6
Earnings before taxes	60.5	76.0	45.2	71.7	126.3
Net result	43.3	54.8	32.4	51.6	90.3
Earnings per share, EUR	0.36	0.47	0.27	0.44	0.77
Earnings per share excluding non-recurring items, EUR	0.49	0.47	0.39	0.44	0.77
Net cash flow after investing activities	-84.8	-119.3	-79.3	-101.4	42.5
Equity ratio, % at period end			39.2	37.9	37.5

Gearing, % at period end			66	79	57
Personnel at period end			7,606	7,396	7,330
Average rates used, EUR/USD	1.33	1.32	1.36	1.32	1.33

*\*) Non-recurring items are exceptional transactions that are not related to normal business operations. The most common non-recurring items are capital gains, exceptional write-downs, provisions for planned restructuring and penalties. Non-recurring items are normally specified individually if they have a material impact on EBIT.*

**HEIKKI TAKALA, PRESIDENT AND CEO:**

“We continued to deliver solid growth and improvement in Q3. The growth was driven by our strategic focus areas, primarily Apparel and Footwear and Business to Consumer, as well as continuous momentum in Fitness and Sports Instruments. Winter Sports Equipment deliveries were stable vs. previous year due to improved agility in our supply chain. In Ball Sports, we are executing the new turnaround strategy with early positive impact on EBIT, driven by our Gross Margin intervention to re-set the base for profitable future growth.

The trading conditions have continued to be challenging, with significant headwinds in Russia on top of the adverse impact of the previous mild winter. We continue to mitigate the challenges with good overall progress. We stay the course and continue executing with confidence.”

**TELEPHONE CONFERENCE**

An English-language conference call for investors and analysts will be held today at 3:00 pm Finnish time. To participate in the conference call, please call +44(0)20 3427 1910 (UK/international dial-in number), confirmation code **7202766**. The conference can also be followed live at [www.amersports.com](http://www.amersports.com) or <http://www.media-server.com/m/p/mdsvjw2i>.

A replay of the conference call and a transcript will be available later at the same internet address. The replay number is +44 (0)20 3427 0598, passcode 7202766#.

**FINANCIAL STATEMENTS BULLETIN 2014**

Amer Sports financial statements bulletin 2014 will be published on Thursday, February 5, 2015 at approximately 1:00 pm Finnish time.

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**DISTRIBUTION:**

NASDAQ OMX Helsinki, main media, [www.amersports.com](http://www.amersports.com)

**AMER SPORTS**

Amer Sports ([www.amersports.com](http://www.amersports.com)) is a sporting goods company with internationally recognized brands including Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto and Precor. The company's technically-advanced sports equipment, footwear and apparel improve performance and increase the enjoyment of sports and outdoor activities. The Group's business is balanced by its broad portfolio of sports and products and a presence in all major markets. Amer Sports shares are listed on the NASDAQ OMX Helsinki stock exchange (AMEAS).

## INTERIM REPORT

### NET SALES AND EBIT JULY–SEPTEMBER 2014

Amer Sports' net sales in July–September 2014 were EUR 645.8 million (July–September 2013: 608.9). Net sales increased by 6% in local currencies. Strong growth in Footwear (+19%), Apparel (+14%), Fitness (+12%) and Sports Instruments (+12%). Ball Sports net sales declined by 3% mainly due to continuous clean-up of unprofitable sales in Individual Ball Sports with the objective to re-ignite profitable growth. Winter Sports Equipment net sales were at previous year's level. Cycling declined by 2%.

#### Net sales by business segment

EUR million	7–9/ 2014	7–9/ 2013	Change %	Change %*)	% of sales 7–9/2014	% of sales 7–9/2013	2013
Winter and Outdoor	452.2	420.6	8	9	70	69	1,289.5
Ball Sports	112.9	116.7	-3	-3	17	19	551.0
Fitness	80.7	71.6	13	12	13	12	296.0
Total	645.8	608.9	6	6	100	100	2,136.5

\*) In local currencies

#### Geographic breakdown of net sales

EUR million	7–9/ 2014	7–9/ 2013	Change %	Change %*)	% of sales 7–9/2014	% of sales 7–9/2013	2013
EMEA	321.9	301.6	7	6	50	50	1,025.2
Americas	249.0	237.2	5	6	38	39	839.4
Asia Pacific	74.9	70.1	7	8	12	11	271.9
Total	645.8	608.9	6	6	100	100	2,136.5

\*) In local currencies

Gross margin was 44.7% (45.0). The decline was mainly due to early phasing of lower margin deliveries in Winter Sports Equipment, and adverse margin development in Russia.

Group EBIT excluding non-recurring items was EUR 87.6 million (82.5). Including non-recurring items, EBIT was EUR 69.3 million (82.5). Increased sales volumes in local currencies contributed approximately EUR 18 million to gross profit. A slightly lower gross margin had a negative impact of approximately EUR 2 million on gross profit. Operating expenses increased by approximately EUR 12 million. Other income and expenses and currencies had a positive impact on EBIT of approximately EUR 1 million.

