

Amer Sports Corporation

INTERIM REPORT

October 28, 2010 at 1:00 pm

## Amer Sports Corporation Interim Report January–September 2010

### JULY–SEPTEMBER, 2010

- Net sales increased by 14% to EUR 466.9 million (410.6). In local currencies, net sales increased by 5%.
- EBIT was EUR 55.8 million (40.7) including non-recurring expenses of EUR 3.5 million. Earnings per share totaled EUR 0.38 (0.29).
- Net cash flow from operating activities totaled EUR -85.0 million (-25.4) reflecting primarily the seasonality in Winter Sports Equipment.
- Outlook for 2010: Amer Sports expects its 2010 net sales to be approximately EUR 1.7 billion (2009: 1.5) and EBIT margin to be approximately 6% excluding non-recurring items.

### JANUARY–SEPTEMBER, 2010

- Net sales totaled EUR 1,157.0 million (1,050.6), an increase of 10%. In local currencies, net sales increased by 5%.
- EBIT was EUR 48.4 million (4.4), an improvement of EUR 44.0 million. EBIT includes non-recurring expenses of EUR 3.5 million. Earnings per share totaled EUR 0.22 (-0.09).
- Net cash flow from operating activities totaled EUR 9.2 million (33.3).

EUR million	7-9/ 2010	7-9/ 2009	Ch, %	Ch, %*)	1-9/ 2010	1-9/ 2009	Ch, %	Ch, %*)	2009
Net sales	466.9	410.6	14	5	1,157.0	1,050.6	10	5	1,533.4
Gross profit	209.3	171.3	22	14	504.2	423.5	19	14	620.0
Gross profit %	44.8	41.7			43.6	40.3			40.4
Non-recurring items**)	-3.5	-			-3.5	-			-5.0
EBIT	55.8	40.7	37	25	48.4	4.4			43.8
EBIT %	12.0	9.9			4.2	0.4			2.9
Financing income and expenses	-2.2	-2.3			-15.6	-11.3			-18.4
Earnings before taxes	53.6	38.4			32.8	-6.9			25.4
Net result	47.4	28.8			30.8	-5.2			31.4
Earnings per share, EUR	0.38	0.29			0.22	-0.09			0.28
Net cash flow from operating activities	-85.0	-25.4			9.2	33.3			181.6
Equity ratio, %					47.5	35.9			48.2
Gearing, %					45	104			38
Personnel, period end					6,640	6,455			6,331

\*) Change in local currency terms

\*\*) 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 material impact on EBIT.

Share-based key indicators have been adjusted for the impact of the share issue in 2009.

### HEIKKI TAKALA, PRESIDENT AND CEO:

"In the third quarter, we continued to drive top line growth and profitability. We improved gross profit percentage by three points and kept operating expenses under control. The progress was broad based: all business segments improved their EBIT margins.

Sales increased particularly in Footwear. Overall in Apparel and Footwear sales increased 10%. Fitness had good development as sales increased by 7% and EBIT improved markedly. Also

Cycling had a strong quarter and net sales increased by 14%. On the other hand, Racquet Sports net sales declined by 8% reflecting the sluggish global tennis market.

Amer Sports announced in September its new strategic priorities and long-term financial targets. The strategy emphasizes clear portfolio roles and synergies, faster growth in softgoods, winning with the local consumer, and strengthening commercial fundamentals through sales and channel management. Operational excellence continues to be a key cornerstone.

We are moving fast to implement the programs across the businesses to reach the long-term financial targets. To mention a few milestones, earlier in October, we appointed a President for our Apparel business and the regional general managers of the sales and distribution organization were appointed members of the Executive Board.

I'm excited about the new strategic direction of the company. I think both the company and our consumers and customers will benefit greatly from the efforts we are now putting in place."

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**TELEPHONE CONFERENCE**

An English-language telephone 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 7138 0824 (UK/international dial-in number). The conference can also be followed from a direct transmission on the internet, at [www.amersports.com](http://www.amersports.com). A recorded version will later be available at the same address: replay number +44 (0)20 7111 1244, and access code 5719314#.

Amer Sports Corporation will publish its 2010 results bulletin on Thursday, February 3, 2011.

## INTERIM REPORT

### NET SALES AND EBIT IN JULY–SEPTEMBER, 2010

Amer Sports net sales in July–September 2010 totaled EUR 466.9 million (410.6), an increase of 14% compared to July–September 2009. Net sales increased by 5% in local currency terms.

In local currency terms, EMEA increased 8% and the Americas 4%. Sales in Asia Pacific were down by 4%, mainly as a result of low demand in the tennis market in Japan.

