

Amer Sports Corporation

INTERIM REPORT  
April 24, 2014 at 1:10 pm

## Amer Sports Corporation Interim Report January–March 2014

### JANUARY–MARCH 2014

- Net sales EUR 501.5 million (493.0). Solid, broad-based growth of 6% in local currencies, despite challenging trading conditions in Russia and bad weather conditions in main markets.
- Gross margin 44.3% (44.2%).
- EBIT EUR 20.6 million (26.4), heavily impacted by currencies.
- Earnings per share EUR 0.07 (0.13).
- Net cash flow after investing activities EUR 44.2 million (67.9).
- Gearing 58% (March 31, 2013: 56%).
- Outlook for 2014 unchanged.

### OUTLOOK FOR 2014

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

### KEY FIGURES

EUR million	1–3/2014	1–3/2013	2013
Net sales	501.5	493.0	2,136.5
Gross profit	222.3	217.7	932.2
Gross profit %	44.3	44.2	43.6
EBIT excluding non-recurring items	20.6	26.4	154.9
EBIT % excluding non-recurring items	4.1	5.4	7.3
Non-recurring items*)	-	-	-
EBIT total	20.6	26.4	154.9
EBIT %	4.1	5.4	7.3
Financing income and expenses	-9.2	-6.7	-28.6
Earnings before taxes	11.4	19.7	126.3
Net result	8.2	14.8	90.3
Earnings per share, EUR	0.07	0.13	0.77
Net cash flow after investing activities	44.2	67.9	42.5
Equity ratio, % at period end	40.5	40.5	37.5
Gearing, % at period end	58	56	57
Personnel at period end	7,370	7,236	7,330
Average rates used, EUR/USD	1.37	1.32	1.33

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

### HEIKKI TAKALA, PRESIDENT AND CEO:

We delivered a good start for the year with a solid 6% growth and slightly improved gross margin, driven by broad-based double-digit growth in several of our strategic growth areas. During the quarter we also faced quite some challenges, including a mild winter which impacted adversely especially cross-country skiing, however the Winter Sports Equipment business showed remarkable resilience and even good growth in parts of the portfolio. In tennis we

declined as intended, largely due to cleaning up some unprofitable sales with the objective to ignite more profitable growth in Wilson. In Russia, we faced challenges due to declining consumer demand and devaluation of the currency which caused a decline in our EBIT.

The trading conditions have been more unfavorable than expected; nevertheless I'm pleased with the progress in our own actions. Our long-term strategies are working and we continue to execute with appropriate agility, looking forward to another year of growth and improvement.

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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 3427 1920 (UK/international dial-in number) and the access code 7636738. The conference call can also be followed at [www.amersports.com](http://www.amersports.com). A recorded version and a transcript will be available later at the same web address. The replay number of the call is +44 (0)20 3427 0598, and the access code 7636738#.

**SECOND QUARTER RESULTS BULLETIN**

Amer Sports will publish its Q2/2014 results bulletin on Thursday, July 24, 2014 at approximately 1:00 pm Finnish time.

**DISTRIBUTION:**

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

**AMER SPORTS**

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

## Interim Report January–March 2014

### NET SALES AND EBIT

Amer Sports' net sales in January–March 2014 were EUR 501.5 million (January–March 2013: 493.0). Net sales increased by 6% in local currencies. The fastest growth took place in Sports Instruments, up by 23%, Apparel, up by 21%, Footwear, up by 14% and in Cycling, up by 8%. Individual Ball Sports and Winter Sports Equipment sales declined both by 7%.