#### EBIT excluding non-recurring items by business segment

EUR million	7–9/2014	7–9/2013	2013
Winter and Outdoor	83.1	87.4	127.0
Ball Sports	3.9	-2.1	27.0
Fitness	7.3	6.2	24.4
Headquarters*)	-6.7	-9.0	-23.5
EBIT excluding non-recurring items	87.6	82.5	154.9
Non-recurring items	-18.3	-	-
EBIT total	69.3	82.5	154.9

\*) Headquarters segment consists of Group administration, shared services functions, other non-operational income and expenses and fair valuation of share-based compensations.

Net financial expenses were EUR 8.8 million (6.5) including net interest expenses of EUR 7.1 million (6.1). Net foreign exchange losses and other financial items totaled EUR 1.7 million (0.4).

Earnings before taxes totaled EUR 60.5 million (76.0) and taxes were EUR 17.2 million (21.2). Earnings per share were EUR 0.36 (0.47). Earnings per share excluding non-recurring items were EUR 0.49 (0.47).

#### NET SALES AND EBIT JANUARY–SEPTEMBER 2014

Amer Sports' net sales in January–September 2014 were EUR 1,523.4 million (January–September 2013: EUR 1,479.1 million). Net sales increased by 6% in local currencies.

#### Net sales by business segment

EUR million	1–9/ 2014	1–9/ 2013	Change %	Change %*)	% of sales 1–9/2014	% of sales 1–9/2013	2013
Winter and Outdoor	914.5	855.8	7	9	60	58	1,289.5
Ball Sports	399.8	424.9	-6	-3	26	29	551.0
Fitness	209.1	198.4	5	7	14	13	296.0
Total	1,523.4	1,479.1	3	6	100	100	2,136.5

\*) In local currencies

#### Geographic breakdown of net sales

EUR million	1–9/ 2014	1–9/ 2013	Change %	Change %*)	% of sales 1–9/2014	% of sales 1–9/2013	2013
EMEA	727.1	686.6	6	7	48	47	1,025.2
Americas	604.2	610.1	-1	3	40	41	839.4
Asia Pacific	192.1	182.4	5	11	12	12	271.9
Total	1,523.4	1,479.1	3	6	100	100	2,136.5

\*) In local currencies

Gross margin was 44.4% (44.3). Solid improvement in Fitness and Ball Sports was partly offset by significantly lower gross margin in Russia.

Group EBIT excluding non-recurring items was EUR 90.6 million (90.2). Including non-recurring items, EBIT was EUR 71.1 (90.2). Sales increase in local currency terms contributed approximately EUR 35 million to gross profit. Operating expenses increased by approximately EUR 25 million. Other income and expenses and currencies impacted EBIT negatively by approximately EUR 10 million, half of which were related to currencies.

#### EBIT excluding non-recurring items by business segment

EUR million	1–9/ 2014	1–9/2013	2013
Winter and Outdoor	70.6	74.5	127.0
Ball Sports	23.4	23.1	27.0
Fitness	14.8	10.1	24.4
Headquarters*)	-18.2	-17.5	-23.5
EBIT excluding non-recurring items	90.6	90.2	154.9
Non-recurring items	-19.5	-	-
Total	71.1	90.2	154.9

\*) Headquarters segment consists of Group administration, shared services functions, other non-operational income and expenses and fair valuation of share-based compensations.

Net financial expenses were EUR 25.9 million (18.5) including net interest expenses of EUR 20.1 million (17.6). Net foreign exchange losses and other financial items totaled EUR 5.8 million (0.9). Earnings before taxes totaled EUR 45.2 million (71.7) and taxes were EUR 12.8

million (20.1). Earnings per share were EUR 0.27 (0.44). Earnings per share excluding non-recurring items were EUR 0.39 (0.44).

### CASH FLOW AND FINANCING

Net cash flow after investing activities (free cash flow) was EUR -79.3 million (-101.4) in January–September. Working capital in total increased by EUR 110.0 million (153.6). Inventories increased by EUR 107.9 million (84.2) and receivables decreased by EUR 13.8 million (increase 72.2). Payables decreased by 15.9 million (increase 2.8).

At the end of September, net debt amounted to EUR 530.4 million (September 30, 2013: 573.4). Interest-bearing liabilities amounted to EUR 640.0 million (September 30, 2013: 644.7), consisting of short-term debt of EUR 278.7 million and long-term debt of EUR 361.3 million. The average interest rate on the Group's interest-bearing liabilities was 3.6% (September 30, 2013: 3.4%).

The short-term debt consists mainly of repayments of long-term loans of EUR 162.4 million (September 30, 2013: 92.4) and commercial papers of EUR 114.5 (September 30, 2013: 172.8). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 109.6 million (September 30, 2013: 71.3).

Amer Sports had not used any of its EUR 240 million committed revolving credit facilities at the end of the review period.

The equity ratio at the end of September was 39% (September 30, 2013: 38%) and gearing was 66% (September 30, 2013: 79%).

### CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 27.9 million (29.9). Depreciation totaled EUR 33.4 million (31.9). Capital expenditure for the whole year is expected to be approximately EUR 45 million (45.3).

### BUSINESS SEGMENT REVIEWS

#### WINTER AND OUTDOOR

EUR million	7–9/ 2014	7–9/ 2013	Ch %	Ch %*)	1–9/ 2014	1–9/ 2013	Ch %	Ch %*)	2013
Net sales									
Winter Sports									
Equipment	150.8	151.6	-1	0	199.2	208.1	-4	-3	416.7
Footwear	117.9	100.0	18	19	301.9	267.8	13	15	341.2
Apparel	117.0	105.4	11	14	222.8	198.5	12	18	285.4
Cycling	32.4	33.1	-2	-2	102.5	97.4	5	6	128.2
Sports Instruments	34.1	30.5	12	12	88.1	84.0	5	7	118.0
Net sales, total	452.2	420.6	8	9	914.5	855.8	7	9	1,289.5
EBIT excl. non-recurring items	83.1	87.4			70.6	74.5			127.0
EBIT % excl. non-recurring items	18.4	20.8			7.7	8.7			9.8
Non-recurring items	-10.4	-			-10.4	-			-
EBIT total	72.7	87.4			60.2	74.5			127.0
Personnel at period end					4,972	4,823	3		4,742

\*) Change in local currencies

In July–September, Winter and Outdoor's net sales were EUR 452.2 million (420.6), an increase of 9% in local currencies.

EUR million	7-9/ 2014	7-9/ 2013	Ch %	Ch %*)	1-9/ 2014	1-9/ 2013	Ch %	Ch %*)	2013
EMEA	282.2	256.8	10	11	584.4	535.9	9	10	830.2
Americas	121.7	119.6	2	3	218.8	219.0	0	4	300.0
Asia Pacific	48.3	44.2	9	10	111.3	100.9	10	15	159.3
Total	452.2	420.6	8	9	914.5	855.8	7	9	1,289.5

\*) Change in local currencies

In July-September, EBIT excluding non-recurring items was EUR 83.1 million (87.4). Sales increase in local currency terms contributed approximately EUR 17 million to gross profit. Lower gross margin had a negative impact of approximately EUR 9 million on gross profit. Operating expenses increased by approximately EUR 12 million.

### Winter Sports Equipment

In July-September, Winter Sports Equipment net sales were stable at EUR 150.8 million (151.6) due to improved agility in the supply chain. Net sales of alpine ski equipment increased slightly while cross country equipment and snowboard sales declined.

### Footwear

In July-September, Footwear's net sales were EUR 117.9 million (100.0), an increase of 19% in local currencies. The growth was strong in all channels and geographical regions.

### Apparel

In July-September, Apparel's net sales were EUR 117.0 million (105.4), an increase of 14% in local currencies with a strong contribution from Arc'teryx. The growth was generated across all channels and geographical regions.

### Cycling

In July-September, Cycling's net sales were EUR 32.4 million (33.1), a decrease of 2% in local currencies.

### Sports Instruments

In July-September, Sports Instruments' net sales were EUR 34.1 million (30.5), an increase of 12% in local currencies. Suunto Ambit 3<sup>rd</sup> generation product family sales started well.

### BALL SPORTS

EUR million	7-9/ 2014	7-9/ 2013	Ch %	Ch %*)	1-9/ 2014	1-9/ 2013	Ch %	Ch %*)	2013
Net sales									
Individual Ball Sports	61.3	65.3	-6	-6	226.5	246.3	-8	-5	306.0
Team Sports	51.6	51.4	0	1	173.3	178.6	-3	0	245.0
Net sales, total	112.9	116.7	-3	-3	399.8	424.9	-6	-3	551.0
EBIT excl. non-recurring items	3.9	-2.1			23.4	23.1			27.0
EBIT % excl. non-recurring items	3.5				5.9	5.4			4.9
Non-recurring items	-7.9	-			-9.1	-			-
EBIT total	-4.0	-2.1			14.3	23.1			27.0
Personnel at period end					1,524	1,528	0		1,549

\*) Change in local currencies

In July-September, Ball Sports' net sales were EUR 112.9 million (116.7), a decrease of 3% in local currencies. Sales in Individual Ball Sports declined by 6% mainly due to continuous clean-up of unprofitable sales with the objective to re-ignite profitable growth. The decline was partly

offset by increased sales in the United States driven by the launch of new Performance Tennis Rackets. Team Sports' net sales were at previous year's level.

EUR million	7-9/ 2014	7-9/ 2013	Ch %	Ch %*)	1-9/ 2014	1-9/ 2013	Ch %	Ch %*)	2013
EMEA	21.0	23.0	-8	-9	92.5	96.6	-4	-4	116.8
Americas	75.8	76.4	-1	0	255.3	270.8	-6	-2	356.8
Asia Pacific	16.1	17.3	-7	-8	52.0	57.5	-10	-5	77.4
Total	112.9	116.7	-3	-3	399.8	424.9	-6	-3	551.0

\*) Change in local currencies

In July–September, EBIT excluding non-recurring items was EUR 3.9 million (-2.1). Improved gross margin contributed approximately EUR 5 million to gross profit. Operating expenses decreased by EUR 2 million.