#### Net sales by business segment

EUR million	7-9/ 2010	7-9/ 2009	Change %	Change %*)	% of sales 7-9/2010	% of sales 7-9/2009
Winter and Outdoor	300.3	262.4	14	7	64	64
Ball Sports	114.0	103.4	10	0	25	25
Fitness	52.6	44.8	17	7	11	11
Total	466.9	410.6	14	5	100	100

\*) In local currency terms

#### Geographic breakdown of net sales

EUR million	7-9/ 2010	7-9/ 2009	Change %	Change %*)	% of sales 7-9/2010	% of sales 7-9/2009
Americas	192.3	163.6	18	4	41	40
EMEA	226.9	204.0	11	8	49	50
Asia Pacific	47.7	43.0	11	-4	10	10
Total	466.9	410.6	14	5	100	100

\*) In local currency terms

Group EBIT of EUR 55.8 million improved by EUR 15.1 million. Higher gross margins contributed EUR 15.1 million to the EBIT growth, while increased sales volumes contributed EUR 9.9 million. Operating expenses increased by EUR 11.5 million driven mainly by increased sales, distribution and marketing expenses (all in local currencies). Headquarters' EBIT of EUR -8.7 million (-4.4) includes a non-recurring expense of EUR 3.5 million relating to a solved import duties dispute in Brazil.

#### EBIT by business segment

EUR million	7-9/ 2010	7-9/ 2009
Winter and Outdoor	58.2	44.1
Ball Sports	3.5	2.4
Fitness	2.8	-1.4
Headquarters	-8.7	-4.4
Total	55.8	40.7

Net financial expenses totaled EUR 2.2 million (2.3) including net interest expenses of EUR 5.6 million (5.4) and unrealized net foreign exchange gains totaling EUR 3.4 million (EUR 3.3 million). Earnings before taxes totaled EUR 53.6 million (38.4), and earnings per share were EUR 0.38 (0.29).

### NET SALES AND EBIT IN JANUARY–SEPTEMBER, 2010

Amer Sports net sales in January–September totaled EUR 1,157.0 million (1,050.6), an increase of 10% compared to January–September 2009. Net sales increased by 5% in local currency terms. In local currency terms, EMEA increased 9%, Asia Pacific 4% and the Americas 2%.

**Net sales by business segment**

EUR million	1–9/ 2010	1–9/ 2009	Change %	Change %*)	% of sales 1–9/2010	% of sales 1–9/2009
Winter and Outdoor	598.5	533.4	12	7	52	51
Ball Sports	413.3	382.0	8	3	36	36
Fitness	145.2	135.2	7	4	12	13
Total	1,157.0	1,050.6	10	5	100	100

\*) In local currency terms

**Geographic breakdown of net sales**

EUR million	1–9/ 2010	1–9/ 2009	Change %	Change %*)	% of sales 1–9/2010	% of sales 1–9/2009
Americas	503.8	465.9	8	2	44	44
EMEA	519.9	468.9	11	9	45	45
Asia Pacific	133.3	115.8	15	4	11	11
Total	1,157.0	1,050.6	10	5	100	100

\*) In local currency terms

Group EBIT of EUR 48.4 million (4.4) improved by EUR 44.0 million with the main contributions coming from improved gross margins, impact EUR 38.4 million, and sales growth, impact EUR 23.3 million. Operating expenses increased EUR 22.8 million driven by increased sales and distribution costs as well as personnel related costs (all in local currencies). Headquarters' EBIT of EUR -20.6 million (-13.9) includes a non-recurring expense of EUR 3.5 million.

**EBIT by business segment**

EUR million	1–9/ 2010	1–9/ 2009	% of sales 1–9/2010	% of sales 1–9/2009
Winter and Outdoor	35.7	4.0	6.0	0.7
Ball Sports	34.9	21.3	8.4	5.6
Fitness	-1.6	-7.0		
Headquarters	-20.6	-13.9		
Total	48.4	4.4	4.2	0.4

Net financial expenses totaled EUR 15.6 million (11.3). Net financial expenses included net interest expenses of EUR 12.7 million (18.9) and unrealized net foreign exchange losses totaling EUR 2.9 million (gains of EUR 7.9 million). Earnings before taxes totaled EUR 32.8 million (-6.9) and taxes were EUR -2.0 million (positive 1.7) giving a tax rate 6.1% (24.6%) due to increased deferred net tax assets. Earnings per share totaled EUR 0.22 (-0.09).

**CAPITAL EXPENDITURE**

Group capital expenditure totaled EUR 18.7 million (21.5). Depreciation was EUR 26.5 million (25.4). The whole year CAPEX is expected to be in line with depreciation.

**CASH FLOW AND FINANCIAL POSITION**

In the January–September period, net cash flow from operating activities was EUR 9.2 million (33.3). Compared to the end of 2009, inventories increased by EUR 109 million mainly due to the seasonality in the Winter Sports Equipment. This was partly offset by overall reduction in receivables of EUR 30 million and increase in payables of EUR 20 million. Net cash flow from investment activities totaled EUR -16.8 million (-22.0).

In July–September, net cash flow from operating activities totaled EUR -85.0 million (-25.4) mainly reflecting the normal working capital seasonality in Winter Sports Equipment driven by higher receivables. Last year's exceptional cash flow was a result of special efforts in working capital management. Working capital management continues to be a key focus area, however a

similar decrease to last year's performance in working capital is not repeatable as inventories are now closer to target levels.

At the end of the period, the Group's net debt amounted to EUR 341.5 million (December 31, 2009: 282.5).

At the end of the period, interest-bearing liabilities amounted to EUR 391.7 million (December 31, 2009: 404.1) consisting of short-term debt of EUR 101.5 million and long-term debt of EUR 290.2 million. The EUR 60 million hybrid bond is accounted as equity.

