

Amer Sports Corporation

 FINANCIAL STATEMENTS BULLETIN  
 February 9, 2017 at 1:00 p.m.

## Amer Sports Corporation Financial Statements Bulletin 2016

### OCTOBER-DECEMBER 2016

- In a challenging market, net sales in local currencies decreased by 2% and were EUR 772.4 million (October-December 2015: 783.7). Organic growth was -2%. In Winter Sports Equipment and Footwear, deliveries peaked earlier in the year. The planned Sports Instruments product launches were postponed to 2017 due to technical issues. There was also a delayed impact from some Fitness product launches.
- Gross margin 44.7% (43.8).
- EBIT excluding items affecting comparability (IAC) EUR 81.3 million (84.0). Items affecting comparability were EUR -8.2 million (-).
- Earnings per share excl. IAC EUR 0.45 (0.46). Earnings per share 0.41 (0.46).
- Free cash flow EUR 152.8 million (159.4).

### JANUARY-DECEMBER 2016

- Record net sales, gross margin and EBIT:
  - Net sales EUR 2,622.1 million (2015: 2,534.4). In local currencies, net sales increased by 4%. Organic growth was 3%.
  - Gross margin 46.3% (45.2).
  - EBIT excl. IAC EUR 221.7 million (212.1), representing 8.5% of net sales (8.4). Items affecting comparability were EUR -16.9 million (-8.0).
- Earnings per share excl. IAC EUR 1.18 (1.09). Earnings per share 1.08 (1.04)
- Free cash flow EUR 64.4 million (121.7).
- Net debt/EBITDA excl. IAC 1.9 (December 31, 2015: 1.7).
- Amer Sports Board of Directors is proposing a capital repayment of EUR 0.62 per share (dividend 0.55).
- Due to the challenging market conditions, Amer Sports paces its short-term growth and expands the ongoing cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points in the coming 24 months.

### IMPACT OF NEW ESMA GUIDELINES

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) were effective for the financial year 2016. Amer Sports presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Amer Sports relabels the previously referenced "excluding non-recurring items" with "excluding items affecting comparability" (IAC). Operating segments' EBIT is reported excluding IAC. Items affecting comparability and APMs used by Amer Sports are defined in note 10 of this report.

### OUTLOOK

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. The growth is expected to be biased to the second half of the year. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

### KEY FIGURES

EUR million	10-12/		10-12/		2016	2015	Ch %	Ch %*)
	2016	2015	Ch %	Ch %*)				
Net sales	772.4	783.7	-1	-2	2,622.1	2,534.4	3	4
Gross profit	345.1	343.0	1		1,213.5	1,145.9	6	
Gross profit %	44.7	43.8			46.3	45.2		
EBITDA excl. IAC **)	96.6	98.5			281.7	263.2		
EBIT excl. IAC	81.3	84.0	-3		221.7	212.1	5	
EBIT % excl. IAC	10.5	10.7			8.5	8.4		
IAC***)	-8.2	-			-16.9	-8.0		
EBIT	73.1	84.0			204.8	204.1		

2 (35)

EBIT %	9.5	10.7	7.8	8.1
Financing income and expenses	-7.9	-10.7	-31.8	-36.1
Earnings before taxes	65.2	73.3	173.0	168.0
Net result	47.9	53.3	126.9	121.6
Earnings per share excl. IAC, EUR	0.45	0.46	1.18	1.09
Free cash flow****)	152.8	159.4	64.4	121.7
Equity ratio, % at period end			36.9	37.2
Net debt/equity at period end			0.53	0.48
Personnel at year end			8,526	7,954
Average rates used, EUR/USD			1.11	1.11

\*) *In local currencies*

\*\*) *EBITDA excl. IAC = EBIT excluding items affecting comparability and depreciation and amortization*

\*\*\*) *Items affecting comparability are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods.*

*These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share on annual basis.*

\*\*\*\*) *Cash flow from operating activities - net capital expenditures – change in restricted cash (Net capital expenditures: Total capital expenditure less proceeds from sale of assets).*

#### **HEIKKI TAKALA, PRESIDENT AND CEO:**

In the fourth quarter, the market softened further, hence we pursued sustainable, non-promotional growth. Due to issues with technical readiness, we postponed some planned launches in Sports Instruments to 2017, and there was also a delayed impact from some Fitness product launches. We improved gross margins, and executed short-term expense reductions, whilst continuing to invest into our 2020 acceleration priorities, most notably digitalization, retail openings, and developing new products and technologies for future commercialization.

2016 was another year of record sales and profit, despite a challenging trading environment. Our strategic acceleration areas Footwear, Apparel, Business to Consumer, and China continued the strong growth, and our gross margin was all time high. With the continuously improving performance and the healthy balance sheet, the Board of Directors is proposing yet another increased payout to the shareholders.

We have now delivered seven consecutive years of profitable growth in line with our Sustainable Growth Model. Going into 2017, our pipeline of new initiatives is strong, and we continue to invest into the prioritized acceleration areas. However, as the market is challenging, we adjust our short-term growth ambitions and elevate our focus on profit, cash and asset efficiency. We proactively expand the restructuring program started in August 2016, with the objective to reduce our operating expenses worth approximately 100 EBIT margin basis points in the coming 24 months.

We are looking forward to another year of growth and improvement.

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### **CONFERENCE CALL**

A conference call for investors and analysts will be held at 3:00 p.m. Finnish time. To participate, please dial +44 20 7572 1187 or +49 69 2222 4998, PIN 26928255#.

The call can also be followed live via [www.amersports.com](http://www.amersports.com) and <https://amersports.videosync.fi/financialstatements2016>.

A replay and a transcript will be available later. The replay number is +44 20 3426 2807 or +49 69 2222 33985, conference number 681349#.

### **ANNUAL GENERAL MEETING**

Amer Sports Annual General Meeting will be held on Thursday, March 9, 2017 starting at 2:00 p.m. at Messukeskus, Expo and Convention Centre Helsinki, Messuaukio 1, 00520, Helsinki, Finland.

### **INTERIM REPORT Q1/2017**

Amer Sports will publish its Q1/2017 interim report on Thursday, April 27, 2017 at approximately 1:00 p.m. Finnish time.

### **INVESTOR RELATIONS NEWSLETTER**

Subscribe to Amer Sports Investor Relations Newsletter at [www.amersports.com/investors/subscribe](http://www.amersports.com/investors/subscribe).

### **DISTRIBUTION**

Nasdaq Helsinki

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[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 Helsinki stock exchange (AMEAS).

## FINANCIAL RESULTS IN OCTOBER-DECEMBER 2016

### NET SALES AND EBIT OCTOBER-DECEMBER 2016

In a challenging market, Amer Sports net sales in local currencies decreased by 2% and were EUR 772.4 million (October-December 2015: 783.7). Organic growth was -2%. In Winter Sports Equipment and Footwear, deliveries peaked earlier in the year. The planned Sports Instruments product launches were postponed to 2017 due to technical issues. There was also a delayed impact from some Fitness product launches.

#### Net sales by operating segment

EUR million	10-12/ 2016	10-12/ 2015	Change %	Change %*)	% of sales 10-12/2016	% of sales 10-12/2015
Outdoor	490.7	501.9	-2	-3	64	64
Ball Sports	171.9	165.7	4	3	22	21
Fitness	109.8	116.1	-5	-5	14	15
Total	772.4	783.7	-1	-2	100	100

\*) In local currencies

#### Geographic breakdown of net sales

EUR million	10-12/ 2016	10-12/ 2015	Change %	Change %*)	% of sales 10-12/2016	% of sales 10-12/2015
EMEA	345.3	356.8	-3	-2	45	46
Americas	314.5	313.2	0	-1	41	40
Asia Pacific	112.6	113.7	-1	-6	14	14
Total	772.4	783.7	-1	-2	100	100

\*) In local currencies

Gross margin was 44.7% (43.8).

EBIT excluding items affecting comparability (IAC) was EUR 81.3 million (84.0). Items affecting comparability were EUR -8.2 million due to the restructuring program announced in August 2016. Decreased sales in local currencies had a negative impact of approximately EUR 7 million on EBIT while gross margin had a positive impact of approximately EUR 6 million. Operating expenses increased by approximately EUR 4 million driven by investments into digital acceleration and own retail. Currencies and other income and expenses had a positive impact of approximately EUR 2 million on EBIT. EBIT was EUR 73.1 million (84.0).

