

Amer Sports Corporation

FINANCIAL STATEMENTS BULLETIN

January 31, 2012 at 1:00 pm

## Amer Sports Corporation Financial Statements Bulletin 2011:

A record year with full-year net sales up by 9%, EBIT margin up by 1.0 percentage point

### OCTOBER–DECEMBER 2011

- Net sales EUR 556.9 million (583.4). In local currencies, net sales increased by 2%.
- Strong broad-based growth across the business areas, partially offset by Winter Sports Equipment due to the warm start of the winter and the third quarter focused shipment schedule.
- EBIT EUR 46.3 million (56.0, excluding non-recurring items) impacted by the high EBIT in the third quarter due to the shipment schedule in Winter Sports Equipment.
- Earnings per share EUR 0.25 (0.30).
- Net cash flow after investing activities EUR 49.0 million (57.7) mainly driven by higher inventories and receivables in Winter Sports Equipment.

### JANUARY–DECEMBER 2011

- Net sales EUR 1,880.8 million (1,740.4). In local currencies, net sales increased by 9%.
- EBIT up by 26% to EUR 135.5 million (107.9, excluding non-recurring items). EBIT margin 7.2% (6.2, excluding non-recurring items).
- Earnings per share EUR 0.71 (0.52).
- Net cash flow after investing activities EUR -21.4 million (50.1).
- Gearing 47% (December 31, 2010: 37%).
- Amer Sports Board of Directors is proposing a dividend of EUR 0.33 per share (0.30 per share in 2010).

### OUTLOOK FOR 2012

In 2012, Amer Sports will continue to invest into executing its long-term strategy and sustaining profitable growth.

Amer Sports expects broad-based improvement across business areas in 2012. In Winter Sports Equipment, the slow start of the 2011/12 season due to the warm weather in key markets is expected to have an adverse impact on the 2012 pre-orders. Apparel and Footwear pre-orders for spring/summer are up by 28% and 14%, respectively. Overall, Amer Sports' 2012 net sales in local currencies are expected to increase from 2011.

### KEY FIGURES

EUR million	10-12/ 2011	10-12/ 2010	Ch %	Ch %*)	2011	2010	Ch %	Ch %*)
Net sales	556.9	583.4	-5	2	1,880.8	1,740.4	8	9
Gross profit	235.9	237.8	-1		817.4	742.0	10	
Gross profit %	42.4	40.8			43.5	42.6		
EBIT excluding non-recurring items	46.3	56.0	-17		135.5	107.9	26	
EBIT % excluding non-recurring items	8.3	9.6			7.2	6.2		
Non-recurring items**)	-	-7.6			-	-11.1		
EBIT total	46.3	48.4	-4		135.5	96.8	40	
EBIT %	8.3	8.3			7.2	5.6		
Financing income and expenses	-6.1	-5.7			-20.5	-21.3		
Earnings before taxes	40.2	42.7			115.0	75.5		
Net result	31.1	38.1			90.9	68.9		
Earnings per share, EUR	0.25	0.30			0.71	0.52		

Net cash flow after investing activities	49.0	57.7	-21.4	50.1
Equity ratio, % at year end			45.6	47.8
Gearing, % at year end			47	37
Personnel at year end			7,061	6,645
Average rates used, EUR/USD			1.39	1.33

\*) *Comparable sales in local currencies*

\*\*) *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:**

"2011 was a record year for Amer Sports. The company reached all-time high in sales and EBIT with net sales up by 9% and EBIT by 26%. Almost all of our business units and geographic regions are improving and we can see that the strategy announced in 2010 is proving to work. I continue to be especially pleased by the progress in softgoods, which in 2011 became our largest category, representing nearly 30% of the company sales. Equally, I'm delighted by the strong development in Fitness, up by 17%, in Cycling, up by 14%, and in Team Sports, up by 11%.

Looking into 2012, we continue to drive our strategy. We do see some new challenges: the Winter Sports Equipment market will be challenging due to the slow start of the season in key markets. Further, the economical environment remains cloudy. Despite these challenges, we will have strong performance and we will continue driving our development programs with focus on profitable growth and synergies."

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#### **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 call, please dial +44 (0)20 7784 1036 (UK/international dial-in number). The conference can also be followed from a direct transmission via the internet at [www.amersports.com](http://www.amersports.com). A recorded version will be available later at the same web address: the replay number is +44 (0)20 7111 1244, and the access code 3894089#.

#### **Annual General Meeting**

Amer Sports' Annual General Meeting will be held on Thursday, March 8, 2012 at Mäkeläkatu 91, Helsinki, Finland starting at 2:00 pm. Reception for persons who have registered for the Annual General Meeting and the distribution of voting tickets will commence at 1:30 pm.

#### **First quarter results bulletin**

Amer Sports will publish its Q1/2012 results bulletin on Friday, April 27, 2012 at approximately 1:00 pm Finnish time.

## FINANCIAL RESULTS IN OCTOBER-DECEMBER

### NET SALES AND EBIT IN OCTOBER-DECEMBER

Amer Sports' net sales in October-December 2011 totaled EUR 556.9 million (583.4). Comparable net sales in local currencies increased by 2%.

Sales in Winter Sports Equipment declined by 14% in local currencies due to the shipment schedule as more deliveries took place already in the third quarter. Also, the slow start of the season due to the warm weather impacted adversely on in-season orders in Winter Sports Equipment. This was offset by the strong 30% growth in Fitness and the continuously good development in Footwear, up by 18%, Cycling, up by 17%, Team Sports, up by 16% and Apparel, up by 12%. Comparable net sales decreased in EMEA by 9%, and increased in the Americas by 19% and in Asia Pacific by 6%.

#### Net sales by business segment

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	% of sales 10-12/11	% of sales 10-12/10
Winter and Outdoor	375.0	416.5	-10	-4	67	72
Ball Sports	109.0	107.3	2	7	20	18
Fitness	72.9	59.6	22	30	13	10
Total	556.9	583.4	-5	2	100	100

\*) Comparable sales in local currencies

#### Geographic breakdown of net sales

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	% of sales 10-12/11	% of sales 10-12/10
EMEA	273.8	325.8	-16	-9	49	56
Americas	205.4	184.1	12	19	37	31
Asia Pacific	77.7	73.5	6	6	14	13
Total	556.9	583.4	-5	2	100	100

\*) Comparable sales in local currencies

Group EBIT was EUR 46.3 million (56.0, excluding non-recurring items). The decline was mainly due to the shipment schedule in Winter Sports Equipment.

Gross margin improved by 1.6 percentage points to 42.4% (40.8) mainly as a result of the operational efficiency program in Winter Sports Equipment.

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

EUR million	10-12/ 2011	10-12/ 2010	Change %
Winter and Outdoor	45.0	61.2	-26
Ball Sports	-0.7	-2.7	
Fitness	4.5	4.3	5
Headquarters*)	-2.5	-6.8	
EBIT excluding non-recurring items	46.3	56.0	-17
Non-recurring items	-	-7.6	
EBIT total	46.3	48.4	-4

\*) Headquarters segment consists of Group administration, shared service functions, other non-operational income and expenses and fair valuation of share based compensations. In the fourth quarter, segment operating loss decreased by EUR 4.3 million due to decreased net operational expenses of EUR 1.7 million and a change in fair valuation of share based compensations and other adjustments of EUR 2.6 million.

Net financial expenses were EUR 6.1 million (5.7) including net interest expenses of EUR 5.9 million (5.6) and unrealized net foreign exchange gains totaling EUR 0.0 million (3.4). Earnings before taxes totaled EUR 40.2 million (42.7). Earnings per share were EUR 0.25 (0.30).

## FINANCIAL RESULTS 2011

In 2011, there was good development in the sporting goods market and outdoor softgoods in particular continued the strong growth. However, the impacts of the uncertainty in the macro-economic conditions started to be visible in the sporting goods market towards the year end. In December, the industry was also adversely impacted by the slow start of the winter season 2011/2012 due to the warm weather in key markets.