#### Net sales by business segment

EUR million	1–3/ 2014	1–3/ 2013	Change %	Change %*)	% of sales 2014	2013
Winter and Outdoor	287.5	266.5	8	12	57	1,289.5
Ball Sports	150.7	164.0	-8	-4	30	551.0
Fitness	63.3	62.5	1	4	13	296.0
Total	501.5	493.0	2	6	100	2,136.5

\*) Change in local currencies

#### Geographic breakdown of net sales

EUR million	1–3/ 2014	1–3/ 2013	Change %	Change %*)	% of sales 2014	2013
EMEA	249.1	240.5	4	6	50	1,025.2
Americas	189.2	195.3	-3	2	38	839.4
Asia Pacific	63.2	57.2	10	20	12	271.9
Total	501.5	493.0	2	6	100	2,136.5

\*) Change in local currencies

Gross margin was 44.3% (44.2). Strong operative improvement especially in Fitness and in Winter Sports Equipment was mainly offset by currency valuations and the situation in Russia.

Group EBIT was EUR 20.6 million (26.4). Sales increase in local currency terms and improved gross margin contributed approximately EUR 13 million to gross profit. Operating expenses increased by approximately EUR 14 million. Other income and expenses and currencies impacted EBIT negatively by approximately EUR 5 million.

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

EUR million	1–3/ 2014	1–3/ 2013	Change %	2013
Winter and Outdoor	9.5	14.2	-33	127.0
Ball Sports	13.2	17.4	-24	27.0
Fitness	3.4	-0.4	24.4	
Headquarters*)	-5.5	-4.8	-23.5	
EBIT excluding non-recurring items	20.6	26.4	-22	154.9
Non-recurring items	-	-	-	
EBIT total	20.6	26.4	-22	154.9

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

Net financial expenses were EUR 9.2 million (6.7) including net interest expenses of EUR 6.3 million (5.8). Net foreign exchange losses were EUR 2.3 million (0.4). Earnings before taxes totaled EUR 11.4 million (19.7) and taxes were EUR 3.2 million (4.9). Earnings per share were EUR 0.07 (0.13).

#### CASH FLOW AND FINANCING

Net cash flow after investing activities (free cash flow) was EUR 44.2 million (67.9) in January–March. Working capital decreased by EUR 34.4 million (51.8). Inventories decreased by EUR 8.5 million (6.9) and receivables by EUR 106.9 million (93.6). Payables decreased by 81.0 million (48.7).

At the end of March, the Group's net debt amounted to EUR 422.2 million (March 31, 2013: 398.4).

Interest-bearing liabilities amounted to EUR 581.5 million (March 31, 2013: 534.5) consisting of short-term debt of EUR 63.3 million and long-term debt of EUR 518.2 million. The average interest rate on the Group's interest-bearing liabilities was 3.9% (March 31, 2013: 4.1%).

Short-term debt consists mainly of repayments of long-term loans of EUR 12.4 million (March 31, 2013: 92.4). At the end of March Amer Sports had not issued any commercial papers in the Finnish market (March 31, 2013: 71.1). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 159.3 million (March 31, 2013: 136.1).

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

The equity ratio at the end of the March was 40.5 % (March 31, 2013: 40.5%) and gearing was 58% (March 31, 2013: 56%).

### CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 7.2 (7.2) million. Depreciation totaled EUR 11.7 million (11.1). Capital expenditure for the whole year is expected to be approximately EUR 50 million (45.3).

### BUSINESS SEGMENT REVIEWS

#### WINTER AND OUTDOOR

EUR million	1–3/2014	1–3/2013	Change %	Change %*)	2013
Net sales					
Winter Sports Equipment	38.0	42.8	-11	-7	416.7
Footwear	113.7	102.3	11	14	341.2
Apparel	70.9	63.1	12	21	285.4
Cycling	39.0	36.6	7	8	128.2
Sports Instruments	25.9	21.7	19	23	118.0
Net sales, total	287.5	266.5	8	12	1,289.5
EBIT excluding non-recurring items	9.5	14.2	-33		127.0
Non-recurring items	-	-			-
EBIT total	9.5	14.2	-33		127.0
Personnel at period end	4,743	4,625	3		4,742
*) Change in local currencies					

Winter and Outdoor's net sales in the review period were EUR 287.5 million (266.5), an increase of 12% in local currencies.