Short-term debt consists of commercial papers issued on the Finnish markets of EUR 18.9 (Dec 31, 2009: 112.3) and repayments of long-term loans of EUR 82.6 million (Dec 31, 2009: 9.0). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 50.2 million at the end of the period (Dec 31, 2009: 121.6).

The syndicated loan issued in 2005 consists of a EUR 325 million revolving credit facility and a term loan of USD 100 million. EUR 40 million of the revolving credit facility has been raised.

Amer Sports Corporation issued a EUR 150 million bond on June 4, 2010 targeted at domestic and international investors. This five-year bond carries an annual fixed rate coupon of 5.375%.

The equity ratio at the end of September was 47.5% (Dec, 31, 2009: 48.2%) and gearing was 45% (Dec 31, 2009: 38%).

## BUSINESS SEGMENT REVIEWS

### WINTER AND OUTDOOR

EUR million	7-9/ 2010		7-9/ 2009		1-9/ 2010		1-9/ 2009		2009
	Ch %	Ch %*)							
<b>Net sales</b>									
Winter Sports									
Equipment	133.1	119.6	11		4	185.6	168.0	10	5
Apparel and									
Footwear	117.3	99.3	18		10	265.9	230.9	15	9
Cycling	25.2	21.5	17		14	79.6	73.3	9	8
Sports Instruments	24.7	22.0	12		5	67.4	61.2	10	5
Net sales, total	300.3	262.4	14		7	598.5	533.4	12	7
EBIT	58.2	44.1	32		22	35.7	4.0		46.5
Personnel, period end						4,310	4,067		3,940

\*) Change in local currency terms

In July–September, Winter and Outdoor net sales totaled EUR 300.3 million (262.4), an increase of 7% in local currencies. The breakdown of net sales by business area was as follows: Winter Sports Equipment 44%, Apparel and Footwear 39%, Cycling 9%, and Sports Instruments 8%. EMEA accounted for 63% of net sales, the Americas for 28%, and Asia Pacific for 9%.

EUR million	7-9/ 2010		7-9/ 2009		1-9/ 2010		1-9/ 2009		2009
	2010	2009	Ch %	Ch %*)	2010	2009	Ch %	Ch %*)	
Americas	84.7	70.1	21		6	141.1	130.3	8	-1
EMEA	189.7	168.7	12		10	392.7	349.3	12	10
Asia Pacific	25.9	23.6	10		-3	64.7	53.8	20	9
Total net sales	300.3	262.4	14		7	598.5	533.4	12	7

\*) Change in local currency terms

In July–September, EBIT improved by EUR 14.1 million to EUR 58.2 million (44.1). Higher gross margins contributed EUR 10.4 million to EBIT growth and increased sales volumes contributed EUR 9.1 million. Operating expenses increased by EUR 9.4 million mainly driven by increased sales and distribution expenses (all in local currencies).

### **Winter Sports Equipment**

In July–September, Winter Sports Equipment net sales totaled EUR 133.1 million (119.6) and were up by 4% in local currencies. October–December is the main delivery period in winter sports equipment.

### **Apparel and Footwear**

In July–September, Apparel and Footwear net sales totaled EUR 117.3 million (99.3) and were 10% up in local currencies. Strong growth continued in footwear. The order book for the apparel and footwear fall/winter season is strong.

### **Cycling**

In July–September, Cycling's net sales totaled EUR 25.2 million (21.5) and were 14% up in local currencies. The good development is due to high pre-season deliveries for 2011 product ranges.

### **Sports Instruments**

In July–September, Sports Instruments net sales totaled EUR 24.7 million (22.0), an increase of 5% in local currencies. Sales of outdoor products continued strong.

## **BALL SPORTS**

EUR million	7-9/ 2010	7-9/ 2009	Ch %	Ch %*)	1-9/ 2010	1-9/ 2009	Ch %	Ch %*)	2009
	2010	2009			2010	2009			
<b>Net sales</b>									
Racquet Sports	53.3	52.8	1	-8	188.5	181.8	4	-1	222.7
Team Sports	44.6	35.8	25	11	161.1	143.7	12	8	187.3
Golf	16.1	14.8	9	0	63.7	56.5	13	7	66.7
Net sales, total	114.0	103.4	10	0	413.3	382.0	8	3	476.7
EBIT	3.5	2.4	46	30	34.9	21.3	64	63	23.5
Personnel, period end					1,592	1,618			1,586

\*) Change in local currency terms

In July–September, Ball Sports net sales totaled EUR 114.0 million (103.4) and were flat in local currencies. Growth in Team Sports was offset by declining sales in Racquet Sports. The breakdown of net sales by business area was as follows: Racquet Sports 47%, Team Sports 39% and Golf 14%.

The Americas accounted for 63% of net sales, EMEA for 22% and Asia Pacific for 15%. In local currency terms, the Americas increased by 4%. Sales in EMEA and Asia Pacific were down by 7%, mainly as a result of a soft tennis market.