### FITNESS

EUR million	7-9/ 2014	7-9/ 2013	Ch %	Ch %*)	1-9/ 2014	1-9/ 2013	Ch %	Ch %*)	2013
Net sales	80.7	71.6	13	12	209.1	198.4	5	7	296.0
EBIT excl. non-recurring items	7.3	6.2			14.8	10.1			24.4
EBIT % excl. non-recurring items	9.0	8.7			7.1	5.1			8.2
Non-recurring items	-	-			-	-			-
EBIT total	7.3	6.2			14.8	10.1			24.4
Personnel at period end					934	882	6		874

\*) Change in local currencies

In July–September, Fitness' net sales were EUR 80.7 million (71.6), an increase of 12% in local currencies. Geographically, sales growth was particularly strong in the Americas.

EUR million	7-9/ 2014	7-9/ 2013	Ch %	Ch %*)	1-9/ 2014	1-9/ 2013	Ch %	Ch %*)	2013
EMEA	18.7	21.8	-14	-17	50.2	54.1	-7	-10	78.2
Americas	51.5	41.2	25	25	130.1	120.3	8	11	182.6
Asia Pacific	10.5	8.6	22	26	28.8	24.0	20	27	35.2
Total	80.7	71.6	13	12	209.1	198.4	5	7	296.0

\*) Change in local currencies

In July–September, EBIT excluding non-recurring items was EUR 7.3 million (6.2). Sales increase in local currency terms contributed approximately EUR 4 million to gross profit. Operating expenses increased by approximately EUR 2 million.

### PERSONNEL

At the end of September, the number of Group employees was 7,606 (December 31, 2013: 7,330).

	September 30, 2014	September 30, 2013	December 31, 2013
Winter and Outdoor	4,972	4,823	4,742
Ball Sports	1,524	1,528	1,549
Fitness	934	882	874
Headquarters and shared services	176	163	165

Total	7,606	7,396	7,330
	September 30, 2014	September 30, 2013	December 31, 2013
EMEA	4,215	4,202	4,125
Americas	2,581	2,429	2,455
Asia Pacific	810	765	750
Total	7,606	7,396	7,330

#### **CHANGE IN GROUP MANAGEMENT**

Antti Jääskeläinen, Amer Sports' Chief Development Officer and SVP, Supply Chain and Global Operations, member of Amer Sports' Executive Board, left the company in August.

Consequently, the area of responsibility of Jussi Siitonen, CFO, was extended to cover Global Operations and IT and the area of responsibility of Michael White, Chief Sales Officer and General Manager, EMEA and Americas, was extended to cover Distribution and Transportation.

#### **SHARES AND SHAREHOLDERS**

The company's share capital totaled EUR 292,182,204 on September 30, 2014 and the number of shares was 118,517,285. Each share entitles the holder to one vote at the company's general meeting.

##### **Authorizations**

The Annual General Meeting held on March 6, 2014 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 6, 2014 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue own shares to the Company for free. The authorization is valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

The Annual General Meeting held on March 7, 2013 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization was valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 7, 2013 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue.



The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes the option to issue own shares to the Company for free. The authorization is valid for two years from the date of the decision of the Annual General Meeting, but the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes was valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

Apart from the above, the Board of Directors has no other authorizations to issue shares, convertible bonds or warrant programs.

#### **Own shares**

Amer Sports Board of Directors decided to utilize the authorization given by the Annual General Meeting held on March 6, 2014 to repurchase Amer Sports shares. The repurchases started on August 15, 2014 and will end on December 31, 2014 at the latest. The amount acquired by September 30, 2014 was 150,500 shares. The amount to be acquired is maximum 1,000,000 shares.

At the end of September, Amer Sports held a total of 748,169 shares (961,233) of Amer Sports Corporation. The number of own shares corresponds to 0.63% (0.81) of all Amer Sports shares. A total of 27,608 shares were returned to Amer Sports during the review period due to the company's share-based incentive plans.

#### **Trading in shares**

A total of 60.4 million (37.6) Amer Sports shares with a value totaling EUR 916.3 million (500.4) were traded on the NASDAQ OMX Helsinki Ltd in the review period. The average daily volume in January–September 2014 was 321,233 shares (198,679).

The closing price of the Amer Sports Corporation share on the NASDAQ OMX Helsinki Ltd stock exchange on September 30, 2014 was EUR 15.91 (15.00). Shares registered a high of EUR 16.58 (15.60) and a low of EUR 13.76 (11.08) during the review period. The average share price was EUR 15.17 (13.33). On September 30, 2014, the company had a market capitalization of EUR 1,873.7 million (1,763.3), excluding own shares.

Amer Sports Corporation had 18,681 registered shareholders (14,621) at the end of September 2014. Ownership outside of Finland and nominee registrations represented 45.03% (44.4%) of the company's shares.