#### EBIT excluding IAC by operating segment

EUR million	10-12/ 2016	10-12/ 2015	Change %
Outdoor	69.7	65.6	6
Ball Sports	12.8	8.2	56
Fitness	6.8	15.7	-57
Headquarters*)	-8.0	-5.5	
EBIT excl. IAC	81.3	84.0	-3
IAC	-8.2	-	
EBIT total	73.1	84.0	-13

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

#### Reconciliation of EBIT excluding IAC

EUR million	10-12/2016	10-12/2015	2015
EBIT	73.1	84.0	204.1
IAC			
Restructuring program 2014			8.0

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Restructuring program 2016	8.2
EBIT excl. IAC	81.3

Net financial expenses totaled EUR 7.9 million (10.7), including net interest expenses of EUR 8.3 million (8.0). Net foreign exchange losses were EUR 0.7 million (losses of 1.4). Other financing income was EUR 1.1 million (losses 1.3). Earnings before taxes totaled EUR 65.2 million (73.3) and taxes were EUR -17.3 million (-20.0). Earnings per share excl. IAC were EUR 0.45 (0.46). Earnings per share were 0.41 (0.46).

## FINANCIAL RESULTS 2016

In 2016, Amer Sports delivered all-time high net sales and profit, despite a challenging trading environment especially in the US following several retailer bankruptcies during the year. The strategic acceleration areas Footwear, Apparel, Business to Consumer, and China continued the strong growth, and the gross margin was all time high. The company has now delivered seven consecutive years of profitable growth and overall performance improvement, in line with Amer Sports' Sustainable Growth Model.

### NET SALES AND EBIT IN 2016

Amer Sports net sales in 2016 were EUR 2,622.1 million (2015: EUR 2,534.4 million). Despite the challenging trading environment, net sales increased by 4% in local currencies. Organic growth was 3%. The market slowed down especially in the second half of the year, and Amer Sports pursued sustainable, non-promotional growth.

The Group's financial net sales target is to achieve at least EUR 3.5 billion net sales by 2020 with minimum mid-single digit organic, currency-neutral annual growth.

#### Net sales by operating segment

EUR million	2016	2015	Change	Change	% of sales	% of sales
			%	%)	2016	2015
Outdoor	1,601.8	1,530.1	5	5	61	60
Ball Sports	671.1	647.0	4	4	26	26
Fitness	349.2	357.3	-2	-1	13	14
Total	2,622.1	2,534.4	3	4	100	100

\*) In local currencies

#### Geographic breakdown of net sales

EUR million	2016	2015	Change	Change	% of sales	% of sales
			%	%)	2016	2015
EMEA	1,133.7	1,114.7	2	3	43	44
Americas	1,116.0	1,070.1	4	5	43	42
Asia Pacific	372.4	349.6	7	4	14	14
Total	2,622.1	2,534.4	3	4	100	100

\*) In local currencies

Gross margin was 46.3% (45.2). The improvement was driven by price increases combined with favorable hedges and product cost efficiencies.

EBIT excluding items affecting comparability (IAC) was EUR 221.7 million (212.1). Items affecting comparability were EUR -16.9 million due to a significant write-down of the receivable balance from a US sporting goods retailer in the context of its bankruptcy, and the restructuring program announced in August 2016. Increased sales in local currencies contributed to EBIT by approximately EUR 48 million and improved gross margin by approximately EUR 24 million. Operating expenses increased by approximately EUR 61 million in local currencies driven by investments into digital acceleration and own retail. Currencies and other income and expenses had a negative impact of approximately EUR 1 million on EBIT. EBIT was EUR 204.8 million (204.1).

EBIT as a percentage of sales excl. IAC was 8.5% (8.4), including a slightly dilutive impact from acquisitions. The Group's financial profit target is to reach annual EBIT growth (excl. IAC) ahead of net sales growth.

#### EBIT excluding IAC by operating segment

EUR million	2016	2015	Change %
Outdoor	196.9	161.2	22
Ball Sports	44.8	46.6	-4
Fitness	17.0	31.2	-46
Headquarters*)	-37.0	-26.9	
EBIT excl. IAC	221.7	212.1	5
IAC	-16.9	-8.0	
EBIT total	204.8	204.1	0

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

#### Reconciliation of EBIT excluding IAC

EUR million	2016	2015
EBIT	204.8	204.1
IAC		
Restructuring program 2014		8.0
Significant write-down of the receivable		
balance from a U.S. sporting goods retailer	6.3	
Restructuring program 2016	10.6	
EBIT excl. IAC	221.7	212.1

Net financial expenses totaled EUR 31.8 million (36.1), including net interest expenses of EUR 28.9 million (28.6). Net foreign exchange losses were EUR 1.1 million (5.4). Other financing expenses were EUR 1.8 million (2.1). Earnings before taxes totaled EUR 173.0 million (168.0) and taxes were EUR -46.1 million (-46.4). Earnings per share excl. IAC were EUR 1.18 (1.09). Earnings per share were EUR 1.08 (1.04).

#### OUTLOOK GIVEN FOR 2016

In Amer Sports financial statements for 2015, the company's net sales in local currencies were expected to increase and EBIT margin excluding items affecting comparability to improve from 2015, despite challenging market conditions.

#### CASH FLOW AND FINANCING

In 2016, free cash flow was EUR 64.4 million (121.7). Compared to the end of 2015, inventories increased by EUR 12.5 million (increase 51.3). Receivables increased by EUR 37.8 million (decrease 2.8). Payables decreased by EUR 7.2 million (increase 54.6). The Group's financial cash flow target is to have annual free cash flow / net profit of at least 80%. In 2016, annual free cash flow/net profit was 51%.

At the end of 2016, the Group's net debt was EUR 535.9 million (460.3). The increase was mainly due to the acquisitions. The Group's financial balance sheet target is to have year-end net debt / EBITDA ratio of three or less. At the end of 2016, the year-end net debt / EBITDA ratio excl. IAC was 1.9 (1.7).

Interest-bearing liabilities amounted to EUR 899.9 million (791.7) consisting of short-term debt of EUR 53.7 million and long-term debt of EUR 846.2 million. The average interest rate on the Group's interest-bearing liabilities was 2.0% (2.7).

Short-term debt consists mainly of commercial papers of EUR 49.9 million (December 31, 2015: -), which Amer Sports had issued in the Finnish market. The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 364.0 million (331.4).

Amer Sports had not used any of its EUR 150 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of the year was 36.9% (37.2) and net debt/equity was 0.53 (0.48).

In March, Amer Sports issued Schuldschein (certificate of indebtedness) loan agreements with a total value of EUR 100 million. The loans have both fixed and floating rate tranches and the loan periods are five (5) and seven (7) years.

In April, Amer Sports issued a term loan with a value of EUR 50 million. The floating rate loan has a maturity of five (5) years with an extension option.

In September, Amer Sports issued Schuldschein agreements with a total value of EUR 60 million. The loan period is seven (7) years and the loans have a fixed interest rate.

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 24 months EUR/USD net flow - subject to hedging policy - is expected to be approximately USD 767 million. The weakening of the euro against the US dollar therefore has a negative impact on the company's EBIT, with a delay due to hedging.

Amer Sports' hedging policy covers the transaction risks up to 12–24 months forward. Hedging tenors of currency pairs vary due to costs related to hedging. At the end of 2016, the Group had fully hedged the 2017 EUR/USD net cash flow at an average EUR/USD rate of 1.13 and 24% of the 2018 EUR/USD net cash flow at an average EUR/USD rate of 1.12.

Amer Sports' consolidated financial statements are presented in euros, and therefore the company is subject to currency translation risk when currency dominated result is converted into euros. Combining the yearly 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 GBP, CHF, CNY and CAD with net flows varying from EUR 51 million to EUR 76 million at yearly level.

## **CAPITAL EXPENDITURE AND INVESTMENTS**

The Group's capital expenditure totaled EUR 91.7 (77.3) million. The increase in capital expenditure was mainly due to investments into digital platforms, own retail, and warehouse and production capacity especially in Footwear and Apparel. Depreciation totaled EUR 60.0 million (51.1). In 2017, capital expenditure is expected to be approximately 3.5% of net sales.

## **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, services and experiences that appeal to both consumers and trade customers.