EUR million	7-9/ 2010	7-9/ 2009	Ch %	Ch %*)	1-9/ 2010	1-9/ 2009	Ch %	Ch %*)	2009
	2010	2009			2010	2009			
Americas	72.3	62.2	16	4	262.1	237.2	10	6	298.7
EMEA	24.4	25.6	-5	-7	95.5	93.4	2	0	111.5
Asia Pacific	17.3	15.6	11	-7	55.7	51.4	8	-3	66.5
Total	114.0	103.4	10	0	413.3	382.0	8	3	476.7

\*) Change in local currency terms

In July–September, EBIT improved by EUR 1.1 million to EUR 3.5 million (2.4). Higher gross margins contributed EUR 3.0 million to the EBIT growth. The improvement in gross margin is the outcome of less price discounting. Operating expenses increased by EUR 1.8 million.

### Racquet Sports

In July–September, Racquet Sports net sales totaled EUR 53.3 million (52.8). In local currencies, net sales were down 8% with the Americas down by 8%, EMEA down by 10% and Asia Pacific down by 7%. The decline is due to an overall low demand in the tennis market. The Americas accounted for 43% of net sales, for EMEA 32% and Asia Pacific for 25%.

### Team Sports

In July–September, Team Sports net sales totaled EUR 44.6 million (35.8) and were 11% up in local currencies. Growth was driven by the Americas, which accounted for 94% of total sales and grew by 13% in local currencies. Solid growth was achieved among all major product categories.

### Golf

In the seasonally low July–September period, Golf net sales totaled EUR 16.1 million (14.8) and were at a similar level to the previous year in local currencies.

### FITNESS

EUR million	7-9/ 2010	7-9/ 2009	Ch %	Ch %*)	1-9/ 2010	1-9/ 2009	Ch %	Ch %*)	2009
	2010	2009			2010	2009			
Net sales	52.6	44.8	17	7	145.2	135.2	7	4	194.1
EBIT	2.8	-1.4			-1.6	-7.0			-7.5
Personnel, period end					666	699			737

\*) Change in local currency terms

In July–September, Fitness net sales totaled EUR 52.6 million (44.8) and were 7% up in local currencies. The Americas accounted for 67% of net sales, EMEA for 24%, and Asia Pacific for 9%. In local currency terms, EMEA increased by 27% and Asia Pacific by 7%. Sales in the Americas were at last year's level.

EUR million	7-9/ 2010	7-9/ 2009	Ch %	Ch %*)	1-9/ 2010	1-9/ 2009	Ch %	Ch %*)	2009
	2010	2009			2010	2009			
Americas	35.3	31.3	13	1	100.6	98.4	2	-1	140.7
EMEA	12.8	9.7	32	27	31.7	26.2	21	18	38.1
Asia Pacific	4.5	3.8	18	7	12.9	10.6	22	14	15.3
Total	52.6	44.8	17	7	145.2	135.2	7	4	194.1

\*) Change in local currency terms

In July–September, EBIT increased by EUR 4.2 million to EUR 2.8 million (-1.4). Higher gross margins contributed EUR 1.4 million to EBIT growth and increased sales volumes contributed EUR 1.3 million. Operating expenses were down by EUR 1.0 million (all in local currencies).

Commercial business (clubs and institutions) was up in all regions. Sales of premium consumer equipment for home use continued to be sluggish.

### PERSONNEL

At the end of September 2010, the Group employed 6,640 people (6,455). The average number of people in January–September was 6,448 (6,345).

	September 30, 2010	September 30, 2009	Change %
Winter and Outdoor	4,310	4,067	6
Ball Sports	1,592	1,618	-2

Fitness	666	699	-5
Headquarters	72	71	1
Total	6,640	6,455	3

	September 30, 2010	September 30, 2009	Change %
EMEA	3,936	3,717	6
Americas	2,188	2,187	0
Asia Pacific	516	551	-6
Total	6,640	6,455	3

### SHARES AND SHAREHOLDERS

The company's paid-up share capital recorded in the Trade Register as of September 30, 2010 was EUR 292,182,204. On September 30, 2010, the company had a market capitalization of EUR 1,094.2 million (430.4), excluding its own shares of 342,963.

A total of 38,063 shares granted as share-based incentives were returned to Amer Sports International Oy in January-September in accordance with the terms of the incentive plan as employment ended. In addition, as part of his remuneration, Amer Sports International Oy transferred 30,000 shares to Heikki Takala, Amer Sports' President and CEO.

The Annual General Meeting on March 10, 2010 authorized the Board of Directors to decide on the repurchase of a maximum of 7,000,000 of the company's own shares. The repurchase authorization is valid 18 months from the decision of the Annual General Meeting.

The Board of Directors was also authorized to decide on issuing new shares and/or conveying the company's own shares held by the company as follows: the Board of Directors is entitled to decide on issuing a maximum of 7,000,000 new shares or on conveying a maximum of 7,000,000 of the company's own shares held by the company. The Board of Directors decides on all the conditions of the issuance of shares. The issuance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes the possibility to issue own shares to the company for free. The authorization to issue shares and to convey the company's own shares is valid until two (2) years from the date of the decision of the Annual General Meeting and it does not revoke the share issue authorization given by the Annual General Meeting on March 5, 2009.