EUR million	1–3/2014	1–3/2013	Change %	Change %*)	2013
EMEA	194.1	182.1	7	9	830.2
Americas	55.8	54.0	3	10	300.0

Asia Pacific	37.6	30.4	24	32	159.3
Total	287.5	266.5	8	12	1,289.5

*\*) Change in local currencies*

EBIT was EUR 9.5 million (14.2). Sales increase in local currency terms contributed approximately EUR 15 million to gross profit. Weaker gross margin impacted gross profit negatively by approximately EUR 2 million. Operating expenses increased by approximately EUR 12 million. Other income and expenses and currencies impacted EBIT negatively by approximately EUR 6 million.

### **Winter Sports Equipment**

Winter Sports Equipment's net sales were EUR 38.0 million (42.8), down by 7% in local currencies. Sales were impacted by unfavorable weather conditions especially in Northern Europe. Net sales of alpine ski equipment increased slightly while sales of cross country ski equipment and snowboards decreased.

### **Footwear**

Footwear's net sales were EUR 113.7 million (102.3), and grew by 14% in local currencies with strong growth in all geographical regions, except in Russia, where unfavorable currency and trading conditions had a negative impact on sales.

### **Apparel**

Apparel's net sales were EUR 70.9 million (63.1), up by 21% in local currencies, with strong contribution from Arc'teryx. Growth was generated across all channels and geographical regions except Russia, where unfavorable currency and trading conditions had a negative impact on sales.

### **Cycling**

Cycling's net sales were EUR 39.0 million (36.6), up by 8% in local currencies. Sales of cycling softgoods increased by 14%.

### **Sports Instruments**

Sports Instruments' net sales were EUR 25.9 million (21.7), up by 23% in local currencies. The growth was driven by outdoor instruments.

## **BALL SPORTS**

<b>EUR million</b>	<b>1–3/2014</b>	<b>1–3/2013</b>	<b>Change</b>	<b>Change</b>	<b>2013</b>
			<b>%</b>	<b>%*)</b>	
Net sales					
Individual Ball Sports	85.4	95.5	-11	-7	306.0
Team Sports	65.3	68.5	-5	0	245.0
Net sales, total	150.7	164.0	-8	-4	551.0
EBIT excluding non-recurring items	13.2	17.4	-24		27.0
Non-recurring items	-	-			-
EBIT total	13.2	17.4	-24		27.0
Personnel at period end	1,543	1,614	-4		1,549

*\*) Change in local currencies*

Ball Sports' net sales were EUR 150.7 million (164.0), down by 4% in local currencies. Solid growth in Basketball and American Football was offset by decreasing sales in Individual Ball Sports. In tennis, sales declined due to a clean-up of some unprofitable sales with the objective to ignite more profitable growth in Wilson as well as due to late season start in North America.

EUR million	1–3/2014	1–3/2013	Change	Change	2013
			%	%*)	
EMEA	39.3	42.0	-6	-6	116.8
Americas	93.9	101.2	-7	-3	356.8
Asia Pacific	17.5	20.8	-16	-7	77.4
Total	150.7	164.0	-8	-4	551.0

\*) Change in local currencies

EBIT was EUR 13.2 million (17.4). Lower sales in local currency terms impacted gross profit negatively by approximately EUR 3 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

## FITNESS

EUR million	1–3/2014	1–3/2013	Change	Change	2013
			%	%*)	
Net sales	63.3	62.5	1	4	296.0
EBIT excluding non-recurring items	3.4	-0.4			24.4
Non-recurring items	-	-			-
EBIT total	3.4	-0.4			24.4
Personnel at period end	910	848	7		874

\*) Change in local currencies

Fitness' net sales in the review period were EUR 63.3 million (62.5), up by 4% in local currencies.

EUR million	1–3/2014	1–3/2013	Change %	Change %*)	2013
EMEA	15.7	16.4	-4	-6	78.2
Americas	39.5	40.1	-1	2	182.6
Asia Pacific	8.1	6.0	35	49	35.2
Total	63.3	62.5	1	4	296.0

\*) Change in local currencies

EBIT was EUR 3.4 million (-0.4). The improvement was mainly due to higher gross margin.