The Group has six R&D and design sites serving the business areas globally. In 2016, R&D expenses were EUR 97.5 million, accounting for 9.5% of all operating expenses (2015: EUR 77.7 million, 8.3% of operating expenses, 2014: EUR 76.2 million, 9.3% of operating expenses). Outdoor accounted for 72% of the R&D expenditure, Ball Sports for 15% and Fitness for 13%.

In 2016, the Group further focused its R&D on building future platforms for connected devices and scalable digital services. Suunto launched a new family of sports watches with a new software platform and a new cloud based intelligent training solution. Precor's Preva service completed its platform migration to Android and invested in a significant range of capabilities to enable partners to deliver content on the Preva network. It is now a leading networked fitness environment for personalized content. Amer Sports also developed and launched MoveSense, a development environment for building sports sensing solutions.

On December 31, 2016, 802 (784) persons were employed in the company's R&D and digital platforms development, representing approximately 9% (10) of the total number of people employed by Amer Sports.

## **SALES AND MARKETING**

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

The consumer is today navigating and purchasing without boundaries across all channels from wholesale to brand stores to e-commerce, and Amer Sports continues to evolve its strategy and re-organize to respond to the consumer's changing habits and practices. In order to create growth through omnichannel expansion, Amer Sports' Go to Market organization was restructured in 2016 by bringing retail, e-commerce, and wholesale organizations together. Amer Sports' omnichannel encapsulates the ways the company interacts with consumers, delivering an excellent consumer experience at every touch point. It encompasses both the online and in-store experience, irrespective of whether these are in-house or managed by an external retail partner.

In 2016, Amer Sports Business to Consumer accounted for approximately 8% of the Group's sales (7). At the end of 2016, Amer Sports had 287 branded retail stores (293). Half of the stores are operated by local, independent partners. During the year, 39 new stores were opened, of which 27 are operated by Amer Sports and 12 by independent partners. 45 stores, most of which operated by independent partners, were closed, mainly due to a distributor change in South Korea. Geographically, the retail store footprint is balanced with approximately one third in each of Europe, Asia Pacific and the Americas. At the end of 2016, the number of Amer Sports' e-commerce stores was 69 (71). New e-commerce stores were opened in Canada and Japan and at the same time some stores were merged.

Sales and distribution expenses in 2016 were EUR 462.8 million (421.4), 18% of sales (17). The increase was mainly due to own retail openings and significant receivable write-offs related to especially US retail customers. Advertising, promotion and marketing expenses in 2016 were EUR 268.3 million (256.1), 10% (10) of sales.

On December 31, 2016, the Amer Sports own sales organization covered 34 countries (34). 3,693 (3,381) persons were employed in sales and distribution activities, representing 43% (43) of the total number of people employed by Amer Sports. 692 (633) persons were employed in marketing activities, representing 8% (8) of the total number of people employed by Amer Sports.

## **SUPPLY CHAIN MANAGEMENT**

In supply chain management, the main focus areas in 2016 were customer service, cost of goods reduction, and sustainable complexity reduction as well as working capital efficiencies.

To gain operational efficiencies and cost savings as well as continuously reducing risks, Amer Sports is constantly reviewing both its make or buy strategy and the company's global production and sourcing footprint. Of Amer Sports' production value, approximately 24% is in China, 36% elsewhere in Asia Pacific, 27% in EMEA and 13% in the Americas.

Amer Sports manufactures approximately 23% of its products itself and approximately 13% is produced by partially outsourced vendors. Of Amer Sports' total production value, approximately 64% is outsourced. This includes manufacturing in all racket sports and golf products, most team sports products and most of the apparel and footwear.

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

## **HUMAN RESOURCES**

In 2016 Amer Sports maintained a strong focus on building and scaling capabilities to support the growth strategy in Apparel and Footwear, US, China, Business to Consumer, and Digital. There was an increased focus on scaling common platforms including implementing one global Go to Market sales organization for the

portfolio, integrating Supply Chain and Operations, and creating a Connected Devices Category organization to enable Digital growth. Further, there was an increased focus on productivity and cost reduction to free up resources for investment and adapt to soft market conditions.

At the end of 2016 the number of Group employees was 8,526 (2015: 7,954; 2014: 7,630), demonstrating an increase of approximately 5% per year since 2014 due to accelerated investment in Apparel and Business to Consumer as well as Go to Market in China and in the Americas. The number of employees in Fitness decreased by 7% as a result of the restructuring program initiated in August. Of Group employees at the end of 2016, 61% were male (2015: 61%, 2014: 61%) and 39% female (2015: 39%, 2014: 39%).

Salaries, incentives and other related costs in 2016 totaled EUR 507.6 million (2015: 482.2; 2014: 429.2). Average cost per employee remained stable.

#### Personnel

	December 31, 2016	December 31, 2015	Change %
Outdoor	5,619	5,084	11
Ball Sports	1,770	1,686	5
Fitness	908	975	-7
Headquarters and shared services	229	209	10
<b>Total</b>	<b>8,526</b>	<b>7,954</b>	<b>7</b>

	December 31, 2016	December 31, 2015	Change %
EMEA	4,205	4,154	1
Americas	3,442	2,942	17
Asia Pacific	879	858	2
<b>Total</b>	<b>8,526</b>	<b>7,954</b>	<b>7</b>

	December 31, 2016	December 31, 2015	Change %
Manufacturing and sourcing	2,383	2,244	6
Sales and distribution	3,693	3,381	9
Support functions/shared services	956	912	5
R&D and digital platforms	802	784	2
Marketing	692	633	9
<b>Total</b>	<b>8,526</b>	<b>7,954</b>	<b>7</b>

#### CORPORATE RESPONSIBILITY

Amer Sports implements its business strategy in an ethically, socially and environmentally responsible manner. The company continuously improves its performance and communication about how the corporate responsibility is implemented in practice.

Amer Sports promotes healthy and active life and lifestyle through its products, which encourage and support access to exercise and fitness.

Amer Sports is committed to socially responsible sourcing practices and expects its sourcing partners to respect human rights in the spirit of internationally recognized social and ethical standards including the International Labour Organization (ILO) Standards and the United Nations' Universal Declaration on Human Rights. These principles are described in the Amer Sports Code of Conduct and Ethical Policy which are available at [www.amersports.com/responsibility](http://www.amersports.com/responsibility). The Ethical Policy is approved by the Board of Directors and is reviewed periodically. In 2016, the Board of Directors defined the company's approach to living wage concept.

To ensure that Amer Sports' business partners and also its own manufacturing facilities are in compliance with the defined standards, Amer Sports has implemented a Social Compliance Monitoring Program. Amer Sports

Social Compliance Policy defines how the company implements the monitoring program in practice. Amer Sports monitors that subcontractors follow its standards for ethical operations and the company also conducts third party audits to help sourcing partners comply with industry standards and regulations as well as Amer Sports' expectations in regards to health, safety, and environmental and social responsibility. In Asia, the number of audits conducted by the end of 2016 represented 97% of total purchases (97%).

Amer Sports reviews its global production and sourcing footprint to identify need for improvements and to reduce its environmental impact by using methods which are both responsible and economically sound. For instance, Amer Sports Restricted Substances List (RSL) is used to manage the chemicals present in its products. In 2016 Arc'teryx and Salomon joined the Sustainable Apparel Coalition (SAC) which is the apparel, footwear and home textile industry's alliance for sustainable production. Amer Sports Apparel category is also a member of the bluesign® system partner network, a solution for more sustainable textile production.

Amer Sports calculates a corporate-wide carbon footprint assessment annually and participates in the Investor Carbon Disclosure Program (CDP) in order to manage the company's carbon emission sources, to cut down emissions and improve efficiency.