The Annual General Meeting on March 5, 2009 authorized the Board of Directors to decide on issuing new shares on the following terms and conditions: new shares may be issued and the company's own shares held by the Company may be conveyed against payment to the company's shareholders in proportion to their current shareholdings in the company. The Board of Directors is entitled to decide on issuing a maximum of 7,000,000 new shares. The subscription price of the new shares shall be recorded under the invested non-restricted equity fund. The authorization to issue shares is valid until two (2) years from the date of the decision of the Annual General Meeting.

To date these authorizations have not been used.

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

### Trading in shares

During the review period January–September, a total of 40.5 million (55.3) Amer Sports shares with a value totaling EUR 335.0 million (365.3) were traded on the NASDAQ OMX Helsinki exchange. Share turnover was 33.5% (76.0%) (expressed as a proportion of the average number of shares excluding own shares).

At the close of the review period, the last trade in Amer Sports Corporation shares took place at a price of EUR 9.03. The high on the NASDAQ OMX Helsinki exchange for the review period was EUR 9.24 and the low was EUR 6.82. The average share price during the review period was EUR 8.26.

At the end of September, Amer Sports Corporation had 14,157 registered shareholders (13,808). Outside Finland, ownership and nominee registrations represented 51.6% (53.2%) of the company's shares. Amer Sports held 342,963 of its own shares, all of them owned by Amer Sports International Oy. The number of own shares corresponds to 0.3% of all Amer Sports shares.

### **RESOLUTIONS OF THE ANNUAL GENERAL MEETING**

Documentation and press releases relating to the resolutions approved by the Amer Sports Corporation Annual General Meeting held on March 10, 2010 are available on the company's website at [www.amersports.com/investors](http://www.amersports.com/investors).

### **STRATEGY UPDATE AND NEW LONG-TERM FINANCIAL TARGETS**

In September, Amer Sports announced new strategic priorities and long-term Group financial targets. The strategy defines internal financial as well as synergy and scale targets for each unit in the Group portfolio. The strategy emphasizes faster growth in apparel and footwear (softgoods), excellence in consumer-centric product creation and brand marketing, and strengthening commercial fundamentals through sales and channel management (go-to-market). Operational excellence continues to be a key cornerstone. The new financial targets put the focus on profitable growth and strong cash flow.

#### **The new long-term financial targets are:**

- Growth: Delivering organic, currency-neutral annual growth of 5%.
- Profitability: EBIT of at least 10% of net sales.
- Cash flow: Annual free cash flow equal to net profit.
- Balance sheet structure: Year-end Net Debt / EBITDA ratio of 3 or less.

The cash flow target has been set to synchronize working capital management with targeted growth and profitability. The Net Debt / EBITDA ratio has been set to optimize balance sheet structure.

#### **The strategic cornerstones of Amer Sports' development are as follows:**

- Clear portfolio roles and business synergies
- Faster growth in softgoods
- Winning with consumers
- Winning in go-to-market
- Operational excellence

All business units will be developed with clear portfolio roles implying that each unit has a specific growth and profitability target with a clearly assigned role in creating scale and synergy for the company. Most group synergies lie within the Ball Sports, Winter Sports Equipment and Apparel and Footwear businesses which are the focus of the group's integration and synergistic development efforts.

Amer Sports is pursuing faster growth in softgoods by moving to category-based development across brands to build scale in softgoods R&D, product line management, sourcing and manufacturing. To ensure local relevancy and winning with consumers, the group will establish a set-up for local consumer insight and reinforce global marketing capabilities. Expanding the distribution footprint both in developed and emerging markets as well as growth in own retail and e-commerce are the focus of winning in go-to-market. The group will continue to drive operational excellence, tight working capital management and gross margin improvement.

### **SIGNIFICANT RISKS AND UNCERTAINTIES**

Amer Sports' business is balanced by its broad portfolio of sports and brands as well as its presence in all major markets. Short-term risks for Amer Sports are particularly associated with product costs and Amer Sports' ability to manufacture, source and deliver products on a timely basis. Other short-term risks are consumer demand in North America, Europe and Japan, and successful execution of the company's efficiency improvement measures.

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

### **EVENTS AFTER THE REVIEW PERIOD**

Amer Sports appointed Andy Towne to the position of President of Apparel with effect from October 11, 2010. Mr Towne reports to Heikki Takala, Amer Sports' President and CEO and is a member of the Executive Board. Jean-Marc Pambet, previously President of Apparel and Footwear, continues as President of Footwear as well as President of Salomon.

In October, Amer Sports also appointed the regional general managers of the sales and channel management members of Amer Sports Executive Board, starting on October 15, 2010. The new Executive Board members are Michael White, General Manager EMEA; Mike Dowse, General Manager Americas, and Matt Gold, General Manager Asia Pacific. White, Dowse and Gold all report to Heikki Takala. SVP, Sales and Channel Management Thomas Ehrnrooth left the company on October 15, 2010.

### **OUTLOOK 2010**

Amer Sports expects its 2010 net sales to be approximately EUR 1.7 billion (2009: 1.5) and EBIT margin to be approximately 6% excluding non-recurring items.

Previous outlook announced in the second quarter interim report was as follows: Amer Sports expects its 2010 net sales to be approximately EUR 1.7 billion (2009: 1.5) and EBIT margin to improve to the mid-single-digit level.