## PERSONNEL

At the end of March, the number of Group employees was 7,370 (December 31, 2013: 7,330).

	March 31, 2014	March 31, 2013	Change %	December 31, 2013
Winter and Outdoor	4,743	4,625	3	4,742
Ball Sports	1,543	1,614	-4	1,549
Fitness	910	848	7	874
Headquarters and shared services	174	149	17	165
Total	7,370	7,236	2	7,330
	March 31, 2014	March 31, 2013	Change %	December 31, 2013
EMEA	4,139	4,118	1	4,125
Americas	2,462	2,399	3	2,455
Asia Pacific	769	719	7	750
Total	7,370	7,236	2	7,330

## SHARES AND SHAREHOLDERS

The company's share capital totaled EUR 292,182,204 on March 31, 2014 and the number of shares was 118,517,285. Each share entitles the holder to one vote at the company's general meeting.

### Authorizations

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

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

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

The Annual General Meeting held on March 7, 2013 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes the option to issue own shares to the Company for free. The authorization is valid for two years from the date of the decision of the Annual General Meeting, but the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

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

### Own shares

At the end of March, Amer Sports held a total of 572,699 shares (560,465) of Amer Sports Corporation. The number of own shares corresponds to 0.48% (0.47) of all Amer Sports shares. A total of 1,438 shares granted as share-based incentives were returned to Amer Sports during the review period in accordance with the terms of the incentive plan as the employment ended.

### **Trading in shares**

A total of 28.2 million (15.5) Amer Sports shares with a value totaling EUR 427.4 million (189.5) were traded on the NASDAQ OMX Helsinki Ltd in the review period. Share turnover was 24.0 % (13.1%) (as a proportion of the average number of shares, excluding own shares). The average daily volume in January–March 2014 was 455,582 shares (249,729).

The closing price of the Amer Sports Corporation share on the NASDAQ OMX Helsinki Ltd stock exchange on March 31, 2014 was EUR 15.42 (12.87). Shares registered a high of EUR 16.58 (13.48) and a low of EUR 13.76 (11.08) during the review period. The average share price was EUR 15.13 (12.24). On March 31, 2014, the company had a market capitalization of EUR 1,818.7 million (1,518.1), excluding own shares.

At the end of March, Amer Sports Corporation had 17,116 registered shareholders (14,580). Ownership outside of Finland and nominee registrations represented 46.3% (43.7) of the company's shares.

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

Amer Sports Corporation received information on January 30, 2014 to the effect that the ownership of Varma Mutual Pension Insurance Company in Amer Sports Corporation's share capital and voting rights had fallen below 5%. At the time of the notification Varma Mutual Pension Insurance Company owned 3,580,680 shares, which represented 3.02% of Amer Sports Corporation's share capital and voting rights.

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

At the Amer Sports Corporation Annual General Meeting held on March 6, 2014, the following resolutions were approved:

#### **Adoption of the annual accounts**

The Annual General Meeting (AGM) approved Amer Sports' financial statements for 2013.

#### **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 0.40 per share to be paid for the financial year ended December 31, 2013. The dividend was paid to shareholders who were registered on the list of shareholders maintained by Euroclear Finland Ltd as of March 11, 2014, which was the record date for the dividend payment. The dividend was paid on April 3, 2014.

#### **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 Company's President and CEO a discharge from liability for the financial year 2013.

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

It was approved that the annual remuneration payable to the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2015 remains unchanged from 2013 and be as follows: Chairman EUR 100,000, Vice Chairman EUR 60,000, and other members EUR 50,000 each. No extra remuneration is 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 elected Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer, Anssi Vanjoki and Indra Åsander as members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2015 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 Authorized Public Accountants PricewaterhouseCoopers Oy to act as auditor of the Company. PricewaterhouseCoopers Oy has advised that it appoints Jouko Malinen, Authorized Public Accountant, as the principally responsible auditor of the Company.