**SEGMENT REVIEWS**

OUTDOOR	10-12/ 2016	10-12/ 2015	Change %	Change %*)	2016	2015	Change %	Change %*)
EUR million								
Net sales								
Footwear	96.4	100.5	-4	-3	490.5	461.2	6	8
Apparel	131.5	118.6	11	10	431.1	387.2	11	13
Winter Sports								
Equipment	188.5	201.3	-6	-8	388.5	400.2	-3	-4
Cycling	38.2	35.2	9	8	150.2	138.5	8	8
Sports Instruments	36.1	46.3	-22	-22	141.5	143.0	-1	0
Net sales, total	490.7	501.9	-2	-3	1,601.8	1,530.1	5	5
EBIT excl. IAC	69.7	65.6			196.9	161.2		
EBIT % excl. IAC	14.2	13.1			12.3	10.5		
Personnel, Dec 31					5,619	5,084	11	

\*) Change in local currencies

In 2016, Outdoor's net sales were EUR 1,601.8 million (1,530.1), an increase of 5% in local currencies. Net sales growth was driven by Apparel, which was up by 13% (16% excl. divestments) and Footwear, up by 8%. Winter Sports Equipment declined by 4% due to mild winters particularly in Europe. Cycling grew by 8% due to the acquisition of ENVE Composites LLC (-7% excl. the acquisition, due to a challenging cycling market). Sports Instruments sales were at previous year's level as the planned product launches were postponed to 2017 due to technical issues.

In October–December, Outdoor's net sales totaled EUR 490.7 million (501.9), a decrease of 3% in local currencies. Apparel grew by 10% (14% excl. divestments). Footwear declined by 3% due to planned earlier shipment pattern, with volumes peaking in the first half of 2016. Sales of Winter Sports Equipment decreased by 8% in local currencies as deliveries peaked already in Q3. Sports Instruments sales declined by 22%, as the planned product launches were postponed to 2017.

**Geographic breakdown of net sales**

10-12/ 2016	10-12/ 2015	Change %	Change %*)	2016	2015	Change %	Change %*)	
EUR million								
EMEA	292.9	307.1	-5	-4	935.5	915.9	2	3
Americas	123.3	119.1	4	2	429.6	398.8	8	9
Asia Pacific	74.5	75.7	-2	-7	236.7	215.4	10	7
Total	490.7	501.9	-2	-3	1,601.8	1,530.1	5	5

\*) Change in local currencies

In 2016, Outdoor's EBIT excl. IAC was 196.9 million (161.2). Increased sales in local currencies contributed to EBIT by approximately EUR 39 million, while higher gross margin had a positive impact of approximately EUR 35 million. Operating expenses increased by approximately EUR 40 million, driven by sales, distribution and marketing costs. Other income and expenses and currencies had a positive impact of approximately EUR 1 million on EBIT.

In October–December, EBIT excl. IAC was EUR 69.7 million (65.6). Improved gross margin had a positive impact of approximately EUR 16 million on EBIT and decreased sales in local currencies had a negative impact of approximately EUR 6 million. Operating expenses increased by approximately EUR 7 million. Other income and expenses and currencies had a positive impact of approximately EUR 1 million on EBIT.

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**BALL SPORTS**

EUR million	10-12/	10-12/	Change	Change	2016	2015	Change	Change
	2016	2015	%	%*)			%	%*)
Net sales								
Individual Ball Sports	67.9	68.1	0	-1	299.8	315.4	-5	-4
Team Sports	104.0	97.6	7	5	371.3	331.6	12	12
Net sales, total	171.9	165.7	4	3	671.1	647.0	4	4
EBIT excl. IAC	12.8	8.2			44.8	46.6		
EBIT % excl. IAC	7.4	4.9			6.7	7.2		
Personnel, Dec 31					1,770	1,686		5

\*) Change in local currencies

In 2016, Ball Sports' net sales were EUR 671.1 million (647.0). In local currencies, net sales increased by 4%. Organic growth was 1%. The growth in Team Sports, especially in baseball, was offset by challenging market conditions in the Individual Ball Sports segment and the US customer bankruptcies.

In October–December, Ball Sports' net sales totaled EUR 171.9 million (165.7). In local currencies, net sales increased by 3%.

**Geographic breakdown of net sales**

EUR million	10-12/	10-12/	Change	Change	2016	2015	Change	Change
	2016	2015	%	%*)			%	%*)
EMEA	24.8	22.2	12	15	118.2	114.4	3	6
Americas	125.3	122.2	3	2	476.2	453.5	5	6
Asia Pacific	21.8	21.3	2	-2	76.7	79.1	-3	-5
Total	171.9	165.7	4	3	671.1	647.0	4	4

\*) Change in local currencies

In 2016, Ball Sports' EBIT excl. IAC was EUR 44.8 million (46.6). Increased sales in local currencies had a positive impact of approximately EUR 12 million on EBIT while decreased gross margin had a negative impact of approximately EUR 9 million. Operating expenses increased by approximately EUR 8 million. Currencies had a positive impact of approximately EUR 3 million on EBIT.

In October–December, Ball Sports' EBIT excl. IAC was EUR 12.8 million (8.2). Increased sales in local currencies contributed to EBIT by approximately EUR 2 million while lower gross margin had a negative impact of approximately EUR 7 million. Operating expenses decreased by approximately EUR 8 million. Other income and expenses and currencies had a positive impact of approximately EUR 2 million on EBIT.

**FITNESS**

EUR million	10-12/	10-12/	Change	Change	2016	2015	Change	Change
	2016	2015	%	%*)			%	%*)
Net sales								
Net sales	109.8	116.1	-5	-5	349.2	357.3	-2	-1
EBIT excl. IAC	6.8	15.7			17.0	31.2		
EBIT % excl. IAC	6.2	13.5			4.9	8.7		
Personnel, Dec 31					908	975		-7

\*) Change in local currencies

In 2016, Fitness' net sales were EUR 349.2 million (357.3). There was a delayed impact on net sales of some Fitness product launches.

In October–December, Fitness' net sales were EUR 109.8 million (116.1) and decreased by 5% in local currencies due to the delayed impact on net sales of some product launches.

### Geographic breakdown of net sales

EUR million	10-12/ 2016	10-12/ 2015	Change %	Change %*)	2016	2015	Change %	Change %*)
EMEA	27.6	27.5	0	8	80.0	84.4	-5	0
Americas	65.9	71.9	-8	-10	210.2	217.8	-3	-4
Asia Pacific	16.3	16.7	-2	-4	59.0	55.1	7	6
Total	109.8	116.1	-5	-5	349.2	357.3	-2	-1

\*) In local currencies

In 2016, Fitness' EBIT excl. IAC was EUR 17.0 million (31.2). Decreased sales in local currencies had a negative impact of approximately EUR 2 million on EBIT and decreased gross margin a negative impact of approximately EUR 5 million. Operating expenses increased by approximately EUR 6 million, mostly due to the new products. Currencies and other income and expenses had a negative impact of approximately EUR 2 million on EBIT.

In October–December, EBIT excl. IAC was EUR 6.8 million (15.7). Decreased sales in local currencies had a negative impact of approximately EUR 2 million on EBIT while decreased gross margin had a negative impact of approximately EUR 4 million. Operating expenses increased by approximately EUR 1 million. Currencies and other income and expenses had a negative impact of approximately EUR 1 million on EBIT.

### CORPORATE GOVERNANCE STATEMENT

In its decision making and administration, Amer Sports Corporation (hereinafter referred to as "Amer Sports" or "the Company") applies the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and the rules issued by Nasdaq Helsinki Ltd, Amer Sports' Articles of Association, and the Finnish Corporate Governance Code 2015 for listed companies. Amer Sports complies with the code without exceptions. The code is published at [www.cgfinland.fi](http://www.cgfinland.fi).

The Corporate Governance Statement has been prepared pursuant to the Finnish Corporate Governance Code 2015 for listed companies and the Securities Markets Act (Chapter 7, Section 7) and it is issued separately from the Board of Directors' report. The Audit Committee of the Board of Directors has reviewed the Corporate Governance Statement and the auditor Ernst & Young Oy has verified that the Statement has been issued and that the description of the main features of the internal control and risk management systems relating to the financial reporting process is consistent with the financial statements.

### CHANGES IN GROUP MANAGEMENT

Amer Sports continues to pursue scale and synergy across the company, including the management structure. In 2016, the company simplified its structure and reduced the size of its Executive Board from 14 to 10 members. The following changes were implemented:

In January 2016, Amer Sports announced that it is simplifying its structure with President & CEO Heikki Takala assuming direct responsibility for the company's Apparel business unit and the Arc'teryx brand. Mr. Vincent Wauters, President of Apparel and member of the Executive Board, left Amer Sports to pursue his career outside of the company.