The sporting goods market is expected to recover moderately, but with significant regional and sports area specific differences. Winter sports equipment market has recovered due to good snow conditions during previous winter season. Amer Sports' this season pre-orders in Winter Sports Equipment were up approximately 15% compared to last year. In Apparel and Footwear, fall/winter pre-orders indicated a faster sales growth in the second half of the year compared to the first half, reflecting continuous improvement in the product offering and commercial gains.

## TABLES

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

Unaudited  
EUR million

### CONSOLIDATED RESULTS

	7-9/ 2010	7-9/ 2009	Change %	1-9/ 2010	1-9/ 2009	Change %	2009
<b>NET SALES</b>	466.9	410.6	14	1,157.0	1,050.6	10	1,533.4
Cost of goods sold	-257.6	-239.3		-652.8	-627.1		-913.4
<b>GROSS PROFIT</b>	209.3	171.3	22	504.2	423.5	19	620.0
License income	2.4	2.0		6.8	6.6		8.2
Other operating income	0.4	1.0		2.6	4.9		4.6
R&D expenses	-12.5	-11.5		-40.7	-37.9		-52.0
Selling and marketing expenses	-104.3	-90.2		-311.6	-287.4		-398.6
Administrative and other expenses	-39.5	-31.9		-112.9	-105.3		-138.4
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	55.8	40.7	37	48.4	4.4		43.8
% of net sales	12.0	9.9		4.2	0.4		2.9
Financing income and expenses	-2.2	-2.3		-15.6	-11.3		-18.4
<b>EARNINGS BEFORE TAXES</b>	53.6	38.4		32.8	-6.9		25.4
Taxes	-6.2	-9.6		-2.0	1.7		6.0
<b>NET RESULT</b>	47.4	28.8		30.8	-5.2		31.4

Attributable to:

Equity holders of the parent company	47.3	28.7	30.7	-5.3	31.3
Non-controlling interests	0.1	0.1	0.1	0.1	0.1
Earnings per share, EUR	0.38	0.29	0.22	-0.09	0.28
Earnings per share, diluted, EUR	0.38	0.29	0.22	-0.09	0.28
Adjusted average number of shares in issue less own shares, million	121.2	93.0	121.2	93.0	97.7
Adjusted average number of shares in issue less own shares, diluted, million	121.2	93.0	121.2	93.0	97.7
Equity per share, EUR			6.23	5.80	6.05
ROCE, % *)			9.1	3.8	4.3
ROE, %			5.5	-1.3	5.0
Average rates used: EUR 1.00 = USD			1.32	1.36	1.39

\*) 12 months' rolling average

Share-based key indicators have been adjusted for the impact of the share issue in 2009.

**STATEMENT OF COMPREHENSIVE INCOME**

	7-9/ 2010	7-9/ 2009	1-9/ 2010	1-9/ 2009	2009
Net result	47.4	28.8	30.8	-5.2	31.4
<b>Other comprehensive income</b>					
Translation differences	-24.4	-5.8	18.2	-6.3	-0.5
Cash flow hedges	-14.3	1.0	-4.6	-0.6	1.1
Income tax related to cash flow hedges	3.7	-0.2	1.2	0.2	-0.3
Other comprehensive income, net of tax	-35.0	-5.1	14.8	-6.8	0.3
Total comprehensive income	12.4	23.7	45.6	-12.0	31.7

**Total comprehensive income attributable to:**

Equity holders of the parent company	12.3	23.6	45.5	-12.1	31.6
Non-controlling interests	0.1	0.1	0.1	0.1	0.1

**NET SALES BY BUSINESS SEGMENT**

	7-9/ 2010	7-9/ 2009	Change %	1-9/ 2010	1-9/ 2009	Change %	2009
Winter and Outdoor	300.3	262.4	14	598.5	533.4	12	862.6
Ball Sports	114.0	103.4	10	413.3	382.0	8	476.7
Fitness	52.6	44.8	17	145.2	135.2	7	194.1
Total	466.9	410.6	14	1,157.0	1,050.6	10	1,533.4

**EBIT BY BUSINESS SEGMENT**

	7-9/ 2010	7-9/ 2009	Change %	1-9/ 2010	1-9/ 2009	Change %	2009
Winter and Outdoor	58.2	44.1	32	35.7	4.0	46.5	
Ball Sports	3.5	2.4	46	34.9	21.3	64	23.5
Fitness	2.8	-1.4		-1.6	-7.0		-7.5
Headquarters	-8.7	-4.4		-20.6	-13.9		-18.7
Total	55.8	40.7	37	48.4	4.4		43.8

**GEOGRAPHIC BREAKDOWN OF NET SALES**

	7-9/ 2010	7-9/ 2009	Change %	1-9/ 2010	1-9/ 2009	Change %	2009
Americas	192.3	163.6	18	503.8	465.9	8	620.5
EMEA	226.9	204.0	11	519.9	468.9	11	735.0
Asia Pacific	47.7	43.0	11	133.3	115.8	15	177.9
Total	466.9	410.6	14	1,157.0	1,050.6	10	1,533.4

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	7-9/2010	7-9/2009	1-9/2010	1-9/2009	2009
EBIT		55.8	40.7	48.4	4.4	43.8
Adjustments to cash flow from operating activities and depreciation		8.3	8.6	26.7	25.4	34.6
Change in working capital		-145.8	-68.5	-59.4	39.5	136.7
Cash flow from operating activities before financing items and taxes		-81.7	-19.2	15.7	69.3	215.1
Interest paid and received		-1.7	-3.4	-9.2	-20.2	-20.9