### **Amendment of the Articles of Association**

The AGM resolved to amend Article 4 of the Articles of Association so that the maximum number of members of the Board of Directors is increased from seven (7) to eight (8).

After the amendment Article 4 reads as follows:

#### **"Article 4**

##### **Board of Directors**

The administration and due arrangement of the business of the Company is the responsibility of a Board of Directors consisting of not less than five (5) and not more than eight (8) members.

In particular, the Board of Directors shall

1. supervise the activities of the Company and its subsidiaries;
2. appoint the President and determine his or her remuneration;
3. approve the appointment and remuneration of the President's direct subordinates, as well as the appointment of the presidents of the subsidiaries and their remuneration;
4. grant and revoke the authorizations to represent the Company;
5. determine granting of procurations;
6. prepare the annual report and the financial statements of the Company and sign the balance sheets; and
7. ensure the implementation of the resolutions of the General Meetings.

The term of the members of the Board of Directors shall end at the close of the first Annual General Meeting following the election.

Persons of over 66 years of age may not be elected to be members of the Board of Directors.

The Board of Directors shall elect the Chairman and the Vice Chairman of the Board from among its members.

The Board of Directors shall constitute a quorum when more than half of the members are present, one of whom shall be the Chairman or Vice Chairman. The opinion which is supported by more than half of the members present, or in the event of a tie, the opinion which is supported by the Chairman shall constitute the resolution of the Board of Directors. In the event of a tie when electing the Chairman, the matter shall be decided by drawing of lots. When the meeting is attended by the minimum number of members required for a quorum, the resolutions shall, however, be unanimous."

### **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 trading on regulated market organized by NASDAQ OMX Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of the NASDAQ OMX Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

### **Authorizing the Board of Directors to decide on the share issue**

The AGM authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows:

By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue own shares to the Company for free.

The authorization is valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

### **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: Bruno Sälzer, Chairman, Christian Fischer, Anssi Vanjoki and Indra Åsander
- Nomination Committee: Ilkka Brotherus, Chairman, Martin Burkhalter and Anssi Vanjoki
- Audit Committee: Hannu Ryöppönen, Chairman, Ilkka Brotherus and Martin Burkhalter

### **GROUP-WIDE RESTRUCTURING PROGRAM**

Amer Sports continues the restructuring program started in November 2012 to drive further scale and synergies and cost efficiencies, as well as to sustain growth through resource allocation especially into softgoods and expansion markets and channels. The program is proceeding as planned with the target to deliver an estimated annual cost saving of EUR 20 million once fully executed by the end of 2014. The program contributes to reaching the Group's long term profitability target of 10% EBIT. The expected headcount impact of the restructuring program once fully implemented is approximately 250, mainly in Winter and Outdoor.

### **SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES**

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

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

### **OUTLOOK FOR 2014**

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

## TABLES

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

Unaudited

EUR million

### CONSOLIDATED RESULTS

	1-3/ 2014	1-3/ 2013	Change %	2013
<b>NET SALES</b>	501.5	493.0	2	2,136.5
Cost of goods sold	-279.2	-275.3		-1,204.3
<b>GROSS PROFIT</b>	222.3	217.7	2	932.2
License income	1.0	1.4		6.4
Other operating income	1.4	1.9		4.5
R&D expenses	-19.0	-18.7		-76.2
Selling and marketing expenses	-140.6	-139.2		-543.0
Administrative and other expenses	-44.5	-36.7		-169.0
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	20.6	26.4	-22	154.9
% of net sales	4.1	5.4		7.3
Financing income and expenses	-9.2	-6.7		-28.6
<b>EARNINGS BEFORE TAXES</b>	11.4	19.7	-42	126.3
Taxes	-3.2	-4.9		-36.0
<b>NET RESULT</b>	8.2	14.8	-45	90.3

Attributable to:

Equity holders of the parent company	8.2	14.8	90.3
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Earnings per share, EUR	0.07	0.13	0.77
Earnings per share, diluted, EUR	0.07	0.13	0.76