Amer Sports continued to execute its strategic improvement programs and to sustain profitable growth guided by the company's long-term financial targets. During the year, the company invested especially into category based operations, sales and distribution including geographic expansion, customer service and own retail.

### NET SALES AND EBIT IN 2011

Amer Sports' net sales in 2011 were EUR 1,880.8 million (2010: 1,740.4). Net sales increased by 9% in local currencies, particularly due to sales growth in Footwear, up by 31%, Apparel, up by 22%, Fitness, up by 17%, Cycling, up by 14% and Team Sports, up by 11%. In local currencies, EMEA increased by 8%, the Americas by 12% and Asia Pacific by 4%. The Group's long-term target is to deliver organic, currency-neutral annual growth of 5%.

#### Net sales by business segment

EUR million	2011	2010	Change %	Change %*)	% of sales 2011	% of sales 2010
Winter and Outdoor	1,137.6	1,015.0	12	12	61	58
Ball Sports	511.0	520.6	-2	0	27	30
Fitness	232.2	204.8	13	17	12	12
Total	1,880.8	1,740.4	8	9	100	100

\*) Comparable sales in local currencies

#### Geographic breakdown of net sales

EUR million	2011	2010	Change %	Change %*)	% of sales 2011	% of sales 2010
EMEA	917.6	845.7	9	8	49	48
Americas	742.1	687.9	8	12	39	40
Asia Pacific	221.1	206.8	7	4	12	12
Total	1,880.8	1,740.4	8	9	100	100

\*) Comparable sales in local currencies

Gross margin was 43.5% (42.6). The improvement was mainly a result of the growth in own retail in Apparel and operational efficiency improvements in Fitness and Winter Sports Equipment.

Group EBIT was EUR 135.5 million (107.9, excluding non-recurring items). Increased sales volumes contributed approximately EUR 67 million to EBIT growth, higher gross margins approximately EUR 15 million and changes in foreign exchange rates approximately EUR -5 million. Operating expenses increased by approximately EUR 49 million, driven by volume growth related sales and distribution costs, marketing and research and development.

EBIT margin improved by 1.0 percentage point and was 7.2% (6.2, excluding non-recurring items). The Group's long-term target is to have EBIT of at least 10% of net sales.

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

EUR million	2011	2010	Change %
Winter and Outdoor	118.5	96.9	22
Ball Sports	25.0	32.2	-22
Fitness	10.3	2.7	
Headquarters*)	-18.3	-23.9	
EBIT excluding non-recurring items	135.5	107.9	26
Non-recurring items	-	-11.1	
EBIT total	135.5	96.8	40

\*) Headquarters segment consists of Group administration, shared service functions, other non-operational income and expenses and fair valuation of share based compensations. In 2011, segment operating loss decreased by EUR 5.6 million due to decreased net operational expenses of EUR 2.4 million and a change in fair valuation of share-based compensations and other adjustments of EUR 3.2 million.

Net financial expenses totaled EUR 20.5 million (21.3) which include net interest expenses of EUR 19.9 million (17.9). Net foreign exchange gains were EUR 0.7 million (losses of EUR 2.3 million). Earnings before taxes totaled EUR 115.0 million (75.5) and taxes were EUR -24.1 million (-6.6) resulting a tax rate of 21%. Earnings per share were EUR 0.71 (0.52).

### OUTLOOKS GIVEN FOR 2011

In its financial statements for 2010, it was stated that Amer Sports expected its 2011 net sales to increase from 2010 and EBIT to improve. A more detailed view of the outlook was provided in the interim reports in April and August.

Increased visibility allowed a further revision of the guidance given and in the January-September interim report, the company estimated its full-year net sales in local currencies to grow by approximately 9% and EBIT margin excluding non-recurring items to improve by approximately one percentage point from 2010.

### CASH FLOW AND FINANCING

In 2011, net cash flow after investing activities (free cash flow) was EUR -21.4 million (50.1). Compared to the end of 2010, inventories increased by EUR 57.6 million due to the higher order book and inventories in softgoods and low in-season deliveries in Winter Sports Equipment. Receivables increased by EUR 55.8 million. The increase was mainly in Winter Sports Equipment. Amer Sports' long-term financial target is to have annual free cash flow equal to net profit.

At the end of 2011, the Group's net debt amounted to EUR 391.6 million (294.8). The increase was due to negative net cash flow of EUR 21.4 million, share buy-backs of EUR 36.7 million and dividends of EUR 36.4 million. Amer Sports' long-term financial target for the balance sheet structure is the year-end Net Debt / EBITDA ratio to be 3 or less. At the end of 2011, the ratio was 2.3 (2.2).

Interest-bearing liabilities amounted to EUR 470.4 million (379.5) consisting of short-term debt of EUR 219.0 million and long-term debt of EUR 251.4 million. The average interest rate on the Group's interest-bearing liabilities was 3.6% (4.4). The EUR 60 million hybrid bond is accounted as equity.

Short-term debt consists mainly of repayments of long-term loans of EUR 23.4 million (97.0) and commercial papers of EUR 194.2 (0.0) which Amer Sports had issued in the Finnish market to fund seasonally high working capital. The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 78.8 million (84.7).

In April, Amer Sports issued a SEK 500 million floating rate bond with a loan period of five years targeted at Nordic institutional investors.

In November, Amer Sports signed a new syndicated revolving credit facility of EUR 200 million refinancing the previous credit facility signed in 2005. Amer Sports had not used the credit facility at the end of 2011.

The equity ratio at the end of the year was 45.6% (47.8%) and gearing was 47% (37%).

The Group's most significant transaction risk arises from the US dollar. Amer Sports is a net buyer of USD due to sourcing operations in Asia. The next 12 month EUR/USD net flow is expected to be USD 270 million. Weakening of the euro against the US dollar has therefore a negative impact on the company's EBIT, with a delay due to hedging.

Amer Sports' hedging policy covers the transaction risk up to 12–18 months forward. Depending on the business area and its characteristics, hedge ratios are between 80–120% or 30–70%. A longer hedging horizon together with higher hedge ratio is applied in Winter and Outdoor. At the end of 2011, the Group had hedged 80% of the 2012 EUR/USD net cash flow at an average EUR/USD rate of 1.38. This covers over 80% of spring/summer 2012 and half of the fall/winter 2012 USD purchases in Apparel and Footwear, where the EUR/USD exposure is the highest.

Because Amer Sports' consolidated financial statements are presented in euros, Amer Sports is subject to currency translation risk when currency dominated result is converted into euros. Combining the transaction risk and translation risks of the EBIT, Amer Sports is a net buyer of USD. In all other currencies the company is a net seller. The most significant currencies after USD are CHF, GBP, CAD and JPY, with net flows varying from EUR 45 million to EUR 55 million.

A more detailed report on the Group's financial risks and how they are managed can be found in the notes to the financial statements.

## **CAPITAL EXPENDITURE AND INVESTMENTS**

The Group's capital expenditure totaled EUR 51.4 (39.9) million. The increase is mainly due to investments into the operational efficiency program in Winter Sports Equipment. Depreciation totaled EUR 35.8 million (35.8).

Cash flow from acquisition was EUR -6.5 million (0.0) and from divestments EUR 5.3 million (0.0).

## **RESEARCH AND DEVELOPMENT**

Amer Sports' strategy emphasizes excellence in consumer-centric product creation. Through continuous research and development, Amer Sports seeks to develop new and better sporting goods that appeal to consumers and its trade customers.

The Group has seven R&D and design sites globally serving different business areas as well as increasingly collaborating across units. A total of EUR 64.2 million was invested in research and development in 2011, accounting for 9.2% of all operating expenses (2010: 57.4 million, 8.8% of operating expenses; 2009: EUR 52.0 million, 9.0% of operating expenses). Winter and Outdoor's share of the R&D expenditure was 66%, while Ball Sports accounted for 13% and Fitness for 21%.

On December 31, 2011, 583 (514) persons were employed in the company's research and development activities, approximately 8% (8) of the total number of people employed by Amer Sports.