In May, Amer Sports announced that Victor Duran, Amer Sports' SVP, Marketing and Business to Consumer and member of the Executive Board, is leaving the company to assume a new position as the CEO of Intersport International Corporation as of January 1, 2017. Michael White, Amer Sports' Chief Sales Officer and General Manager, EMEA and Americas, was appointed Amer Sports Chief Commercial Officer with the responsibility for the company's global Business to Consumer and Go to Market Marketing in addition to his earlier regional responsibilities.

In June, Amer Sports announced that Sebastian Lund was appointed Amer Sports Chief Human Resources Officer and member of the Executive Board as of October 1, 2016. Terhi Heikkinen, who had been Amer

Sports Senior Vice President, Human Resources, and member of the Executive Board, left the company on August 31, 2016.

In November, Amer Sports announced that Chief Digital Officer Heikki Norta was appointed President, Amer Sports Connected Devices and Services. Mikko Moilanen, President of Sports Instruments and member of Amer Sports Executive Board, left the company on December 31, 2016. Michael White, Amer Sports' Chief Commercial Officer and General Manager, EMEA and Americas, assumed the direct responsibility also for the Asia Pacific region as Chief Commercial Officer. Matt Gold, currently General Manager for Asia Pacific and member of Amer Sports Executive Board, will leave the company on February 17, 2017. The changes in the Executive Board were effective immediately.

More information about Amer Sports Executive Board is available at [www.amersports.com/investors/governance/executive-board](http://www.amersports.com/investors/governance/executive-board).

## **SHARES AND SHAREHOLDERS**

The company's share capital totaled EUR 292,182,204 on December 31, 2016 and the number of shares was 118,517,285.

### **Authorizations**

The Annual General Meeting held on March 8, 2016 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 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 Nasdaq 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 8, 2016 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 shares to the Company itself without payment. 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 12, 2015 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 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 Helsinki and Euroclear Finland Ltd. The Repurchase Authorization was valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 12, 2015 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company. 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 was valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

The Board of Directors did not utilize any of these authorizations in 2016.

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

**Own shares**

A total of 41,502 shares granted as share-based incentives were returned to Amer Sports in 2016 as employments ended.

In March, a total of 246,457 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2010, Performance Share Plan 2013 and Restricted Stock Plan 2013 incentive programs.

At the end of December, Amer Sports held a total of 971,718 shares (1,176,673) of Amer Sports Corporation, corresponding to 0.8% (1.0) of all Amer Sports shares.

**Trading in shares**

In 2016, a total of 80.1 million (76.8) Amer Sports shares with a value totaling EUR 2,038.4 million (1,733.6) were traded on Nasdaq Helsinki. Share turnover was 68.1% (65.5) (as a proportion of the average number of shares, excluding own shares). The average daily volume in 2016 was 316,446 shares (306,028).

In addition to Nasdaq Helsinki, Amer Sports shares were traded on the biggest alternative exchanges as follows: 26.5 million on Chi-X (33.3 million), 15.6 million on BATS (8.8 million) and 12.3 million on Turquoise (7.0 million).

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki stock exchange in 2016 was EUR 25.28 (2015: 26.97). Shares registered a high of EUR 28.75 (28.07) and a low of EUR 22.78 (15.37). The average share price was EUR 25.46 (22.57). At the end of December, the company had a market capitalization of EUR 2,971.6 million (3,164.7), excluding own shares.

At the end of December, Amer Sports Corporation had 22,881 registered shareholders (17,991). Ownership outside of Finland and nominee registrations represented 49.9% (51.2) of the company's shares. Public sector entities owned 15.1% (14.8), financial and insurance corporations 11.9% (12.2), households 12.7% (11.7), non-profit institutions 7.1% (6.9), private companies 2.5% (2.2) and Amer Sports 0.8% (1.0).

**Major shareholders, December 31, 2016 (does not include nominee registrations nor shares held by the company)**

		% of shares and votes
	Shares	
1. Keva	5,477,261	4.62
2. Maa-ja vesitekniikan Tuki ry.	5,000,000	4.22
3. Varma Mutual Pension Insurance Company	4,435,680	3.74
4. Mandatum Life Insurance Company	3,809,509	3.21
5. Ilmarinen Mutual Pension Insurance Company	2,740,000	2.31
6. Brotherus Ilkka	2,693,325	2.27
7. Elo Mutual Pension Insurance Company	2,301,000	1.94
8. Nordea Fennia Fund	1,072,013	0.90
9. The State Pension Fund	1,050,000	0.89
10. Kaleva Mutual Insurance Company	870,000	0.73

**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**

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, 2016**

Shareholder	Shares	Related parties and controlled corporations
<i>Board of Directors</i>		
Anssi Vanjoki	20,228	
Ilkka Brotherus	2,693,325	9,250
Martin Burkhalter	15,162	
Christian Fischer	15,162	
Hannu Ryöppönen	27,621	
Bruno Sälzer	15,162	
Lisbeth Valther	1,754	
Indra Åsander	6,485	
<i>Executive Board</i>		
Heikki Takala	191,269	
Robert Barker	30,322	
Michael Dowse	60,186	
Sebastian Lund	605	
Bernard Millaud	66,092	
Heikki Norta	4,581	
Jean-Marc Pambet	68,533	
Michael Schineis	63,572	
Jussi Siitonen	71,825	300
Michael White	57,089	
<b>TOTAL</b>	<b>3,408,973</b>	<b>9,550</b>
% of shares	2.9	0
<b>Including circle of acquaintances</b>	<b>3,418,523</b>	
% of shares	2.9	

During the year, the Group had four share-based incentive plans for Group key personnel.

**DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS**

At the Amer Sports Corporation Annual General Meeting held on March 8, 2016, the following resolutions were approved:

**Adoption of the annual accounts**

The Annual General Meeting (AGM) approved Amer Sports annual accounts and consolidated annual accounts for the financial year ended December 31, 2015.

**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 0.55 per share to be paid for the financial year ended December 31, 2015. The dividend was paid to shareholders who were registered on the list of shareholders maintained by Euroclear Finland Ltd as of March 10, 2016, which was the record date for the dividend payment. The dividend was paid on March 30, 2016.

**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 2015.

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

The AGM resolved that the annual remuneration payable to the members of the Board of Directors to be elected at the Annual General Meeting for the term until the close of the Annual General Meeting in 2017 be as follows: Chairman EUR 120,000, Vice Chairman EUR 70,000 and other members EUR 60,000 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 paid in the form of the Company's shares and 60% in cash. A member of the Board of Directors is not permitted to sell or transfer any of these shares during the term of his or her Board membership. However, this limitation is only valid for a maximum of five (5) years after the acquisition of the shares.

#### **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 eight (8).

#### **Election of members of the Board of Directors**

The AGM re-elected Ilkka Brotherus, Martin Burkhalter, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer, Lisbeth Valther, 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 2017 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 re-elected Authorized Public Accountants Ernst & Young Oy to act as auditor of the Company.

#### **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 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 Nasdaq 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 shares to the Company itself without payment.

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 following the Annual General Meeting, Amer Sports Corporation's Board of Directors

appointed Anssi Vanjoki as Chairman and Ilkka Brotherus as Vice Chairman. The Board appointed from among its members the following members to the Committees:

**Compensation and HR Committee:** Indra Åsander (Chairman), Ilkka Brotherus, Bruno Sälzer, Anssi Vanjoki

**Nomination Committee:** Ilkka Brotherus (Chairman), Martin Burkhalter, Anssi Vanjoki

**Audit Committee:** Hannu Ryöppönen (Chairman), Martin Burkhalter, Christian Fischer, Lisbeth Valther

### **CHANGES IN GROUP STRUCTURE**

In February, Amer Sports announced the acquisition of ENVE Composites LLC, a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition price was USD 50 million in an all-cash transaction. The acquisition was finalized on March 8.

In November, Amer Sports acquired EvoShield, the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB) with an annual net sales of approximately EUR 10 million.

### **2014 RESTRUCTURING PROGRAM FINALIZED**

The primary objectives of the 2014 restructuring program were to re-ignite profitable growth in Ball Sports and to further accelerate Amer Sports' growth toward 2020, especially in Apparel and Footwear, Business to Consumer, and digital products and services. The program helped to drive further scale and synergies across the Group and to enable re-allocation of resources into the focus acceleration areas. The restructuring was finalized by the end of the first half of 2016.