Adjusted average number of shares in issue less own shares, million	117.6	117.8	117.7
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Adjusted average number of shares in issue less own shares, diluted, million	118.0	118.2	118.1
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Equity per share, EUR	6.19	6.05	6.48
ROCE, % *)	13.6	10.3	14.2
ROE, %	4.4	8.2	12.1

Average rates used: EUR 1.00 = USD	1.3681	1.3222	1.3277
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\*) 12 months' rolling average

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1-3/ 2014	1-3/ 2013	2013
Net result	8.2	14.8	90.3

#### Other comprehensive income

Items that will not be reclassified

12 (20)

to profit or loss			
Remeasurement effects of postemployment benefit plans	-2.0	12.4	
Income tax related to remeasurement effects	0.7	-4.3	
Items that may be reclassified to profit or loss			
Translation differences	-0.3	3.9	-24.5
Cash flow hedges	3.2	7.5	-1.6
Income tax related to cash flow hedges	-0.8	-1.9	0.4
Other comprehensive income, net of tax	0.8	9.5	-17.6
Total comprehensive income	9.0	24.3	72.7

**Total comprehensive income**

**attributable to:**

Equity holders of the parent company	9.0	24.3	72.7
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**NET SALES BY BUSINESS SEGMENT**

	1-3/ 2014	1-3/ 2013	Change %	2013
Winter and Outdoor	287.5	266.5	8	1,289.5
Ball Sports	150.7	164.0	-8	551.0
Fitness	63.3	62.5	1	296.0
Total	501.5	493.0	2	2,136.5

**GEOGRAPHICAL BREAKDOWN OF NET SALES**

	1-3/ 2014	1-3/ 2013	Change %	2013
EMEA	249.1	240.5	4	1,025.2
Americas	189.2	195.3	-3	839.4
Asia Pacific	63.2	57.2	10	271.9
Total	501.5	493.0	2	2,136.5

**EBIT BY BUSINESS SEGMENT**

	1-3/ 2014	1-3/ 2013	Change %	2013
Winter and Outdoor	9.5	14.2	-33	127.0
Ball Sports	13.2	17.4	-24	27.0
Fitness	3.4	-0.4		24.4
Headquarters	-5.5	-4.8		-23.5
Total	20.6	26.4	-22	154.9

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	1-3/ 2014	1-3/ 2013	2013
Earnings before interest and taxes		20.6	26.4	154.9
Adjustments to cash flow from operating activities and depreciation		11.4	10.6	40.7
Change in working capital		34.4	51.8	-59.1

Cash flow from operating activities before financing items and taxes	66.4	88.8	136.5
Interest paid and received	-7.3	-3.6	-26.6
Income taxes paid and received	-7.8	-10.2	-22.6
Net cash flow from operating activities	51.3	75.0	87.3
Capital expenditure on non-current tangible and intangible assets	-7.2	-7.2	-45.3
Proceeds from sale of tangible non-current assets	0.1	0.1	0.5
Net cash flow from investing activities	-7.1	-7.1	-44.8
Net cash flow after investing activities (free cash flow)	44.2	67.9	42.5
Repurchase of own shares	-	-	-5.4
Dividends paid	3	-	-41.3
Change in debt and other financing items	-155.0	-74.2	135.2
Net cash flow from financing activities	-155.0	-74.2	88.5
Cash and cash equivalents on January 1	270.0	142.5	142.5
Translation differences	0.1	-0.1	-3.5
Change in cash and cash equivalents	-110.8	-6.3	131.0
Cash and cash equivalents on March 31/December 31	159.3	136.1	270.0