## **SALES AND MARKETING**

Amer Sports sells its products to trade customers (including sporting goods chains, specialty retailers, mass merchants, fitness clubs and distributors) and directly to consumers through brand stores, factory outlets, and ecommerce.

Amer Sports' strategic priorities include strengthening the consumer understanding and consumer relevance (Win with Consumers) and strengthening the Group's commercial fundamentals through sales and distribution (Win in Go to Market).

In Winning with Consumers, Amer Sports established in 2011 regional consumer marketing operations in Shanghai for Asia and in Portland for the Americas to improve the brands' local consumer understanding and relevance.

In Winning in Go to Market, the focus was on expanding the distribution footprint both in developed and new expansion markets as well as growth in own retail and ecommerce. During the year, Amer Sports made several investments in its sales and distribution organization: it developed specific distribution tracking metrics, expanded its sales force to increase market coverage, developed its trade and co-marketing programs with retailers and distributors to drive broader coverage across the product portfolio and restructured its processes to proactively identify areas of joint benefits from collaboration across product portfolio. In the new expansion markets of Russia, China and Latin America, the growth was significant and in 2011, these markets accounted for 7% (5) of the Group's net sales.

At the end of 2011, Amer Sports had 172 (150) brand stores. The majority of the stores are operated by local, independent partners. In 2011, Amer Sports strengthened its ecommerce. Of the brands, Salomon, Suunto and Arc'teryx are selling on-line in selected countries.

On December 31, 2011, the Amer Sports shared sales network covered 33 countries. 2,454 (2,205) persons were employed in sales and distribution activities, representing approximately 35% (33) of the total number of people employed by Amer Sports. 560 (510) persons were employed in marketing activities.

## **SUPPLY CHAIN MANAGEMENT**

Reliable, efficient and timely supply chain management is an important element in Amer Sports' strategy. In 2011 the main focus was to lead step change in customer service excellence.

To gain operational efficiencies and cost savings, Amer Sports is constantly reviewing both its make or buy strategy and the company's global production and sourcing footprint. Approximately 10% of Amer Sports' production value is in the Americas, 30% in EMEA and 60% in Asia, with China representing approximately 30% of the total.

Amer Sports manufactures approximately 20% of its products itself and approximately 15% is produced by partially outsourced vendors. Of Amer Sports' total production value, approximately 65% is outsourced. This includes manufacturing in all racquet sports and golf products, most team sports products and most of the apparel and footwear. The manufacturing of products and components for a variety of winter sports equipment, cycling, sports instruments and fitness equipment has also been outsourced.

Amer Sports most important own production facilities are located in Austria, France, Finland, Canada, Bulgaria and the United States.

## **HUMAN RESOURCES**

Amer Sports' People Strategy is designed to support the company's strategy, strategic business initiatives and focus areas. The People Strategy goals in 2011 were as follows:

- Build capabilities and nourish engagement
- Enhance strong performance culture and coaching leadership
- Leverage strong HR partnership

In 2011, Amer Sports developed its talent management model further to enhance organizational capability building and talent rotation. A special program was established to build capabilities in Amer Sports sales force.

Employee engagement survey, which measures employee engagement and job satisfaction, showed an improvement of all survey items since the previous survey conducted in 2009. On the basis of the survey, 80% of the respondents are extremely satisfied with Amer Sports as a place to work. The response rate was 90%.

On December 31, 2011, the number of Group employees was 7,061 (December 31, 2010: 6,645, December 31, 2009: 6,331). The increase came mainly from personnel working in sales and distribution. The average number of personnel in 2011 was 6,921 (2010: 6,545; 2009: 6,362). At the end of 2011, men represented 62% (2010: 62%; 2009: 62%) of Amer Sports employees and women 38% (2010: 38%; 2009: 38%).

Salaries, incentives and other related costs paid in 2011 totaled EUR 358.7 million (2010: 336.4; 2009: 301.5). The Amer Sports' reward system is based on performance focusing on team and individual accountability. Basic pay is supplemented by performance-based bonus schemes and long-term incentive programs.

	December 31, 2011	December 31, 2010	Change %
Winter and Outdoor	4,590	4,293	7
Ball Sports	1,631	1,590	3
Fitness	749	691	8
Headquarters and shared services	91	71	28
Total	7,061	6,645	6

	December 31, 2011	December 31, 2010	Change %
EMEA	4,185	3,903	7
Americas	2,312	2,214	4
Asia Pacific	564	528	7
Total	7,061	6,645	6

	December 31, 2011	December 31, 2010	Change %
Manufacturing and sourcing	2,588	2,579	0
Sales and distribution	2,454	2,205	11
Support functions/shared services	876	837	5
R&D	583	514	13
Marketing	560	510	10
Total	7,061	6,645	6

## SOCIAL RESPONSIBILITY

Amer Sports is committed to implementing its business strategy in an ethically and socially responsible manner, striving to improve its performance and to meet the company's economic, social, and environmental goals as defined in the Amer Sports code of conduct.

All Amer Sports suppliers are required to meet the Group's standards for ethical operations, which are based on International Labor Organization (ILO) and SA8000 standards and the United Nations Universal Declaration of Human Rights.

Amer Sports has a third party audit program to help sourcing partners comply with industry standards, regulations, and Amer Sports' expectations in regards to quality, health and safety,



social responsibility and environment. The audit process includes factory visits and training sessions with factory management to assist them in meeting the company standards. All new suppliers are audited before an order can be placed.

In 2011, the company participated for the first time in Carbon Disclosure Project (CDP) and positioned globally in the mid-range level.

## BUSINESS SEGMENT REVIEWS

### WINTER AND OUTDOOR

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
Net sales								
Winter Sports								
Equipment	205.0	252.8	-19	-14	448.4	438.4	2	2
Footwear	51.0	47.3	8	18	287.7	219.6	31	31
Apparel	65.8	63.0	4	12	191.6	156.6	22	22
Cycling	29.5	26.8	10	17	120.5	106.4	13	14
Sports Instruments	23.7	26.6	-11	-7	89.4	94.0	-5	-4
Net sales, total	375.0	416.5	-10	-4	1,137.6	1,015.0	12	12
EBIT excluding non-recurring items	45.0	61.2	-26		118.5	96.9	22	
EBIT % excluding non-recurring items					10.4	9.5		
Non-recurring items	-	-10.0			-	-10.0		
EBIT total	45.0	51.2	-12		118.5	86.9	36	
Personnel, Dec 31					4,590	4,293	7	

\*) Comparable sales in local currencies

In 2011, Winter and Outdoor's net sales were EUR 1,137.6 million (1,015.0), an increase of 12% in local currencies. Net sales growth was driven by Footwear, with an increase of 31%, supported by Apparel, up by 22%, and Cycling, up by 14%. EMEA, the largest geographical area of Winter and Outdoor, increased by 9%, the Americas by 23% and Asia Pacific by 10%.

In October-December, Winter and Outdoor's net sales totaled EUR 375.0 million (416.5), a decrease of 4% in local currencies. Good growth continued in Footwear, up by 18%, Cycling, up by 17%, and Apparel, up by 12%. Sales in Winter Sports Equipment declined by 14% in local currencies due to the shipment schedule as more deliveries took place already in the third quarter. Also, the slow start of the winter season in key markets adversely impacted in-season orders.

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
EMEA	241.9	294.5	-18	-11	751.3	687.2	9	9
Americas	77.9	70.2	11	20	253.4	211.3	20	23
Asia Pacific	55.2	51.8	7	7	132.9	116.5	14	10
Total	375.0	416.5	-10	-4	1,137.6	1,015.0	12	12

\*) Comparable sales in local currencies

In 2011, EBIT was EUR 118.5 million (96.9, excluding non-recurring items). Increased sales volumes contributed approximately EUR 53 million to the EBIT growth while higher gross margins contributed approximately EUR 18 million. Operating expenses increased by approximately EUR 48 million due to sales and distribution costs (all in local currencies).