#### **DECISIONS OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Documentation and stock exchange releases relating to the resolutions approved by the Amer Sports Corporation Annual General Meeting held on March 6, 2014 are available on the company's website at [www.amersports.com/investors](http://www.amersports.com/investors).

#### **RESTRUCTURING PROGRAM TO FURTHER ACCELERATE PROFITABLE LONG-TERM GROWTH TOWARDS 2020**

Amer Sports continues the restructuring program announced in July 2014 with the primary objectives to re-ignite profitable growth in Ball Sports and to further accelerate Amer Sports' growth towards 2020 especially in Apparel and Footwear, Business to Consumer, and digital products and services. The program will help to drive further scale and synergies across the Group and it will enable re-allocation of resources into the focus acceleration areas.

Related non-recurring expenses are approximately EUR 60 million, of which EUR 18.3 million were recognized during July-September. The remaining expenses will be mainly recognized during October-December 2014. Approximately EUR 25 million of the total expenses will have cash flow impact.

#### **SIGNIFICANT RISKS AND UNCERTAINTIES**

Amer Sports' business is balanced by its broad portfolio of sports and brands, the increasing share of Apparel and Footwear in the company portfolio as well as the company's presence in all major markets. Short-term risks for Amer Sports are particularly associated with general economic conditions and consumer demand development especially in Russia.

Further information on the company's business risks and uncertainty factors is available at [www.amersports.com/investors](http://www.amersports.com/investors).

**OUTLOOK FOR 2014**

Amer Sports expects global trading conditions to remain challenging, with some regional improvements. In 2014, Amer Sports' net sales growth in local currencies is expected to meet at minimum the company's long-term annual 5% growth target and EBIT excluding non-recurring items to improve from 2013. The company will continue to focus on the growth of Apparel and Footwear, consumer-driven product and marketing innovation, commercial expansion and operational excellence.

## TABLES

The notes are an integral part of consolidated interim financial information.

Unaudited

EUR million

### CONSOLIDATED RESULTS

	7-9/ 2014	7-9/ 2013	Change %	1-9/ 2014	1-9/ 2013	Change %	2013
<b>NET SALES</b>	645.8	608.9	6	1,523.4	1,479.1	3	2,136.5
Cost of goods sold	-357.3	-335.0		-847.6	-823.2		-1,204.3
<b>GROSS PROFIT</b>	288.5	273.9	5	675.8	655.9	3	932.2
License income	1.9	1.2		3.9	3.8		6.4
Other operating income	1.0	0.5		5.0	3.9		4.5
R&D expenses	-18.0	-17.4		-54.7	-55.3		-76.2
Selling and marketing expenses	-141.2	-129.8		-411.1	-399.3		-543.0
Administrative and other expenses	-44.6	-45.9		-128.3	-118.8		-169.0
Non-recurring expenses	-18.3	-		-19.5	-		-
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	69.3	82.5	-16	71.1	90.2	-21	154.9
% of net sales	10.7	13.5		4.7	6.1		7.3
Financing income and expenses	-8.8	-6.5		-25.9	-18.5		-28.6
<b>EARNINGS BEFORE TAXES</b>	60.5	76.0		45.2	71.7		126.3
Taxes	-17.2	-21.2		-12.8	-20.1		-36.0
<b>NET RESULT</b>	43.3	54.8		32.4	51.6		90.3

Attributable to:

Equity holders of the parent company	43.3	54.8		32.4	51.6		90.3
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Earnings per share, EUR	0.36	0.47		0.27	0.44		0.77
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Earnings per share, diluted, EUR	0.36	0.47		0.27	0.44		0.76
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Adjusted average number of shares in issue less own shares, million				117.8	117.7		117.7
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Adjusted average number of shares in issue less own shares, diluted, million				118.4	118.2		118.1
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Equity per share, EUR				6.85	6.20		6.48
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ROCE, % *)				11.9	10.4		14.2
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ROE, %				5.5	9.4		12.1
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Average rates used: EUR 1.00 = USD	1.3306	1.3230		1.3571	1.3168		1.3277
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\*) 12 months' rolling average

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	7-9/ 2014	7-9/ 2013	1-9/ 2014	1-9/ 2013	2013
Net result	43.3	54.8	32.4	51.6	90.3
<b>Other comprehensive income</b>					
Items that will not be reclassified to profit or loss					
Remeasurement effects of postemployment benefit plans	-4.6	2.6	-8.9	11.2	12.4
Income tax related to remeasurement effects	1.3	-0.9	2.8	-3.9	-4.3
Items that may be reclassified to profit or loss					
Translation differences	23.2	-13.4	29.2	-17.0	-24.5
Cash flow hedges	34.3	-10.9	41.2	-1.3	-1.6
Income tax related to cash flow hedges	-8.6	2.7	-10.3	0.3	0.4
Other comprehensive income, net of tax	45.6	-19.9	54.0	-10.7	-17.6
Total comprehensive income	88.9	34.9	86.4	40.9	72.7