### **2020 FINANCIAL TARGETS CONFIRMED, ORGANIC GROWTH GOAL RAISED**

In August 2016, Amer Sports confirmed that it is on the glidepath to deliver the 2020 financial targets introduced in August 2015. The financial targets and acceleration priorities are unchanged, but now supported by further organic acceleration building blocks. Therefore the company now targets to reach EUR 3.5 billion organically, instead of through a combination of organic growth and acquisitions, as announced in 2015.

To support the acceleration, the company pursues continuous productivity improvement. In addition, Amer Sports will start a targeted restructuring to free up operating expenses of approximately EUR 20 million, which will be reallocated to fund the acceleration. Restructuring expenses will be EUR 20-25 million (pre-tax, reported under "Items affecting comparability"), of which EUR 10.6 were recognized in 2016 and the remaining expenses will be recognized in the first half of 2017. The restructuring will be implemented by the end of 2017.

Due to the challenging market conditions, Amer Sports paces its short-term growth and expands the on-going cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points in the coming 24 months.

### **SIGNIFICANT RISKS AND UNCERTAINTIES**

Amer Sports' business is balanced by its broad portfolio of sports and brands, the increasing share of apparel and footwear in the company portfolio as well as the company's presence in all major markets. Short-term risks for Amer Sports are particularly associated with general economic conditions and consumer demand development, the ability to compete successfully against existing or new competitors and the ability to identify and respond to constantly shifting trends, to leverage technology advancements and to develop new and appealing products.

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 and macroeconomic and sociopolitical conditions. Economic downturns may increase trade customers' payment problems and Amer Sports may be forced to write-off accounts receivables.

- The sporting goods industry is highly competitive and includes many global, regional and national companies. Although Amer Sports has no competitors that challenge it across all of its product categories, it 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.
- Amer Sports' success is dependent on its ability to identify and respond to constantly shifting trends in consumer demand, to leverage advancements in technologies and to develop new and appealing products.
- Trade customers are developing new business models, keeping less inventories and requesting consignment stock arrangement. New demands from trade customers may increase Amer Sports' costs without generating additional revenue. Retailers may quickly change their product offering and de-list Amer Sports brands and/or products if not satisfied with service, products and/or trade terms.
- Growing the number of Amer Sports' own retail stores requires up-front investments. 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 the company's omnichannel strategy could have a negative impact on the company's sales and profitability.
- Amer Sports extensively utilizes information technology and ICT services in its operations. This may expose Amer Sports to information security violations, misuse of systems and/or data, viruses, malware and to such malfunctions, which can result in system failures or disruptions in processes and therefore have a material and adverse effect on the company's operations. Roles and responsibilities have been defined to manage IT security risks to ensure that adequate security is inbuilt within the IT management processes according to security policies, principles and best practices. A number of security controls have been implemented to strengthen the protection of confidential information and to facilitate compliance with international regulations.
- 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. Product quality issues could harm Amer Sports' reputation and, as a result, could have an adverse effect on its sales and profitability.
- A characteristic feature of the sporting goods industry is the need to protect intellectual property rights and disputes connected with them. 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 the competitive position of Amer Sports. The material impacts on Amer Sports' financial position arising from pending litigation are assessed regularly.
- Amer Sports' most important production facilities are Winter Sports Equipment factories in Austria and Bulgaria, Fitness and Ball Sports factories in the United States, an Apparel factory in Canada, and a Sports Instruments factory in Finland. In addition, Amer Sports has major factories in Eastern Europe, which are owned by subcontractors. The 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 and its subcontractors use steel, aluminium, rubber and oil-based materials and components in the manufacturing and must obtain adequate supplies of these raw materials from the markets in competition with other users of such materials. Significant fluctuations in raw material prices may impact margins. Labor costs are increasing in Asia, especially in China where Amer Sports sources a significant share of its products.
- 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 policies such as Company Code of Conduct and Ethical Policy for suppliers, and established processes to monitor the working conditions with third party auditors in Asia, it 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 can be adversely affected by unusual or severe weather conditions. For example, sales of winter sports equipment is affected by snow conditions in particular in Europe and North America.
- Foreign exchange risk consists of transaction risk and translation risk. Due to geographical distribution of Amer Sports' operations, especially due to sourcing from Asia, most significant currency risks arise from

20 (35)

the U.S. dollar and to lesser extent, from British pound, Swiss franc, Chinese renminbi and Canadian dollar. Amer Sports uses hedging instruments to mitigate the impact of exchange rate fluctuations.

#### **OUTLOOK FOR 2017**

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. The growth is expected to be biased to the second half of the year. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

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

The parent company's distributable earnings amount to EUR 256,957,642.04 of which the net result for the period is EUR 16,964,149.61.

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

- A capital repayment of EUR 0.62 per share, totaling EUR 73,480,716.70 to be paid to shareholders
- EUR 183,476,925.34 to be carried forward in distributable earnings

Totaling EUR 256,957,642.04

No capital repayment 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 capital repayment 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/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
<b>NET SALES</b>	772.4	783.7	-1	2,622.1	2,534.4	3
Cost of goods sold	-428.0	-440.7		-1,409.7	-1,388.5	
License income	2.0	2.2		6.8	7.3	
Other operating income	2.5	2.7		8.8	4.8	
Research and development expenses	-30.1	-23.2		-97.5	-77.7	
Selling and marketing expenses	-199.4	-191.0		-731.1	-677.5	
Administrative and other expenses	-46.3	-49.7		-194.6	-198.7	
<b>EARNINGS BEFORE INTEREST AND TAXES</b>	73.1	84.0		204.8	204.1	
% of net sales	9.5	10.7		7.8	8.1	
Financing income and expenses	-7.9	-10.7		-31.8	-36.1	
<b>EARNINGS BEFORE TAXES</b>	65.2	73.3		173.0	168.0	
Taxes	-17.3	-20.0		-46.1	-46.4	
<b>NET RESULT</b>	47.9	53.3		126.9	121.6	

Attributable to:

Equity holders of the parent company	47.9	53.3	126.9	121.6
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Earnings per share, EUR	0.41	0.46	1.08	1.04
Earnings per share, diluted, EUR	0.40	0.45	1.07	1.03

Adjusted average number of shares in issue less own shares, million		117.5	117.3	
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Adjusted average number of shares in issue less own shares, diluted, million		118.1	117.9	
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Equity per share, EUR		8.53	8.09	
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ROCE, % *)		14.8	16.1	
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ROE, %		13.0	13.6	
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Average rates used: EUR 1.00 = USD	1.0805	1.0982	1.1071	1.1111
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\*) 12 months' rolling average

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Net result	47.9	53.3	126.9	121.6

**Other comprehensive income**

Items that will not be reclassified to profit or loss

22 (35)

Remeasurement effects of postemployment benefit plans	13.9	-6.5	-8.9	2.9
Income tax related to remeasurement effects	-10.3	2.0	-3.2	-1.4
Items that may be reclassified to profit or loss				
Translation differences	18.0	14.1	16.1	31.9
Cash flow hedges	23.7	-0.2	-20.0	2.7
Income tax related to cash flow hedges	-4.7	0.2	4.0	-0.5
Other comprehensive income, net of tax	40.6	9.6	-12.0	35.6
Total comprehensive income	88.5	62.9	114.9	157.2

**Total comprehensive income attributable to:**

Equity holders of the parent company	88.5	62.9	114.9	157.2
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**NET SALES BY OPERATING SEGMENT**

	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Outdoor	490.7	501.9	-2	1,601.8	1,530.1	5
Ball Sports	171.9	165.7	4	671.1	647.0	4
Fitness	109.8	116.1	-5	349.2	357.3	-2
Total	772.4	783.7	-1	2,622.1	2,534.4	3

**GEOGRAPHIC BREAKDOWN OF NET SALES**

	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
EMEA	345.3	356.8	-3	1,133.7	1,114.7	2
Americas	314.5	313.2	0	1,116.0	1,070.1	4
Asia Pacific	112.6	113.7	-1	372.4	349.6	7
Total	772.4	783.7	-1	2,622.1	2,534.4	3

**EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC) BY OPERATING SEGMENT**

	10-12/ 2016	10-12/ 2015	Change %	1-12/ 2016	1-12/ 2015	Change %
Outdoor	69.7	65.6	6	196.9	161.2	22
Ball Sports	12.8	8.2	56	44.8	46.6	-4
Fitness	6.8	15.7	-57	17.0	31.2	-46
Headquarters*)	-8.0	-5.5		-37.0	-26.9	
EBIT excl. IAC	81.3	84.0	-3	221.7	212.1	5
IAC	-8.2	-		-16.9	-8.0	
EBIT	73.1	84.0	-13	204.8	204.1	0