In October-December, EBIT was EUR 45.0 million (61.2, excluding non-recurring items). Lower sales volumes were partly offset by higher gross margins.

### **Winter Sports Equipment**

In 2011, Winter Sports Equipment's net sales totaled EUR 448.4 million (438.3) and were up by 2% in local currencies. The biggest product categories were alpine ski equipment, representing 75% of net sales, cross country 16%, and snowboards 9%. Net sales of alpine ski equipment increased in local currencies by 2% and cross country ski equipment by 6% and snowboards decreased by 5%. In 2011, 67% of the Winter Sports Equipment business area's net sales were derived from EMEA, 20% from the Americas, and 13% from Asia Pacific. Net sales increased in the Americas by 23% and in Asia Pacific by 3%, and decreased in EMEA by 4%. At the end of the year, in-season order intake was adversely impacted by the warm early season weather in key markets.

The operational efficiency program which started in 2010 continued to deliver increased margins and improved customer service throughout 2011. The main focus areas during the year were to increase flexibility by match supply to demand as well to increase standardization by reducing the number of stock-keeping units.

In October-December, Winter Sports Equipment's net sales were EUR 205.0 million (252.8) with a decline of 14% in local currencies. The decrease was mainly due to the shipment schedule as more deliveries took place already in the third quarter. In-season order intake was adversely impacted by the warm early season weather in key markets.

### **Footwear**

In 2011, Footwear's net sales were EUR 287.7 million (219.6) and were up by 31% in local currencies. The growth came from all product segments. EMEA represented 80% of global sales, followed by the Americas with 16%, and Asia Pacific with 4%. Net sales increased in EMEA by 26%, in the Americas by 56% and in Asia Pacific by 4%.

In October-December, Footwear's net sales totaled EUR 51.0 million (47.3) and were up by 18% in local currencies. Pre-orders for spring/summer 2012 are up by 14%.

### **Apparel**

In 2011, Apparel's net sales totaled EUR 191.6 million (156.6) and were up by 22% in local currencies. EMEA was 49% of global sales, Americas 38%, and Asia Pacific 13%. Net sales increased in EMEA by 15%, in the Americas by 26% and in Asia Pacific by 47%.

In October-December, Apparel's net sales totaled EUR 65.8 million (63.0) and were up by 12% in local currencies. Pre-orders for spring/summer 2012 are up by 28%.

### **Cycling**

In 2011, Cycling's net sales were EUR 120.5 million (106.4) and were up by 14% in local currencies. Rims, wheels and pedals represented 83% of net sales, and cycling apparel and footwear 17%. Net sales of rims, wheels and pedals increased in local currencies by 11% and cycling apparel and footwear by 24%. Cycling's net sales by geographical region was as follows: EMEA 64%, Asia Pacific 19%, and the Americas 17%. Net sales increased in EMEA by 18% and in the Americas by 26% and decreased in Asia Pacific by 9%.

In October-December, Cycling's net sales totaled EUR 29.5 million (26.8) and were up by 17% in local currencies.

### **Sports Instruments**

In 2011, Sports Instruments' net sales totaled EUR 89.4 million (94.0) and declined by 4% in local currencies. Underlying sales excluding the divested businesses increased by 6%. The biggest product categories were outdoor products, representing 47% of net sales, diving instruments 22% and training 20%. Outdoor products sales grew by 13% and diving instruments by 5%. The distribution of net sales by geographical region was as follows: EMEA 45%, Asia

Pacific 31% and the Americas 24%. Net sales increased in Asia Pacific by 6%, were at previous year's level in EMEA% and decreased in the Americas by 16%.

In line with Suunto's new focused strategy, Amer Sports sold the diving suit company Fitz-Wright Holdings Ltd. to Huish Acquisition LLC in April 2011. In June 2011, Amer Sports sold TackTick Ltd to Raymarine, a subsidiary of the Flir Group. TackTick offers wireless solar powered instruments for the marine market. The divestments had no material impact on Amer Sports' financial results.

In October-December, Sports Instruments' net sales were EUR 23.7 million (26.6) and declined by 7% in local currencies. Underlying sales excluding the divested businesses were at previous year's level.

## BALL SPORTS

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
Net sales								
Racquet Sports	41.1	44.0	-7	-1	213.8	232.5	-8	-7
Team Sports	57.1	51.0	12	16	228.0	212.1	7	11
Golf	10.8	12.3	-12	-6	69.2	76.0	-9	-7
Net sales, total	109.0	107.3	2	7	511.0	520.6	-2	0
EBIT excluding non-recurring items	-0.7	-2.7			25.0	32.2	-22	
EBIT % excluding non-recurring items					4.9	6.2		
Non-recurring items	-	-2.7			-	-2.7		
EBIT total	-0.7	-5.4			25.0	29.5	-15	
Personnel, Dec 31					1,631	1,590	3	

\*) Comparable sales in local currencies

In 2011, Ball Sports' net sales were EUR 511.0 million (520.6) and were at previous year's level in local currencies. Racquet Sports sales were down by 7% as the global tennis market declined and Japan was hit by the earthquake and tsunami in March. Team Sports continued its good performance and net sales in local currencies increased by 11%.

Geographically, Ball Sports' sales increased in the Americas by 3% in local currencies, were stable in EMEA and declined by 9% in Asia Pacific.

In October-December, Ball Sports' net sales totaled EUR 109.0 million (107.3). In local currencies, sales increased by 7% due to the strong growth in Team Sports.

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
EMEA	17.2	18.5	-7	2	113.4	114.0	-1	-1
Americas	75.1	72.3	4	9	331.0	334.4	-1	3
Asia Pacific	16.7	16.5	1	1	66.6	72.2	-8	-9
Total	109.0	107.3	2	7	511.0	520.6	-2	0

\*) Comparable sales in local currencies

In 2011, EBIT was EUR 25.0 million (32.2, excluding non-recurring items) and declined by EUR 7 million due to lower gross margins.

In October-December, EBIT was EUR -0.7 million (-2.7, excluding non-recurring items). The impact of increased sales volumes was partly offset by lower margins.

### Racquet Sports

Racquet Sports' net sales in 2011 totaled EUR 213.8 million (232.5) and declined by 7% in local currencies. The Americas accounted for 41% of the net sales, EMEA 37% and Asia Pacific 22%. In local currencies, EMEA remained at previous year's level, Asia Pacific declined by 13% and the Americas declined by 7%. The decline in the Americas was driven by the United States, where the tennis racket market is estimated to have declined by 10% (source: Tennis Industry Association, TIA). The decline in Asia Pacific was driven by the aftermath of the earthquake and tsunami in Japan.

The biggest product categories were tennis rackets, representing 37% of net sales, and tennis balls 24%. Net sales of tennis rackets declined by 18% and sales of tennis balls grew by 5%. Tennis apparel achieved accelerated growth, an increase of 33% in local currencies.

In October-December, Racquet Sports' net sales were EUR 41.1 million (44.0) and were at previous year's level in local currencies. Changing the distribution model in China from a distributor to an in-house model had a temporary negative impact on sales.

### Team Sports

Team Sports' net sales in 2011 were EUR 228.0 million (212.1) and were up by 11% in local currencies driven mainly by baseball. The breakdown of Team Sports sales by region was as follows: the Americas 93%, EMEA 2% and Asia Pacific 5%. In local currencies, the Americas grew by 11%, EMEA by 20% and Asia Pacific by 6%.

The biggest product categories were American footballs, representing 22% of net sales, baseball and softball bats with 19%, basketballs with 19%, and baseballs and gloves with 17%.

In October-December, Team Sports' net sales totaled EUR 57.1 million (51.0) and were up by 16% in local currencies. The fourth quarter growth was broad-based across the product categories.

### Golf

Golf's net sales in 2011 were EUR 69.2 million (76.0) and declined by 7% in local currencies.

In October-December, net sales totaled EUR 10.8 million (12.3) and declined by 6% in local currencies.