#### CONSOLIDATED BALANCE SHEET

	Note	March 31, 2014	March 31, 2013	December 31, 2013
<b>Assets</b>				
Goodwill		281.6	294.7	281.2
Other intangible non-current assets		203.5	210.2	205.0
Tangible non-current assets		165.2	161.9	168.3
Other non-current assets		101.8	122.7	101.2
Inventories and work in progress		344.4	333.2	355.1
Receivables		546.8	513.6	649.1
Cash and cash equivalents		159.3	136.1	270.0
Total assets	2	1,802.6	1,772.4	2,029.9
<b>Shareholders' equity and liabilities</b>				
Shareholders' equity		730.5	717.4	761.3
Long-term interest-bearing liabilities		518.2	327.8	517.9
Other long-term liabilities		64.3	74.9	59.1
Current interest-bearing liabilities		63.3	206.7	183.8
Other current liabilities		398.3	415.8	478.0
Provisions		28.0	29.8	29.8
Total shareholders' equity and liabilities		1,802.6	1,772.4	2,029.9
Equity ratio, %		40.5	40.5	37.5
Gearing, %		58	56	57
EUR 1.00 = USD		1.3759	1.2805	1.3791

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

	Note	Share capital	Pre-mi-um fund	Fund for own sha-res	Trans-lation diffe-rences	Fair value and other reser-ves	Re-measure-ments	Invested unrestrict-ed equity reserve	Retai-ned ear-nings	Total
Balance at										
Jan. 1, 2013		292.2	12.1	-7.1	-35.3	-7.1	-27.5	154.4	350.1	731.8
Other comprehensive income:										
Trans-lation diffe-rences					3.9					3.9
Cash flow hedges						7.5				7.5
Income tax related to OCI						-1.9				-1.9
Net result								14.8	14.8	
Total comprehensive income					3.9	5.6		14.8	24.3	
Transactions with owners:										
Share-based incentive programs					1.7			2.3	-1.4	2.6
Divi-dend distri-bution	3							-41.3	-41.3	
Balance at										
March 31, 2013		292.2	12.1	-5.4	-31.4	-1.5	-27.5	156.7	322.2	717.4
Balance at Jan.		292.2	12.1	-11.1	-59.8	-8.3	-19.4	156.7	398.9	761.3



15 (20)

## QUARTERLY BREAKDOWN OF NET SALES AND EBIT

NET SALES	Q1/ 2014	Q4/ 2013	Q3/ 2013	Q2/ 2013	Q1/ 2013	Q4/ 2012	Q3/ 2012	Q2/ 2012
Winter and Outdoor	287.5	433.7	420.6	168.7	266.5	402.8	411.0	150.9
Ball Sports	150.7	126.1	116.7	144.2	164.0	127.7	121.9	146.5
Fitness	63.3	97.6	71.6	64.3	62.5	88.0	69.0	56.4
Total	501.5	657.4	608.9	377.2	493.0	618.5	601.9	353.8
EBIT	Q1/ 2014	Q4/ 2013	Q3/ 2013	Q2/ 2013	Q1/ 2013	Q4/ 2012	Q3/ 2012	Q2/ 2012
Winter and Outdoor	9.5	52.5	87.4	-27.1	14.2	23.3	86.8	-25.4
Ball Sports	13.2	3.9	-2.1	7.8	17.4	-4.5	-2.6	9.7
Fitness	3.4	14.3	6.2	4.3	-0.4	7.8	4.2	1.0
Headquarters	-5.5	-6.0	-9.0	-3.7	-4.8	-4.4	-7.1	-4.5
Total	20.6	64.7	82.5	-18.7	26.4	22.2	81.3	-19.2

## THE NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

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

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

### 2. SEGMENT INFORMATION

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

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

There were no intersegment business operations during the reported periods.