**Total comprehensive income attributable to:**

Equity holders of the parent company	88.9	34.9	86.4	40.9	72.7
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**NET SALES BY BUSINESS SEGMENT**

	7-9/ 2014	7-9/ 2013	Change %	1-9/ 2014	1-9/ 2013	Change %	2013
Winter and Outdoor	452.2	420.6	8	914.5	855.8	7	1,289.5
Ball Sports	112.9	116.7	-3	399.8	424.9	-6	551.0
Fitness	80.7	71.6	13	209.1	198.4	5	296.0
Total	645.8	608.9	6	1,523.4	1,479.1	3	2,136.5

**GEOGRAPHICAL BREAKDOWN OF NET SALES**

	7-9/ 2014	7-9/ 2013	Change %	1-9/ 2014	1-9/ 2013	Change %	2013
EMEA	321.9	301.6	7	727.1	686.6	6	1,025.2
Americas	249.0	237.2	5	604.2	610.1	-1	839.4
Asia Pacific	74.9	70.1	7	192.1	182.4	5	271.9
Total	645.8	608.9	6	1,523.4	1,479.1	3	2,136.5

**EBIT BY BUSINESS SEGMENT**

	7-9/ 2014	7-9/ 2013	Change %	1-9/ 2014	1-9/ 2013	Change %	2013
Winter and Outdoor	72.7	87.4	-17	60.2	74.5	-19	127.0
Ball Sports	-4.0	-2.1		14.3	23.1	38	27.0
Fitness	7.3	6.2	18	14.8	10.1	47	24.4
Headquarters	-6.7	-9.0		-18.2	-17.5		-23.5
Total	69.3	82.5	-16	71.1	90.2	-21	154.9

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	7-9/ 2014	7-9/ 2013	1-9/ 2014	1-9/ 2013	2013
Earnings before interest and taxes		69.3	82.5	71.1	90.2	154.9
Adjustments to cash flow from operating activities and depreciation		5.2	6.5	28.3	28.8	40.7
Change in working capital		-144.4	-190.9	-110.0	-153.6	-59.1

Cash flow from operating activities before financing items and taxes	-69.9	-101.9	-10.6	-34.6	136.5
Interest paid and received	-3.5	-2.2	-22.3	-20.2	-26.6
Income taxes paid and received	-3.0	-4.3	-19.1	-17.1	-22.6
Net cash flow from operating activities	-76.4	-108.4	-52.0	-71.9	87.3
Capital expenditure on non-current tangible and intangible assets	-8.6	-11.0	-27.9	-29.8	-45.3
Proceeds from sale of tangible non-current assets	0.2	0.1	0.6	0.3	0.5
Net cash flow from investing activities	-8.4	-10.9	-27.3	-29.5	-44.8
Net cash flow after investing activities (free cash flow)	-84.8	-119.3	-79.3	-101.4	42.5
Repurchase of own shares	-2.6	-0.2	-2.6	-5.4	-5.4
Dividends paid	3	-	-	-47.2	-41.3
Change in debt and other financing items	109.4	94.6	-32.9	79.3	135.2
Net cash flow from financing activities	106.8	94.4	-82.7	32.6	88.5
Cash and cash equivalents on July 1/January 1	86.9	96.9	270.0	142.5	142.5
Translation differences	0.7	-0.7	1.6	-2.4	-3.5
Change in cash and cash equivalents	22.0	-24.9	-162.0	-68.8	131.0
Cash and cash equivalents on September 30/December 31	109.6	71.3	109.6	71.3	270.0

#### CONSOLIDATED BALANCE SHEET

	Note	September 30, 2014	September 30, 2013	December 31, 2013
<b>Assets</b>				
Goodwill		295.8	284.5	281.2
Other intangible non-current assets		203.4	207.7	205.0
Tangible non-current assets		170.4	163.9	168.3
Other non-current assets		120.9	122.8	101.2
Inventories and work in progress		473.8	412.2	355.1
Receivables		684.9	662.0	649.1
Cash and cash equivalents		109.6	71.3	270.0
Total assets	2	2,058.8	1,924.4	2,029.9
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		807.0	729.4	761.3
Long-term interest-bearing liabilities		361.3	373.6	517.9
Other long-term liabilities		80.6	70.5	59.1
Current interest-bearing liabilities		278.7	271.1	183.8
Other current liabilities		494.0	445.4	478.0
Provisions		37.2	34.4	29.8
Total shareholders' equity and liabilities		2,058.8	1,924.4	2,029.9
Equity ratio, %		39.2	37.9	37.5
Gearing, %		66	79	57
EUR 1.00 = USD		1.2732	1.3537	1.3791

#### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY



Repurchased own shares										-2.6	-2.6	
Dividend distribution	3										-47.2	-47.2
Balance at Sep. 30, 2014	292.2	12.1	-9.8	-30.6	22.6	-25.5	163.1	382.9	807.0			