### FITNESS

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
Net sales	72.9	59.6	22	30	232.2	204.8	13	17
EBIT excluding non-recurring items	4.5	4.3			10.3	2.7		
EBIT % excluding non-recurring items					4.4	1.3		
Non-recurring items	-	-2.3			-	-2.3		
EBIT total	4.5	2.0			10.3	0.4		
Personnel, Dec 31					749	691	8	

\*) Comparable sales in local currencies

In 2011, Fitness' net sales were EUR 232.2 million (204.8) and increased by 17% in local currencies. Geographically, the Americas accounted for 68% of the net sales, EMEA 23% and Asia Pacific 9%. In local currencies, the Americas increased by 16%, EMEA by 19% and Asia Pacific by 19%.

The commercial business (clubs and institutions) represented 87% (89%) of Fitness' net sales while consumer (home use) was 13% (11%). Commercial business was up by 15% in local

currencies due to new products and strengthened distribution. Consumer business was up by 34% as a result of improved distribution in retail and online channels.

In 2011, Fitness' EBIT was EUR 10.3 million (2.7, excluding non-recurring items). Increased sales volumes contributed approximately EUR 12 million to the EBIT growth while higher gross margins contributed approximately EUR 5 million. Operating expenses increased by approximately EUR 10 million mainly due to increased sales and distribution costs (all in local currencies).

In October-December, Fitness' net sales totaled EUR 72.9 million (59.6) and were 30% up in local currencies. The Americas increased by 35%, EMEA by 20% and Asia Pacific by 16% (in local currencies).

In October-December, EBIT was EUR 4.5 million (4.3, excluding non-recurring items). The impact of increased sales volumes was offset mainly by spend on strengthening the distribution.

EUR million	10-12/ 2011	10-12/ 2010	Change %	Change %*)	2011	2010	Change %	Change %*)
EMEA	14.7	12.8	15	20	52.9	44.5	19	19
Americas	52.4	41.6	26	35	157.7	142.2	11	16
Asia Pacific	5.8	5.2	12	16	21.6	18.1	19	19
Total	72.9	59.6	22	30	232.2	204.8	13	17

\*) Comparable sales in local currencies

## CHANGES IN GROUP STRUCTURE

Amer Sports sold the diving suit company Fitz-Wright Holdings Ltd. to Huish Acquisition LLC in April 2011. In June 2011, Amer Sports sold TackTick Ltd to Raymarine. TackTick offers wireless solar powered instruments for the marine market. The annual net sales of these businesses were approximately EUR 12 million.

Amer Sports acquired Nikita ehf, a snowboarding-inspired Action Sports apparel brand which focuses on female consumers, in December 2011. The annual net sales of Nikita are approximately EUR 8 million.

The transactions had no material impact on Amer Sports' 2011 financial results or balance sheet.

## CORPORATE GOVERNANCE STATEMENT

In its decision making and administration, Amer Sports applies the Finnish Companies Act, the Finnish Securities Markets Act and the rules issued by the NASDAQ OMX Helsinki Stock Exchange, Amer Sports' Articles of Association, and the Finnish Corporate Governance Code 2010 for listed companies. Amer Sports complies with the code without exceptions.

The Amer Sports Corporate Governance statement has been issued as a separate report on the company's web site. It has been prepared pursuant to Recommendation 54 of the Finnish Corporate Governance Code 2010 for listed companies and the Securities Markets Act (Chapter 2, Section 6). Amer Sports' auditors have verified that the statement has been issued and that the description of the main features of the internal control and risk management systems in relation to the financial reporting process is consistent with Amer Sports' financial statements.

## CHANGES IN TOP MANAGEMENT

On January 1, 2011, Jussi Siitonen, Senior Vice President, Finance, was appointed to the position of Chief Financial Officer (CFO) and also became a member of the Amer Sports Executive Board.

Victor Duran, Senior Vice President, Marketing and Business to Consumer, became a member of the Amer Sports Executive Board on January 1, 2011.

Additional details concerning members of the Amer Sports' Executive Board can be found at: [www.amersports.com/about](http://www.amersports.com/about). Information on related parties can be found in the notes to the financial statements.

## **SHARES AND SHAREHOLDERS**

The company's share capital totaled EUR 292,182,204 on December 31, 2011 and the number of shares was 121,517,285. Each share entitles the holder to one vote at the company's general meeting.

### **Authorizations**

The Annual General Meeting held on March 10, 2011 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 public trading on the NASDAQ OMX Helsinki 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 and Euroclear Finland Ltd. The Repurchase Authorization is valid 18 months from the decision of the Annual General Meeting.

The Annual General Meeting held 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 was valid for 18 months from the date of the decision by the Annual General Meeting.

In the Annual General meeting in 2010, 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 for two (2) years from the date of the decision of the Annual General Meeting.

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

### **Own shares**

Based on the authorization given by the AGM on March 10, 2010, the Amer Sports Board of Directors decided on February 15, 2011 to initiate a share repurchase program in order to implement a share-based incentive plan for 2011 and 2012 for the Group's key personnel. Repurchases on the NASDAQ OMX Helsinki Ltd stock exchange began on February 23, 2011 and ended on March 24, 2011. One (1) million shares were acquired during this period.

Amer Sports Board of Directors decided on August 15, 2011 to utilize the authorization given by the Annual General Meeting held on March 10, 2011 to repurchase Amer Sports shares. The repurchases were completed on November 24, 2011. The company repurchased a total of 3,000,000 own shares at an average price of EUR 9.18.



In 2011, Amer Sports acquired a total of 4 million own shares as follows:

Time	Amount	Total value, EUR	Purchase price (average), EUR	Purchase price (high and low), EUR
Feb. 23–March 24, 2011	1,000,000	9,212,051.46	9.21	9.81 and 8.43
Aug. 23–Nov. 24, 2011	3,000,000	27,529,811.75	9.18	10.00 and 8.14

On March 15, 2011, a total of 330,838 Amer Sports shares were transferred to the personnel involved in the company's Performance Share Plan 2010 and the Restricted Stock Plan 2010. The shares were transferred from the shares owned by Amer Sports International Oy.

Amer Sports held 4,012,125 (342,963) of its own shares at the end of 2011. Amer Sports Corporation owns 4,000,000 shares and Amer Sports International Oy 12,125 shares. The number of own shares corresponds to 3.30% (0.28) of all Amer Sports shares.

### Trading in shares

In 2011, a total of 76.9 million (55.2) Amer Sports shares with a value totaling EUR 752.5 million (475.0) were traded on the NASDAQ OMX Helsinki Ltd. Share turnover was 64.2% (45.5%) (expressed as a proportion of the average number of shares, excluding own shares). The average daily volume in 2011 was 303,975 shares (218,941).

The closing price of the Amer Sports Corporation share on the NASDAQ OMX Helsinki Ltd stock exchange on December 31, 2011 was EUR 9.00 (2010: 10.43). The share price declined 14% during the year while OMX Helsinki Cap index declined by 28%. Shares registered a high of EUR 11.97 (10.70) and a low of EUR 7.52 (6.82). The average share price was EUR 9.78 (8.61). On December 31, 2011, the company had a market capitalization of EUR 1,057.5 million (1,263.8), excluding own shares.

In addition to NASDAQ OMX Helsinki, Amer Sports shares were traded on several alternative market places, for example at Chi-X, BATS and Turquoise. In 2011, a total of 17.4 million Amer Sports shares were traded on alternative market places, or approximately 18% of the total amount of traded shares.

At the end of December, Amer Sports Corporation had 15,351 registered shareholders (15,400). Ownership outside of Finland and nominee registrations represented 48.7% (51.3) of the company's shares. Public sector entities owned 14.3% (13.2), households 12.1% (12.4), financial and insurance corporations 11.5% (13.1), non-profit institutions 7.6% (7.5), private companies 2.5% (2.2), and Amer Sports 3.30% (0.28).