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

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Earnings before interest and taxes		73.1	84.0	204.8	204.1
Adjustments to cash flow from operating activities and depreciation		18.2	20.9	63.2	51.5
Change in working capital		104.7	110.4	-57.5	6.1
Cash flow from operating activities before financing items and taxes		196.0	215.3	210.5	261.7
Interest paid and received		-6.2	-4.7	-27.3	-28.2
Income taxes paid and received		-5.0	-3.8	-32.9	-22.0

23 (35)

Net cash flow from operating activities	184.8	206.8	150.3	211.5
Acquired operations	-14.4	-6.6	-56.8	-76.3
Divested operations	-	-	-	1.0
Capital expenditure on non-current tangible and intangible assets	-24.1	-34.5	-91.7	-77.3
Proceeds from sale of tangible non-current assets	0.0	0.2	0.6	0.6
Net cash flow from investing activities	-38.5	-40.9	-147.9	-152.0
Dividends paid	3	-	-	-64.7
Change in debt and other financing items	-26.2	-51.2	92.8	82.9
Net cash flow from financing activities	-26.2	-51.2	28.1	30.1
Cash and cash equivalents on October 1/January 1	244.9	216.8	331.4	240.2
Translation differences	-1.0	-0.1	2.1	1.6
Change in cash and cash equivalents	120.1	114.7	30.5	89.6
Cash and cash equivalents on December 31	364.0	331.4	364.0	331.4
Free cash flow *)	152.8	159.4	64.4	121.7

\*) Cash flow from operating activities – net capital expenditures – change in restricted cash  
 Net capital expenditure = total capital expenditure less proceeds from sale of assets

**CONSOLIDATED BALANCE SHEET**

	Note	December 31, 2016	December 31, 2015
<b>Assets</b>			
Goodwill		373.4	346.2
Other intangible non-current assets		332.3	282.1
Tangible non-current assets		226.0	206.7
Other non-current assets		119.8	128.2
Inventories and work in progress		513.6	482.0
Current tax receivables		17.4	12.1
Other receivables		768.6	767.0
Cash and cash equivalents		364.0	331.4
Total assets	2	2,715.1	2,555.7
<b>Shareholders' equity and liabilities</b>			
Shareholders' equity		1,003.1	949.6
Long-term interest-bearing liabilities		846.2	634.5
Other long-term liabilities		136.7	126.7
Current interest-bearing liabilities		53.7	157.2
Current tax liabilities		32.1	27.9
Other current liabilities		603.6	622.9
Provisions		39.7	36.9
Total shareholders' equity and liabilities		2,715.1	2,555.7
Equity ratio, %		36.9	37.2
Gearing, %		53	48
EUR 1.00 = USD		1.0541	1.0887



24 (35)

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



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							25 (35)		
Share-based incentive programs								0.7	3.3
Dividend distribution			2.6					-64.7	-64.7
Balance at Dec. 31, 2016	3	292.2	12.1	-15.5	33.1	27.8	-47.2	163.1	537.5 1,003.1

**QUARTERLY BREAKDOWN OF NET SALES AND EBIT EXCL. IAC**

<b>NET SALES</b>	<b>Q4/</b>	<b>Q3/</b>	<b>Q2/</b>	<b>Q1/</b>	<b>Q4/</b>	<b>Q3/</b>	<b>Q2/</b>	<b>Q1/</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
Outdoor	490.7	505.7	231.0	374.4	501.9	476.6	209.7	341.9
Ball Sports	171.9	147.0	165.5	186.7	165.7	147.8	169.4	164.1
Fitness	109.8	84.1	80.9	74.4	116.1	89.3	82.0	69.9
<b>Total</b>	<b>772.4</b>	<b>736.8</b>	<b>477.4</b>	<b>635.5</b>	<b>783.7</b>	<b>713.7</b>	<b>461.1</b>	<b>575.9</b>
<b>EBIT</b>	<b>Q4/</b>	<b>Q3/</b>	<b>Q2/</b>	<b>Q1/</b>	<b>Q4/</b>	<b>Q3/</b>	<b>Q2/</b>	<b>Q1/</b>
	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2016</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>	<b>2015</b>
Outdoor	69.7	105.5	-16.0	37.7	65.6	92.9	-18.7	21.4
Ball Sports	12.8	5.3	7.7	19.0	8.2	8.8	11.3	18.3
Fitness	6.8	5.4	4.5	0.3	15.7	9.1	5.1	1.3
Headquarters	-8.0	-9.7	-8.3	-11.0	-5.5	-7.3	-6.7	-7.4
<b>EBIT excl. IAC</b>	<b>81.3</b>	<b>106.5</b>	<b>-12.1</b>	<b>46.0</b>	<b>84.0</b>	<b>103.5</b>	<b>-9.0</b>	<b>33.6</b>
<b>IAC</b>	<b>-8.2</b>	<b>-2.4</b>	<b>-</b>	<b>-6.3</b>	<b>-</b>	<b>-</b>	<b>-6.6</b>	<b>-1.4</b>
<b>EBIT</b>	<b>73.1</b>	<b>104.1</b>	<b>-12.1</b>	<b>39.7</b>	<b>84.0</b>	<b>103.5</b>	<b>-15.6</b>	<b>32.2</b>

**THE NOTES TO THE FINANCIAL STATEMENTS**

**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, 2016 as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements have also been applied in the preparation of the interim financial information.

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved for use in EU, observing the IAS and IFRS standards and SIC and IFRIC interpretations in force as of December 31, 2016.

**Standards, interpretations and amendments adopted from the beginning of 2016:**

The following new standards, interpretations and amendments have been adopted when applicable: IAS 38 (amendment) as well as small changes to various standards as part of the annual improvement to IFRS project. They did not have any material impact on the consolidated financial statements.

**2. SEGMENT INFORMATION**

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

The accounting policies for segment reporting do not differ from the Group's accounting policies. However, 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 excluding items affecting comparability (EBIT excluding IAC). The chief operating decision maker of Amer Sports is President and CEO, who is assisted by the Executive Board.

There were no intersegment business operations during the reported periods.

	<b>Net sales</b>	<b>EBIT</b>	<b>Financing income and expenses</b>	<b>Earnings before taxes</b>	<b>Assets</b>
<b>1-12/2016</b>					
Outdoor	1,601.8	196.9			1,224.4

27 (35)

Ball Sports	671.1	44.8	524.6
Fitness	349.2	17.0	377.4
Segments, total	2,622.1	258.7	2,126.4
IAC		-16.9	
Headquarters		-37.0	-31.8
Group total	2,622.1	204.8	-31.8
			173.0
			2,715.1

<b>1-12/2015</b>			
Outdoor	1,530.1	161.2	1,082.4
Ball Sports	647.0	46.6	517.6
Fitness	357.3	31.2	351.6
Segments, total	2,534.4	239.0	1,951.6
IAC		-8.0	
Headquarters		-26.9	-36.1
Group total	2,534.4	204.1	-36.1
			168.0
			2,555.7

#### GEOGRAPHIC BREAKDOWN OF NET SALES

	<b>1-12/ 2016</b>	<b>1-12/ 2015</b>
EMEA	1,133.7	1,114.7
Americas	1,116.0	1,070.1
Asia Pacific	372.4	349.6
Total	2,622.1	2,534.4

#### 3. DIVIDENDS

Relating to the financial year ending on December 31, 2015, the dividends distributed to the shareholders of Amer Sports Corporation were EUR 0.55 per share and amounted in total to EUR 64.7 million (2014: 0.45 per share, in total 52.8 million). The dividends were paid out in March 2016.

#### 4. CONTINGENT LIABILITIES AND SECURED ASSETS

	<b>December 31, 2016</b>	<b>December 31, 2015</b>
Guarantees	30.2	33.8
Liabilities for leasing and rental agreements	239.4	188.2
Other liabilities	74.2	69.4

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 cash inflows from the sales of 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.