#### QUARTERLY BREAKDOWN OF NET SALES AND EBIT

	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013	Q3/ 2013	Q2/ 2013	Q1/ 2013	Q4/ 2012
<b>NET SALES</b>								
Winter and Outdoor	452.2	174.8	287.5	433.7	420.6	168.7	266.5	402.8
Ball Sports	112.9	136.2	150.7	126.1	116.7	144.2	164.0	127.7
Fitness	80.7	65.1	63.3	97.6	71.6	64.3	62.5	88.0
Total	645.8	376.1	501.5	657.4	608.9	377.2	493.0	618.5

	Q3/ 2014	Q2/ 2014	Q1/ 2014	Q4/ 2013	Q3/ 2013	Q2/ 2013	Q1/ 2013	Q4/ 2012
<b>EBIT</b>								
Winter and Outdoor	72.7	-22.0	9.5	52.5	87.4	-27.1	14.2	23.3
Ball Sports	-4.0	5.1	13.2	3.9	-2.1	7.8	17.4	-4.5
Fitness	7.3	4.1	3.4	14.3	6.2	4.3	-0.4	7.8
Headquarters	-6.7	-6.0	-5.5	-6.0	-9.0	-3.7	-4.8	-4.4
Total	69.3	-18.8	20.6	64.7	82.5	-18.7	26.4	22.2

#### THE NOTES TO THE FINANCIAL STATEMENTS

##### 1. ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with IAS 34 'Interim Financial Reporting' and in compliance with IFRS standards and interpretations in force as at January 1, 2014, as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2013 have also been applied in the preparation of the interim financial information.

The relative proportion of the estimated tax charge for the full financial year has been charged against the result for the period.

##### 2. SEGMENT INFORMATION

Amer Sports has three business segments: Winter and Outdoor, Ball Sports and Fitness.

The accounting policies for segment reporting do not differ from the Group's accounting policies. The decisions concerning assessing the performance of segments and allocation of resources to the segments are based on segments' net sales and earnings before interest and taxes. The chief operating decision maker of Amer Sports is the Executive Board.

There were no intersegment business operations during the reported periods.

	Net sales	Earnings before interest and taxes	Financing income and expenses	Earnings before taxes	Assets
<b>1-9/2014</b>					
Winter and Outdoor	914.5	60.2			1,105.3
Ball Sports	399.8	14.3			344.2
Fitness	209.1	14.8			293.6
Segments, total	1,523.4	89.3			1,743.1
Unallocated items*)		-18.2	-25.9		315.7
Group total	1,523.4	71.1	-25.9	45.2	2,058.8

<b>1-9/2013</b>					
Winter and Outdoor	855.8	74.5			1,049.7
Ball Sports	424.9	23.1			367.6
Fitness	198.4	10.1			253.3
Segments, total	1,479.1	107.7			1,670.6
Unallocated items*)		-17.5	-18.5		253.8
Group total	1,479.1	90.2	-18.5	71.7	1,924.4
<b>1-12/2013</b>					
Winter and Outdoor	1,289.5	127.0			960.3
Ball Sports	551.0	27.0			353.7
Fitness	296.0	24.4			265.1
Segments, total	2,136.5	178.4			1,579.1
Unallocated items*)		-23.5	-28.6		450.8
Group total	2,136.5	154.9	-28.6	126.3	2,029.9

\*) Earnings before interest and taxes include income and expenses of corporate headquarters.

#### **GEOGRAPHICAL BREAKDOWN OF NET SALES**

	<b>1-9/ 2014</b>	<b>1-9/ 2013</b>	<b>2013</b>
EMEA	727.1	686.6	1,025.2
Americas	604.2	610.1	839.4
Asia Pacific	192.1	182.4	271.9
Total	1,523.4	1,479.1	2,136.5

#### **3. DIVIDENDS**

Relating to the year ending on December 31, 2013, the dividends distributed to the shareholders of Amer Sports Corporation were EUR 0.40 per share and amounted in total to EUR 47.2 million (2013: 0.35 per share, in total 41.3 million). The dividends were paid out in April 2014.

#### **4. CONTINGENT LIABILITIES AND SECURED ASSETS**

	<b>September 30, 2014</b>	<b>September 30, 2013</b>	<b>December 31, 2013</b>
Guarantees	21.8	21.2	21.7
Liabilities for leasing and rental agreements	151.7	168.6	168.8
Other liabilities	73.2	37.7	60.3

There are no guarantees or contingencies given for the management of the company, the shareholders or the associated companies.

#### **5. ONGOING LITIGATIONS**

The Group has extensive international operations and is involved in a number of legal proceedings, including product liability suits. The Group does not expect the outcome of any legal proceedings currently pending to have materially adverse effect upon its consolidated results or financial position.

#### **6. SEASONALITY**

Although Amer Sports operates in a number of sporting goods segments during all four seasons, its business is subject to seasonal fluctuations. Historically, the third and fourth quarters of a financial year have been the strongest quarters for Amer Sports in terms of both net sales and profitability, mainly because sales of winter sports equipment ahead of the winter season typically take place during the third and fourth quarters. The summer season for ball sports balances seasonality to a certain extent, as the strongest quarters for the Ball Sports



segment are the first and second quarters. Usually the net cash flow from operating activities is very strong in the first quarter when the income from winter sports equipment realizes. Especially during the third quarter, the net cash flow from operating activities is tied up in working capital.