### Major shareholders, December 31, 2011 (does not include nominee registrations nor shares held by the company)

	Shares	% of shares and votes
1. Varma Mutual Pension Insurance Company	7,030,680	5.79
2. Maa- ja Vesitekniiikan Tuki ry.	5,000,000	4.11
3. Ilmarinen Mutual Pension Insurance Company	4,333,460	3.57
4. Tapiola Mutual Pension Insurance Company	2,863,091	2.36
5. Brotherus Ilkka	2,685,573	2.21
6. Mandatum Life Insurance Company Limited	2,361,721	1.94
7. Odin Norden	1,830,442	1.51
8. OP-Delta Fund	1,495,000	1.23
9. The State Pension Fund	1,372,000	1.13
10. Nordea Fennia Fund	960,000	0.79

### Notification of change in shareholding under the Finnish Securities Market Act

On February 2, 2011, Amer Sports Corporation received information to the effect that the Governance for Owners LLP's share capital and voting rights of Amer Sports had fallen below 5% on February 1, 2011.

On October 27, 2011, Amer Sports Corporation received information to the effect that the owners of institutional investors and funds, who have given full discretion over their investments to Silchester International Investors LLP, had fallen below 10% on October 25, 2011. At the time of the notification, Silchester International Investors LLP owned 12,109,051 shares, representing 9.96% of Amer Sports Corporation's share capital and voting rights.

On November 30, 2011, Amer Sports Corporation received information to the effect that Varma Mutual Pension Insurance Company's share capital and voting rights of Amer Sports had exceeded 5% on November 29, 2011. At the time of the notification, Varma Mutual Pension Insurance Company owned 6,305,214 shares, representing 5.19% of Amer Sports Corporation's share capital and voting rights.

### Disclosure of control

Amer Sports' Board of Directors is not aware of any natural or legal persons who have control over the company or has information on these persons' portion of the voting rights of the shares and of the total number of shares.

### Agreements and arrangements relating to shareholdings and the use of voting rights

The Amer Sports' Board of Directors is not aware of any agreements or arrangements concerning the ownership of the company's shares and the use of their voting rights.

### Shareholdings of Board of Directors and Executive Board on December 31, 2011

Shareholder	Shares	Circle of acquaintances and controlled corporations
<i>Board of Directors</i>		
Anssi Vanjoki	30,590	0
Ilkka Brotherus	2,685,573	20,850
Martin Burkhalter	8,677	0
Christian Fischer	8,677	0
Hannu Ryöppönen	6,961	0
Bruno Sälzer	8,677	0
Pirjo Väliäho	10,888	0
<i>Executive Board</i>		
Heikki Takala	66,760	0
Paul Byrne	16,663	0
Chris Considine	23,992	0
Mike Dowse	12,244	0
Victor Duran	11,577	0
Matt Gold	10,262	0
Terhi Heikkinen	14,631	0
Antti Jääskeläinen	14,703	0
Bernard Millaud	20,610	0
Mikko Moilanen	13,596	0
Jean-Marc Pambet	24,007	0
Michael Schineis	26,486	0
Jussi Siitonen	12,136	300
Andy Towne	960	0
Vincent Wauters	41,264	0
Michael White	8,168	0
TOTAL	3,078,102	21,150

% of shares	2.5	0.02
Including circle of acquaintances and controlled corporations	3,099,252	
% of shares	2.6	

During the year, the Group had two cash-based long-term incentive plans and three share-based incentive plans for Group key personnel. The incentive plans are described in the notes to the financial statements.

## RESOLUTIONS OF THE GENERAL MEETINGS OF SHAREHOLDERS

At the Amer Sports Corporation Annual General Meeting held on March 10, 2011, the following resolutions were approved:

### Adoption of the annual accounts

The Annual General Meeting (AGM) approved Amer Sports Corporation's financial statements for 2010.

### Resolution on use of the profit shown on the balance sheet and the payment of dividend

The AGM resolved to distribute a dividend of EUR 0.30 per share for the financial year ended December 31, 2010. The dividend was paid on March 22, 2011.

### Resolution on the discharge of the members of the Board of Directors and the CEO from liability

The AGM granted the members of the Board of Directors and the company's President and CEO Heikki Takala and Acting President and CEO Pekka Paalanne (January 1 – March 31, 2010) a discharge from liability for the financial year 2010.

### Resolution on the remuneration of the members of the Board of Directors

It was approved that the annual remuneration payable to the members of the Board of Directors be as follows: Chairman EUR 100,000, Vice Chairman EUR 60,000, and other members EUR 50,000. Remuneration is not paid for attending meetings of the Board of Directors or meetings of the Committees of the Board of Directors. Of the annual remuneration, 40% is being paid in the form of the company's shares and 60% in cash.

### Resolution on the number of the members of the Board of Directors

The AGM confirmed that the number of the members of the Board of Directors is seven (7).

### Election of members of the Board of Directors

The AGM re-elected Anssi Vanjoki, Ilkka Brotherus, Pirjo Väliäho, Martin Burkhalter, Christian Fischer, Bruno Sälzer and Hannu Ryöppönen as members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2012 Annual General Meeting.

### Resolution on the remuneration of the auditor

The AGM decided that the auditor's fee will be paid as invoiced.

### Election of auditor

The AGM elected the Authorized Public Accountants PricewaterhouseCoopers Oy to act as auditor of the company. The auditor in charge of the audit was elected to be Jouko Malinen, Authorized Public Accountant.

### Authorizing the Board of Directors to decide on the repurchase of the company's own shares

The AGM 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 public trading on the NASDAQ OMX Helsinki 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 and Euroclear Finland Ltd. The Repurchase Authorization is valid 18 months from the decision of the Annual General Meeting.

#### **BOARD OF DIRECTORS WORKING ARRANGEMENTS**

At its organizing meeting immediately following the Annual General Meeting, the Amer Sports Corporation's Board of Directors appointed Anssi Vanjoki as Chairman and Ilkka Brotherus as Vice Chairman. From among its members, the Board appointed the following members to the Board Committees:

- Compensation Committee: Pirjo Väliäho (Chairman), Anssi Vanjoki, Bruno Sälzer and Christian Fischer
- Nomination Committee: Ilkka Brotherus (Chairman), Anssi Vanjoki and Martin Burkhalter
- Audit Committee: Hannu Ryöppönen (Chairman), Ilkka Brotherus and Martin Burkhalter

#### **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 consumer demand development in North America, Europe and Japan, with labor and raw material price inflation, especially in China, and with Amer Sports' ability to manufacture, source and deliver products on a timely basis.

For example, the following risks could potentially have an impact on the company's development:

- The sporting goods industry is subject to risks related to consumer demand in various parts of the world. Amer Sports is particularly dependent on general economic conditions and consumer demand in North America, Europe and Japan.
- The sporting goods industry is highly competitive and includes many regional, national and global companies. Although Amer Sports has no competitors that challenge it across of all of its product categories, the company faces competition from a number of companies in most of the product categories. There cannot be any assurances that additional competitors will not enter Amer Sports' existing markets or that Amer Sports will be able to compete successfully against existing or new competitors.
- Sales of winter sports equipment are affected by snow conditions. Winter sports equipment represents 1/4 of Amer Sports' sales.
- A large part of Amer Sports' production is outsourced. Amer Sports is constantly reviewing the global production and sourcing footprint to gain operational efficiencies and cost savings. Although the business areas audit their subcontractors regularly, possible delivery problems or breaches of contract by subcontractors may have an impact on Amer Sports' operations.
- Labor costs are expected to increase in Asia, where Amer Sports sources a significant portion of its products. Amer Sports uses steel, rubber, and oil-based raw materials and components in its products and must obtain adequate supplies of these raw materials from the markets in competition with the other users of such materials. Increases in labor and raw material costs can have a negative impact on product costs.
- Amer Sports' most important production facilities are the Winter Sports Equipment's factories in Austria and Bulgaria, Precor's factory in the United States, and the Suunto's factory in Finland. In addition, Amer Sports has major factories in Eastern Europe, which are owned by subcontractors. Amer Sports' most important distribution centers are located in Germany, Austria, the United States and France. Any unexpected production or delivery breaks in these units would have a negative impact on the company's business.
- Amer Sports success is dependent on its ability to identify and respond to constantly shifting trends in consumer demand, its ability to leverage advancements in technologies and to develop new and appealing products. Sales of Amer Sports' products may be negatively affected if it is not successful in introducing innovative products in response to changes in consumer preferences, technology and industry trends.