	Net sales	Earnings before interest and taxes	Financing income and expenses	Earnings before taxes	Assets
<b>1-3/2014</b>					
Winter and Outdoor	287.5	9.5			814.6
Ball Sports	150.7	13.2			411.6
Fitness	63.3	3.4			249.5
Segments, total	501.5	26.1			1,475.7
Unallocated items*)		-5.5	-9.2		326.9
Group total	501.5	20.6	-9.2	11.4	1,802.6
<b>1-3/2013</b>					
Winter and Outdoor	266.5	14.2			780.6
Ball Sports	164.0	17.4			433.7
Fitness	62.5	-0.4			247.3
Segments, total	493.0	31.2			1,461.6
Unallocated items*)		-4.8	-6.7		310.8

Group total	493.0	26.4	-6.7	19.7	1,772.4
<b>1-12/2013</b>					
Winter and Outdoor	1,289.5	127.0			960.3
Ball Sports	551.0	27.0			353.7
Fitness	296.0	24.4			265.1
Segments, total	2,136.5	178.4			1,579.1
Unallocated items*)		-23.5	-28.6		450.8
Group total	2,136.5	154.9	-28.6	126.3	2,029.9

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

#### GEOGRAPHICAL BREAKDOWN OF NET SALES

	1-3/ 2014	1-3/ 2013	2013
EMEA	249.1	240.5	1,025.2
Americas	189.2	195.3	839.4
Asia Pacific	63.2	57.2	271.9
Total	501.5	493.0	2,136.5

#### 3. DIVIDENDS

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

#### 4. CONTINGENT LIABILITIES AND SECURED ASSETS

	March 31, 2014	March 31, 2013	December 31, 2013
Guarantees	21.4	22.7	21.7
Liabilities for leasing and rental agreements	163.5	169.3	168.8
Other liabilities	74.8	47.0	60.3

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

#### 5. ONGOING LITIGATIONS

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

#### 6. SEASONALITY

Although Amer Sports operates in a number of sporting goods segments during all four seasons, its business is subject to seasonal fluctuations. Historically, the third and fourth quarters of a financial year have been the strongest quarters for Amer Sports in terms of both net sales and profitability, mainly because sales of winter sports equipment ahead of the winter season typically take place during the third and fourth quarters. The summer season for ball sports balances seasonality to a certain extent, as the strongest quarters for the Ball Sports segment are the first and second quarters. Usually the net cash flow from operating activities is very strong in the first quarter when the income from winter sports equipment realizes. Especially during the third quarter, the net cash flow from operating activities is tied up in working capital.

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

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

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

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

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

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

<b>March 31, 2014</b>	<b>Financial assets/liabilities at fair value through income statement</b>	<b>Derivative financial instruments used in hedge accounting</b>	<b>Available-for-sale financial assets</b>
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives	0.0	0.3	
Interest rate derivatives and cross currency swaps	4.0	2.0	
Current financial assets			
Foreign exchange derivatives	4.7	4.5	
Long-term financial liabilities			
Foreign exchange derivatives		1.0	

Interest rate derivatives and cross currency swaps	5.3	4.7
Current financial liabilities		
Foreign exchange derivatives	4.7	8.9
Interest rate derivatives and cross currency swaps	0.3	0.0
Nominal value of foreign exchange derivatives	417.7	668.0
Nominal value of interest rate derivatives	140.0	194.5
Nominal value of cross currency swaps		151.6

	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available-for-sale financial assets
<b>March 31, 2013</b>			
Non-current financial assets			
Other non-current financial assets			0.6
Foreign exchange derivatives		0.6	
Interest rate derivatives and cross currency swaps	4.8	0.2	
Current financial assets			
Foreign exchange derivatives	0.6	6.2	
Long-term financial liabilities			
Foreign exchange derivatives		0.1	
Interest rate derivatives and cross currency swaps	0.4	7.0	
Current financial liabilities			
Foreign exchange derivatives	10.3	1.8	
Interest rate derivatives and cross currency swaps	1.3	0.2	
Nominal value of foreign exchange derivatives	412.0	384.3	
Nominal value of interest rate derivatives	90.0	100.0	
Nominal value of cross currency swaps		71.5	
<b>December 31, 2013</b>	<b>Financial assets/liabilities</b>	<b>Derivative financial</b>	<b>Available-for-sale</b>

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

## 8. ACQUIRED OPERATIONS

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

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

**AMER SPORTS CORPORATION**

Board of Directors