#### **7. DERIVATIVE FINANCIAL INSTRUMENTS AND AVAILABLE-FOR-SALE FINANCIAL ASSETS MEASURED AT FAIR VALUE**

The fair values of financial assets and liabilities whose fair value is recognized through income statement and derivative financial instruments used in hedge accounting are presented in the following table. All derivatives are classified as Level 2 instruments whose fair value is determined by using valuation techniques from observable market data. Available-for-sale financial assets are classified as Level 3 instruments and valued by using valuation techniques without any observable market data.

The company's derivative financial instruments may include foreign exchange forward contracts and options, interest rate swaps and interest rate options and cross-currency swaps. Foreign exchange forward contracts and options are used to hedge against changes in the value of receivables, liabilities and future cash flows denominated in a foreign currency and interest rate swaps and interest rate options to hedge against the interest rate risk. Cross-currency swaps are used to hedge against changes in value of foreign currency denominated receivables and liabilities and against the interest rate risk.

Derivative financial instruments are initially and subsequently recognized at fair value. Fair values of foreign currency denominated derivatives are measured by recognizing the exchange rate difference by using the closing rates quoted by the European Central Bank on the reporting date. The future cash flows related to forward contract's interest rate differential are discounted with the relevant market interest rate yield curves on the reporting date and compared with initial interest rate differential. The time value of foreign exchange options is measured using commonly known option pricing models. The expected future cash flows of the interest rate swaps and cross currency swaps are discounted with the market interest yield curves of the currencies concerned. Interest rate options are valued by using commonly known option pricing models. The accrued interest of forward contracts, interest rate swaps and cross currency swaps are periodized over the duration of the instruments on a net basis.

The counterparty risk of the company hasn't materially changed and hence has no material effect on the valuation of the company's derivative instruments.

Available-for-sale financial assets are Level 3 instruments whose exact fair values can't be reliably measured. The fair values of available-for-sale assets are presented at bookkeeping value or a lower value if they are impaired. The fair values do not materially deviate from the bookkeeping value.

<b>September 30, 2014</b>	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available- for-sale financial assets</b>
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives	0.0	12.4	
Interest rate derivatives and cross currency swaps	5.5	5.9	

Current financial assets		
Foreign exchange derivatives	3.5	22.5
Long-term financial liabilities		
Foreign exchange derivatives		0.9
Interest rate derivatives and cross currency swaps	13.6	5.8
Current financial liabilities		
Foreign exchange derivatives	10.0	4.0
Interest rate derivatives and cross currency swaps	0.0	1.1
Nominal value of foreign exchange derivatives	564.7	834.6
Nominal value of interest rate derivatives	140.0	195.7
Nominal value of cross currency swaps		147.4

	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available-for-sale financial assets</b>
<b>September 30, 2013</b>			
Non-current financial assets			
Other non-current financial assets			0.6
Foreign exchange derivatives		0.0	
Interest rate derivatives and cross currency swaps	2.5	0.5	
Current financial assets			
Foreign exchange derivatives	10.1	2.5	
Long-term financial liabilities			
Foreign exchange derivatives		0.8	
Interest rate derivatives and cross currency swaps	0.0	5.0	
Current financial liabilities			
Foreign exchange derivatives	5.2	7.8	
Interest rate derivatives and cross currency swaps	0.4	0.1	
Nominal value of foreign exchange derivatives	473.5	471.0	

December 31, 2013	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available- for-sale financial assets
Nominal value of interest rate derivatives	90.0	150.0	
Nominal value of cross currency swaps		69.2	
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives		0.1	
Interest rate derivatives and cross currency swaps	3.9	2.1	
Current financial assets			
Foreign exchange derivatives	4.4	3.7	
Long-term financial liabilities			
Foreign exchange derivatives		1.9	
Interest rate derivatives and cross currency swaps		4.0	
Current financial liabilities			
Foreign exchange derivatives	0.2	10.9	
Interest rate derivatives and cross currency swaps	3.5	0.0	
Nominal value of foreign exchange derivatives	440.2	597.6	
Nominal value of interest rate derivatives	140.0	244.5	
Nominal value of cross currency swaps		152.8	

#### 8. ACQUIRED OPERATIONS

Amer Sports terminated the business with its previous Israeli distributor Unisport Fitness Equipment (1997) Ltd ("Unisport") and acquired agreed assets and liabilities of the company on June 28, 2013. Acquired assets totaled to EUR 7.7 million, out of which EUR 4.2 million were related to intangible assets (customer list, order book). No monetary consideration is paid to owner of Unisport.

All forecasts and estimates presented in this report are based on the management's current judgment of the economic environment. The actual results may differ significantly.

#### AMER SPORTS CORPORATION

Board of Directors