- Growing the number of Amer Sports' own retail stores requires up-front investment. In addition, the maintenance of the stores and the personnel employed in own retail create more fixed costs than distribution to trade customers. A failure to execute Amer Sports retail growth plan as part of Amer Sports multi-channel sales strategy could have a negative impact on Amer Sports' results.
- Losing a significant client would affect Amer Sports' sales. However, this risk is limited because Amer Sports' client base is diversified.
- Despite extensive testing of its products before market launch, the company cannot completely rule out the risk of product recalls and legal actions related to product liability. Amer Sports has standard insurance cover against the financial consequences of product recalls and product liability cases. Product quality issues could harm Amer Sports' reputation and, as a result, could have an adverse effect on its sales.
- A characteristic feature of the sporting goods industry is the need to protect intellectual property rights (IPR) and disputes connected with them. Amer Sports' success depends in part on its ability to protect its innovations, trademarks and other IPR from unauthorized use by others through obtaining relevant protection in the countries in which it operates and to enforce its IPRs. Any litigation to defend against claims or infringement could result in substantial costs and diversion of resources and could negatively affect results of operations or competitive position of Amer Sports. The material impacts on Amer Sports' financial position and operational result arising from pending litigation affecting the business areas and decisions of the authorities are assessed regularly, and current estimates are presented publicly when necessary.
- Amer Sports sources a significant proportion of its products from subcontractors located throughout Asia, which exposes it to the political, economic, and regulatory conditions in that area, and to a variety of local business and labor practice issues. Although Amer Sports has third party audit programs in Asia, Amer Sports cannot fully control its' subcontractors actions. The violation of labor laws, regulations or standards by Amer Sports' subcontractors, or the divergence of those subcontractors' labor practices from those generally accepted as ethical in the European Union or the international community, could have a material adverse effect on Amer Sports' public image and the reputation of its brands.
- Amer Sports relies on data communications to operate its business, and it is in the process of integrating its IT platform globally and implementing further applications to better control its supply chain. System failures and service interruptions may occur as the result of a number of factors. Any of these factors could have a material adverse affect on Amer Sports' business.

Financial risks are described under "Cash flow and financing".

## **OUTLOOK FOR 2012**

In 2012, Amer Sports will continue to invest into executing its long-term strategy and sustaining profitable growth.

Amer Sports expects broad-based improvement across business areas in 2012. In Winter Sports Equipment, the slow start of the 2011/12 season due to the warm weather in key markets is expected to have an adverse impact on the 2012 pre-orders. Apparel and Footwear pre-orders for spring/summer are up by 28% and 14%, respectively. Overall, Amer Sports' 2012 net sales in local currencies are expected to increase from 2011.

## **BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF EARNINGS**

The parent company's distributable earnings amount to EUR 302,804,109.00 of which the net result for the period is EUR -23,571,703.99.

The Board of Directors proposes to the Annual General Meeting that the distributable earnings be used as follows:

- A dividend of EUR 0.33 per share, totaling EUR 40,100,704.05 to be paid to shareholders
  - EUR 262,703,404.95 to be carried forward in distributable earnings
- Totaling EUR 302,804,109.00

No dividend will be paid for own shares held by the company.

There have been no significant changes to the company's financial position since the close of the financial period. According to the Board of Directors, the proposed dividend distribution does not endanger the company's financial standing.



## TABLES

The figures presented in this stock exchange release are based on the Group's audited financial statements, and it has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by EU. The notes are an integral part of consolidated financial information.

EUR million

### CONSOLIDATED RESULTS

	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
<b>NET SALES</b>	556.9	583.4	-5	1,880.8	1,740.4	8
Cost of goods sold	-321.0	-345.6		-1,063.4	-998.4	
<b>GROSS PROFIT</b>	235.9	237.8	-1	817.4	742.0	10
License income	2.3	2.7		8.7	9.5	
Other operating income	2.6	9.8		5.4	12.4	
R&D expenses	-20.6	-16.7		-64.2	-57.4	
Selling and marketing expenses	-138.3	-131.5		-475.9	-443.1	
Administrative and other expenses	-35.6	-53.7		-155.9	-166.6	
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	46.3	48.4	-4	135.5	96.8	40
% of net sales	8.3	8.3		7.2	5.6	
Financing income and expenses	-6.1	-5.7		-20.5	-21.3	
<b>EARNINGS BEFORE TAXES</b>	40.2	42.7	-6	115.0	75.5	52
Taxes	-9.1	-4.6		-24.1	-6.6	
<b>NET RESULT</b>	31.1	38.1	-8	90.9	68.9	32

Attributable to:

Equity holders of the parent company

31.1	38.1	90.8	68.8
0.0	0.0	0.1	0.1

Non-controlling interests

Earnings per share, EUR

0.25	0.30	0.71	0.52
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Earnings per share, diluted, EUR

0.25	0.30	0.71	0.52
------	------	------	------

Adjusted average number of shares in issue less own shares, million

119.9	121.2
-------	-------

Adjusted average number of shares in issue less own shares, diluted, million

120.1	121.2
-------	-------

Equity per share, EUR

7.03	6.50
------	------

ROCE, % \*)

13.2	10.0
------	------

ROE, %

11.2	9.0
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Average rates used:

EUR 1.00 = USD

1.3500	1.3637	1.3926	1.3289
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\*) 12 months' rolling average

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Net result	31.1	38.1	90.9	68.9
<b>Other comprehensive income</b>				
Translation differences	12.5	10.5	7.7	28.7
Cash flow hedges	6.7	4.4	17.3	-0.2
Income tax related to cash flow hedges	-1.7	-1.2	-4.5	0.0
Other comprehensive income, net of tax	17.5	13.7	20.5	28.5
Total comprehensive income	48.6	51.8	111.4	97.4

## Total comprehensive income attributable to:

Equity holders of the parent company	48.6	51.8	111.3	97.3
Non-controlling interests	0.0	0.0	0.1	0.1

# NET SALES BY BUSINESS SEGMENT

	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
Winter and Outdoor	375.0	416.5	-10	1,137.6	1,015.0	12
Ball Sports	109.0	107.3	2	511.0	520.6	-2
Fitness	72.9	59.6	22	232.2	204.8	13
Total	556.9	583.4	-5	1,880.8	1,740.4	8

# EBIT BY BUSINESS SEGMENT

	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
Winter and Outdoor	45.0	51.2	-12	118.5	86.9	36
Ball Sports	-0.7	-5.4		25.0	29.5	-15
Fitness	4.5	2.0		10.3	0.4	
Headquarters	-2.5	0.6		-18.3	-20.0	
Total	46.3	48.4	-4	135.5	96.8	40

# GEOGRAPHIC BREAKDOWN OF NET SALES

	10-12/ 2011	10-12/ 2010	Change %	1-12/ 2011	1-12/ 2010	Change %
EMEA	273.8	325.8	-16	917.6	845.7	9
Americas	205.4	184.1	12	742.1	687.9	8
Asia Pacific	77.7	73.5	6	221.1	206.8	7
Total	556.9	583.4	-5	1,880.8	1,740.4	8