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Income taxes paid and received	-1.6	-2.8	2.7	-15.8	-12.6
Net cash flow from operating activities	-85.0	-25.4	9.2	33.3	181.6
Acquired operations	-	-	-	-1.2	-3.0
Capital expenditure on non-current tangible and intangible assets	-7.2	-6.4	-18.7	-21.5	-39.5
Proceeds from sale of tangible non-current assets	0.7	-	1.9	0.7	1.4
Net cash flow from investing activities	-6.5	-6.4	-16.8	-22.0	-41.1
Share issue, net	-	-	-	-	151.5
Dividends paid	5	-	-19.5	-11.8	-11.8
Hybrid bond	3	-	-7.2	60.0	60.0
Change in debt and other financing items	-43.5	70.1	-40.1	-69.2	-290.9
Net cash flow from financing activities	-43.5	70.1	-66.8	-21.0	-91.2
Cash and cash equivalents on July 1/January 1	185.9	23.8	121.6	72.1	72.1
Translation differences	-0.7	0.3	3.0	0.0	0.2
Change in cash and cash equivalents	-135.0	38.3	-74.4	-9.7	49.3
Cash and cash equivalents on September 30/December 31	50.2	62.4	50.2	62.4	121.6

#### CONSOLIDATED BALANCE SHEET

	Note	September 30, 2010	September 30, 2009	December 31, 2009
<b>Assets</b>				
Goodwill		286.1	270.3	273.6
Other intangible non-current assets		208.8	205.5	210.1
Tangible non-current assets		135.2	128.6	135.0
Other non-current assets		73.5	62.1	74.3
Inventories and work in progress		354.8	311.1	234.6
Receivables		486.6	469.3	475.4
Cash and cash equivalents		50.2	62.4	121.6
<b>Total assets</b>	2	<b>1,595.2</b>	<b>1,509.3</b>	<b>1,524.6</b>
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity	3	757.5	541.3	735.3
Long-term interest-bearing liabilities		290.2	469.1	282.8
Other long-term liabilities		18.1	13.1	14.4
Current interest-bearing liabilities		101.5	158.1	121.3
Other current liabilities		399.9	300.3	340.0
Provisions		28.0	27.4	30.8
<b>Total shareholders' equity and liabilities</b>		<b>1,595.2</b>	<b>1,509.3</b>	<b>1,524.6</b>
Equity ratio, %		47.5	35.9	48.2
Gearing, %		45	104	38
EUR 1.00 = USD		1.34	1.47	1.44

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

	Note	Sh- are capi- tal	Pre- mi- um fund	Fund for own shar- es	Trans- lation diffe- ren- ces	Fair value and other reser- ves	Inves- ted unre- stricted equity reserve	Hybrid bond	Retai- ned ear- nings	Total
Balance at Jan. 1, 2009		292.2	12.1	-5.7	-62.5	-6.2	-	-	275.6	505.5
Other compre- hensive income:										
Translation differences					-6.3					-6.3
Cash flow hedges						-0.6				-0.6
Income tax related to cash flow hedges						0.2				0.2
Net result									-5.3	-5.3
Total com- prehensive income					-6.3	-0.5			-5.3	-12.1
Transact- ions with owners:										
Dividend distribution	5								-11.6	-11.6
Hybrid bond	3						60.0	-3.0	57.0	
Balance at Sep. 30, 2009		292.2	12.1	-5.7	-68.8	-6.7	-	60.0	255.7	538.8
Balance at Jan. 1, 2010		292.2	12.1	-5.6	-63.0	-5.4	151.5	60.0	290.9	732.7
Other compre- hensive income:										
Translation differences					18.2					18.2
Cash flow hedges						-4.6				-4.6
Income tax related to cash flow hedges						1.2				1.2
Net result									30.7	30.7

Total comprehensive income				18.2	-3.4			30.7	45.5
Transactions with owners:									
Dividend distribution	5							-19.4	-19.4
Hybrid bond	3							-3.9	-3.9
Balance at Sep. 30, 2010		292.2	12.1	-5.6	-44.8	-8.8	151.5	60.0	298.3 754.9
	Note	Non-controlling interests	shareholders' equity						
Balance at Jan. 1, 2009		2.6	508.1						
Other comprehensive income:									
Translation differences				-6.3					
Cash flow hedges				-0.6					
Income tax related to cash flow hedges				0.2					
Net result		0.1	-5.2						
Total comprehensive income		0.1	-12.0						
Transactions with owners:									
Dividend distribution	5	-0.2	-11.8						
Hybrid bond	3		57.0						
Balance at Sep. 30, 2009		2.5	541.3						
Balance at Jan. 1, 2010		2.6	735.3						

Other comprehensive income:			
Translation differences		18.2	
Cash flow hedges		-4.6	
Income tax related to cash flow hedges		1.2	
Net result	0.1	30.8	
Total comprehensive income	0.1	45.6	
Transactions with owners:			
Dividend distribution	5	-0.1	-19.5
Hybrid bond	3		-3.9
Balance at Sep. 30, 2010	2.6	757.5	