# CONSOLIDATED CASH FLOW STATEMENT

Note	10-12/ 2011	10-12/ 2010	1-12/ 2011	1-12/ 2010
Earnings before interest and taxes	46.3	48.4	135.5	96.8
Adjustments to cash flow from operating activities and depreciation	11.0	1.6	37.9	28.3
Change in working capital	34.5	40.6	-97.6	-18.8
Cash flow from operating activities before financing items and taxes	91.8	90.6	75.8	106.3
Interest paid and received	-7.2	-5.1	-20.5	-14.3
Income taxes paid and received	-6.7	-14.6	-24.7	-11.9
Net cash flow from operating activities	77.9	70.9	30.6	80.1
Acquired operations	-6.5	-	-6.5	-
Sold operations	-	-	5.3	-
Capital expenditure on non-current tangible and intangible assets	-22.5	-21.2	-51.4	-39.9
Proceeds from sale of tangible non- current assets	0.1	8.0	0.6	9.9
Net cash flow from investing activities	-28.9	-13.2	-52.0	-30.0
Net cash flow after investing activities (free cash flow)	49.0	57.7	-21.4	50.1
Repurchase of own shares	-9.5	-	-36.7	-
Interest on hybrid bond	-	-	-7.2	-7.2
Dividends paid	-	-	-36.4	-19.5
Change in debt and other financing Items	-37.4	-24.2	94.9	-64.3
Net cash flow from financing activities	-46.9	-24.2	14.6	-91.0
Cash and cash equivalents on October 1/January 1	75.6	50.2	84.7	121.6
Translation differences	1.1	1.0	0.9	4.0
Change in cash and cash equivalents	2.1	33.5	-6.8	-40.9
Cash and cash equivalents on December 31	78.8	84.7	78.8	84.7

# CONSOLIDATED BALANCE SHEET

Note	December 31, 2011	December 31, 2010
<b>Assets</b>		
Goodwill	295.7	286.7
Other intangible non-current assets	214.5	214.2
Tangible non-current assets	157.8	140.2
Other non-current assets	99.6	100.5
Inventories and work in progress	359.7	302.1
Receivables	611.9	525.4
Cash and cash equivalents	78.8	84.7
Total assets	2	1,818.0
		1,653.8

<b>Shareholders' equity and liabilities</b>		
Shareholders' equity	829.4	790.2
Long-term interest-bearing liabilities	251.4	278.7
Other long-term liabilities	22.7	19.6
Current interest-bearing liabilities	219.0	100.8
Other current liabilities	463.1	434.6
Provisions	32.4	29.9
<b>Total shareholders' equity and liabilities</b>	<b>1,818.0</b>	<b>1,653.8</b>
Equity ratio, %	45.6	47.8
Gearing, %	47	37
EUR 1.00 = USD	1.2939	1.3362

## CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

[illegible]

Balance at Dec. 31, 2010		292.2	12.1	-5.6	-34.3	-5.6	151.5	60.0	317.3	787.6
Balance at Jan. 1, 2011		292.2	12.1	-5.6	-34.3	-5.6	151.5	60.0	317.3	787.6
Other comprehensive income:										
Translation differences					7.7					7.7
Cash flow hedges						17.3				17.3
Income tax related to cash flow hedges						-4.5				-4.5
Net result									90.8	90.8
Total comprehensive income					7.7	12.8			90.8	111.3
Transactions with owners:										
Repurchase of own shares					-31.3					-31.3
Share-based incentive programs									0.8	0.8
Dividend distribution	4								-36.3	-36.3
Interest on hybrid bond									-5.3	-5.3
Balance at Dec. 31, 2011		292.2	12.1	-36.9	-26.6	7.2	151.5	60.0	367.3	826.8
	Note		Non-controlling interests	Total share-holders' equity						
Balance at Jan. 1, 2010			2.6	735.3						
Other comprehensive income:										
Translation differences				28.7						

Cash flow hedges			-0.2
Income tax related to cash flow hedges			0.0
Net result	0.1		68.9
Total comprehensive income	0.1		97.4
Transactions with owners:			
Share-based incentive program			0.5
Dividend distribution	4	-0.1	-19.5
Interest on hybrid bond			-5.3
Other change			-18.2
Balance at Dec. 31, 2010	2.6		790.2
Balance at Jan. 1, 2011	2.6		790.2
Other comprehensive income:			
Translation differences			7.7
Cash flow hedges			17.3
Income tax related to cash flow hedges			-4.5
Net result	0.1		90.9
Total comprehensive income	0.1		111.4
Transactions with owners:			
Repurchase of own shares			-31.3
Share-			0.8



based incentive programs Dividend distribution	4	-0.1	-36.4
Interest on hybrid bond			-5.3
Balance at Dec. 31, 2011	2,6	829,4	

#### QUARTERLY BREAKDOWN OF NET SALES AND EBIT

	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
<b>NET SALES</b>								
Winter and Outdoor	375.0	395.7	133.4	233.5	416.5	300.3	116.5	181.7
Ball Sports	109.0	106.7	136.3	159.0	107.3	114.0	153.9	145.4
Fitness	72.9	56.8	45.9	56.6	59.6	52.6	47.1	45.5
Total	556.9	559.2	315.6	449.1	583.4	466.9	317.5	372.6
	Q4/ 2011	Q3/ 2011	Q2/ 2011	Q1/ 2011	Q4/ 2010	Q3/ 2010	Q2/ 2010	Q1/ 2010
<b>EBIT</b>								
Winter and Outdoor	45.0	79.3	-15.1	9.3	51.2	58.2	-24.2	1.7
Ball Sports	-0.7	-1.1	9.1	17.7	-5.4	3.5	17.0	14.4
Fitness	4.5	2.8	-0.3	3.3	2.0	2.8	-3.7	-0.7
Headquarters	-2.5	-6.6	-4.6	-4.6	0.6	-8.7	-6.0	-5.9
Total	46.3	74.4	-10.9	25.7	48.4	55.8	-16.9	9.5

#### 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, 2011, as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2010 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, interpretations and amendments adopted from the beginning of 2011:

The following new standards, interpretations and amendments have been adopted when applicable: IFRS 3 (amendment), IFRS 7 (amendment), IAS 24 (amendment), IAS 32 (amendment), IFRIC 14 (amendment) and IFRIC 19 and the annual improvements. The amendments or interpretations did not have any material impact on the consolidated financial statements.

##### 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>1-12/2011</b>					
Winter and Outdoor	1,137.6	118.5			960.0
Ball Sports	511.0	25.0			384.4
Fitness	232.2	10.3			253.8
Segments, total	1,880.8	153.8			1,598.2
Unallocated items*)		-18.3	-20.5		219.8
Group total	1,880.8	135.5	-20.5	115.0	1,818.0
<b>1-12/2010</b>					
Winter and Outdoor	1,015.0	86.9			848.7
Ball Sports	520.6	29.5			365.8
Fitness	204.8	0.4			229.1
Segments, total	1,740.4	116.8			1,443.6
Unallocated items*)		-20.0	-21.3		210.2
Group total	1,740.4	96.8	-21.3	75.5	1,653.8

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

#### GEOGRAPHIC BREAKDOWN OF NET SALES

	1-12/ 2011	1-12/ 2010
EMEA	917.6	845.7
Americas	742.1	687.9
Asia Pacific	221.1	206.8
Total	1,880.8	1,740.4

#### 3. DERIVATIVE FINANCIAL INSTRUMENTS

	December 31, 2011	December 31, 2010
Nominal value		
Foreign exchange derivatives	922.6	678.1
Interest rate swaps	50.0	169.8
Cross currency swaps	56.1	-
Fair value		
Foreign exchange derivatives	2.0	-9.1
Interest rate swaps	-3.1	-2.8
Cross currency swaps	0.5	-

#### 4. DIVIDENDS

Dividends distributed in March 2011 by Amer Sports to its shareholders and minority shareholders of its subsidiaries amounted to EUR 36.4 million relating to the year ending on December 31, 2010 (2010: 19.5). Dividends distributed to the shareholders of Amer Sports Corporation were EUR 0.30 per share and in total EUR 36.3 million (2010: EUR 0.16 per share and in total EUR 19.4 million).

**5. CONTINGENT LIABILITIES AND SECURED ASSETS**

	<b>December 31, 2011</b>	<b>December 31, 2010</b>
Guarantees	21.4	14.1
Liabilities for leasing and rental agreements	123.2	123.2
Other liabilities	33.8	18.7

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

**6. 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.

**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.

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**