#### QUARTERLY BREAKDOWN OF NET SALES AND EBIT

NET SALES	Q3/2010	Q2/2010	Q1/2010	Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008
Winter and Outdoor	300.3	116.5	181.7	329.2	262.4	106.6	164.4	326.6
Ball Sports	114.0	153.9	145.4	94.7	103.4	135.7	142.9	110.0
Fitness	52.6	47.1	45.5	58.9	44.8	42.4	48.0	58.7
Total	466.9	317.5	372.6	482.8	410.6	284.7	355.3	495.3
EBIT	Q3/2010	Q2/2010	Q1/2010	Q4/2009	Q3/2009	Q2/2009	Q1/2009	Q4/2008
Winter and Outdoor	58.2	-24.2	1.7	42.5	44.1	-29.2	-10.9	36.7
Ball Sports	3.5	17.0	14.4	2.2	2.4	7.4	11.5	3.4
Fitness	2.8	-3.7	-0.7	-0.5	-1.4	-2.2	-3.4	-2.3
Headquarters	-8.7	-6.0	-5.9	-4.8	-4.4	-5.4	-4.1	-2.6
Total	55.8	-16.9	9.5	39.4	40.7	-29.4	-6.9	35.2

#### 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, 2010, as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2009 have also been applied in the preparation of the interim financial information, with the changes mentioned below.

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

**Standards and interpretations adopted from the beginning of 2010:**

IAS 27 (revised) "Consolidated and Separate Financial Statements" changed the presentation of the statement of changes in shareholders' equity in accordance with IAS 1: each item of other comprehensive income needs to be disclosed separately in the statement of changes in shareholders' equity.

**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>1-9/2010</b>					
Winter and Outdoor	598.5	35.7			852.0
Ball Sports	413.3	34.9			354.0
Fitness	145.2	-1.6			219.6
Segments, total	1,157.0	69.0			1,425.6
Unallocated items*)		-20.6	-15.6		169.6
Group total	1,157.0	48.4	-15.6	32.8	1,595.2
<b>1-9/2009</b>					
Winter and Outdoor	533.4	4.0			808.5
Ball Sports	382.0	21.3			319.1
Fitness	135.2	-7.0			209.4
Segments, total	1,050.6	18.3			1,337.0
Unallocated items*)		-13.9	-11.3		172.3
Group total	1,050.6	4.4	-11.3	-6.9	1,509.3
<b>2009</b>					
Winter and Outdoor	862.6	46.5			766.3
Ball Sports	476.7	23.5			320.7
Fitness	194.1	-7.5			212.5
Segments, total	1,533.4	62.5			1,299.5
Unallocated items*)		-18.7	-18.4		225.1
Group total	1,533.4	43.8	-18.4	25.4	1,524.6

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

**GEOGRAPHIC BREAKDOWN OF NET SALES**

	1-9/ 2010	1-9/ 2009	2009
Americas	503.8	465.9	620.5
EMEA	519.9	468.9	735.0
Asia Pacific	133.3	115.8	177.9
Total	1,157.0	1,050.6	1,533.4

### 3. HYBRID BOND

In March 2009, Amer Sports Corporation issued a EUR 60 million hybrid bond in order to strengthen the Group's capital structure and to repay existing debt. The coupon rate of the bond is 12.0% per annum. The bond has no maturity but the company may call the bond after three years. The hybrid bond is unsecured and subordinated to all senior debt and is treated as equity in Amer Sports' consolidated financial statements. The hybrid bond does not confer shareholders' rights, nor does it dilute the holdings of shareholders.

### 4. DERIVATIVE FINANCIAL INSTRUMENTS

	September 30, 2010	September 30, 2009	December 31, 2009
Nominal value			
Foreign exchange forward contracts	608.7	560.9	502.8
Forward rate agreements	0.0	150.0	100.0
Interest rate swaps	284.1	143.2	204.4
Fair value			
Foreign exchange forward contracts	-5.7	13.9	-1.1
Forward rate agreements	0.0	-0.1	-0.1
Interest rate swaps	-4.3	-6.6	-5.6

### 5. DIVIDENDS

Dividends distributed by Amer Sports to its shareholders and minority shareholders of its subsidiaries amounted to EUR 19.5 million at the end of March 2010 relating to the year ending on December 31, 2009 (2009: 11.8). The dividend was EUR 0.16 per share (2009: 0.16). Dividends distributed to the shareholders of Amer Sports Corporation totaled EUR 19.4 million (2009: 11.6).

### 6. CONTINGENT LIABILITIES AND SECURED ASSETS

	September 30, 2010	September 30, 2009	December 31, 2009
Guarantees	13.6	9.3	10.5
Liabilities for leasing and rental agreements	114.8	106.1	116.9
Other liabilities	26.9	38.7	30.0

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

### 7. 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.

In the third quarter, Amer Sports net sales increased by 14% to EUR 466.9 million (410.6). Sales increased particularly in Footwear. Also Fitness business had good development.

Gross profit percentage was up by 3 points and EBIT margins improved in all business segments.

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Net cash flow from operating activities after interest and taxes totaled EUR -85.0 million (-25.4).

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