December 31, 2016	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available-for-sale financial assets
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives		4.5	
Interest rate derivatives and cross currency swaps	8.6	0.1	
Current financial assets			
Foreign exchange derivatives	4.2	38.6	

Long-term financial liabilities		
Foreign exchange derivatives	0.4	
Interest rate derivatives and cross currency swaps	21.4	3.5
Current financial liabilities		
Foreign exchange derivatives	10.4	4.5
Interest rate derivatives and cross currency swaps		1.0
Nominal value of foreign exchange derivatives	549.6	1,145.5
Nominal value of interest rate derivatives	135.0	242.8
Nominal value of cross currency swaps		78.5

December 31, 2015	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available-for-sale financial assets
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives		6.4	
Interest rate derivatives and cross currency swaps	4.4	0.2	
Current financial assets			
Foreign exchange derivatives	35.9	61.4	
Long-term financial liabilities			
Foreign exchange derivatives		0.5	
Interest rate derivatives and cross currency swaps	8.9	5.3	
Current financial liabilities			
Foreign exchange derivatives	34.2	6.9	
Interest rate derivatives and cross currency swaps	5.1	2.5	
Nominal value of foreign exchange derivatives	494.1	1,055.6	
Nominal value of interest rate derivatives		423.6	
Nominal value of cross		136.0	

currency swaps

## 8. ACQUIRED AND DIVESTED BUSINESSES

### 2016:

On March 8, 2016 Amer Sports acquired 100% of the shares in the company ENVE Composites LLC. ENVE is a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition accelerates Amer Sports Cycling business especially in the United States and provides further expansion opportunities internationally. ENVE brings capabilities in carbon technology, and it offers operational scale and synergy benefits complementing Amer Sports' cycling category.

The net cash acquisition price was USD 50 million in an all-cash transaction and was paid in March 2016. According to the purchase price allocation, the fair value of the acquired net assets was EUR 48.0 million. EUR 18.9 million of the fair value was allocated to the ENVE intangible assets including trademarks, customer relationships and technology. These assets are amortized in 10-15 years. EUR 18.5 million of the fair value was allocated to goodwill. Purchase of ENVE was treated as asset purchase in taxation and no deferred taxes were recognized.

The following fair values of the assets and liabilities of ENVE Composites LLC have been consolidated into Amer Sports' result from the acquisition date. Transaction costs of EUR 0.3 million are included in the administrative expenses of the consolidated income statement.

EUR million	Fair value
Intangible non-current assets	18.9
Goodwill	18.5
Other non-current assets	1.2
Inventories	5.7
Accounts receivables and other current assets	2.9
Cash	3.3
<b>TOTAL ASSETS</b>	<b>50.5</b>
Interest-free liabilities	2.5
<b>TOTAL LIABILITIES</b>	<b>2.5</b>
<b>NET ASSETS</b>	<b>48.0</b>
Purchase price	48.0

### Analysis of the cash flows on the acquisition

EUR million	Fair value
Purchase price	48.0
ENVE cash	-3.3
Transaction costs	0.3
<b>Net cash flow on acquisition</b>	<b>45.0</b>

Fair value of accounts receivables was equal to book value at the date of transaction.

The ENVE sales in 2016 from the date of acquisition were EUR 20 million. The ENVE transaction including one time integration costs and amortization of intangible assets had slightly negative impact on Amer Sports' 2016 financial results.

On November 17, 2016 Amer Sports acquired EvoShield, the leading protective gear brand for baseball and softball.

EvoShield is the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB). The annual net sales of EvoShield are approximately EUR 10 million.

The price of this selective asset acquisition was USD 9.3 million and it included the EvoShield brand, all EvoShield branded products as well as intellectual property and distribution rights. Based on preliminary purchase price allocation the fair value of acquired intangible assets such as EvoShield trademark was USD 7.3 million. The purchase accounting will be completed during 2017.

EvoShield has been integrated into Amer Sports Ball Sports business segment, which already includes the brands Wilson, Louisville Slugger, DeMarini and ATEC.

The EvoShield acquisition had no material impact on Amer Sports 2016 financial results.

**2015:**

Amer Sports strengthened its Ball Sports business by acquiring the global brand, sales and innovation rights to the American baseball brand Louisville Slugger on April 22, 2015 from Hillerich & Bradsby Co. Louisville Slugger is an iconic American baseball brand, the official bat of Major League Baseball and the market leading wood bat. Louisville Slugger reported annual sales of USD 75 million in 2014. Louisville Slugger sales in 2015 from the date of acquisition were USD 32 million. The final acquisition price was USD 72.3 million, which was mainly paid in cash in April 2015. The transaction and other acquisition related one-time costs had a slightly negative impact on Amer Sports 2015 financial results.

The fair value of the acquired net assets of Louisville Slugger was EUR 66.4 million. EUR 40.6 million of the fair value was allocated to the non-current intangible assets of which EUR 38.7 million to the Louisville Slugger trademark. The Louisville Slugger trademark is not amortized. EUR 12.1 million of the fair value was allocated to goodwill. Baseball is one of Amer Sports' chosen strategic growth areas, which already includes two leading brands, Wilson and DeMarini. The acquisition enhances Ball Sports' product portfolio and provides Amer Sports with a strong position and opportunity for gaining substantial synergies by combining Louisville Slugger's operations to Wilson and DeMarini. The goodwill is tax deductible.

The following fair values of the assets and liabilities of Louisville Slugger business have been consolidated into Amer Sports' results from the acquisition date. Transaction costs of EUR 1.4 million are included in the operating expenses of the consolidated income statement.

EUR million	Fair value
Intangible non-current assets	40.6
Goodwill	12.1
Inventories	6.2
Accounts receivables	11.8
<b>TOTAL ASSETS</b>	<b>70.7</b>
Interest-free liabilities	4.3
<b>TOTAL LIABILITIES</b>	<b>4.3</b>
 <b>NET ASSETS</b>	 <b>66.4</b>
Purchase price	66.4

### Analysis of the cash flows on the acquisition

EUR million	Fair value
Purchase price	66.4
Transaction costs	1.4
<b>Net cash flow on acquisition</b>	<b>67.8</b>

Fair value of accounts receivables was EUR 2.6 million lower than book value at the date of acquisition due to impairment of doubtful receivables.

On May 12, 2015 Amer Sports acquired 100% of the shares in the company Sports Tracking Technologies Oy to strengthen its digital connectivity services and capabilities. Sports Tracker is a digital sports application and online service. It has a strong technology platform and capability, and it is a recognized digital service which is used globally. The purchase price was EUR 5.0 million. The fair value of the acquired net assets was EUR 4.0 million, which mainly comprised of the intangible assets, such as the customer register and technical know-how. In addition goodwill of EUR 1.0 million was recognized. The acquisition had no material impact on Amer Sports' 2015 financial results.

On July 21, 2015 Amer Sports strengthened its fitness product and service offering through the acquisition of Queenax. Queenax is a leading functional training systems provider. Queenax was integrated into Precor, which is Amer Sports' Fitness business segment. The acquisition includes the Queenax brand as well as intellectual property and distribution rights, among others. Functional strength training is one of the fastest growing segments in the commercial fitness industry. The acquisition will enable Precor to offer its customers a complete functional training system and will further solidify Precor as a leading player in the global fitness equipment and services market. The purchase price was EUR 5.0 million, out of which EUR 4.5 million was paid in 2015. The fair value of acquired net assets was EUR 5.0 million, which was also the value allocated to goodwill. The acquisition had no material impact on Amer Sports 2015 financial results.

In March 2015, Amer Sports sold Nikita and Bonfire brands to CRN Pte Ltd. The sale price was EUR 1.0 million and received fully in cash. The combined net sales of Nikita and Bonfire in 2014 was EUR 9.8 million. The divestments had no material impact on Amer Sports' 2015 financial results.

### 9. RECONCILIATION BETWEEN REPORTED EARNINGS BEFORE INTEREST AND TAXES (EBIT) AND EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (EBIT EXCLUDING IAC) COMMENTED IN THIS FINANCIAL REVIEW

The income statement under IFRS has been adjusted by the following adjustments when reporting and commenting earnings before interest and taxes excluding items affecting comparability in this financial review.

	10-12/2016			1-12/2016		
	IFRS	IAC	Income statement excl. IAC	IFRS	IAC	Income statement excl. IAC
<b>NET SALES</b>	772.4	-	772.4	2,622.1	-	2,622.1
Cost of goods sold	-428.0	-0.7	-427.3	-1,409.7	-1.1	-1,408.6
Licence income	2.0	-	2.0	6.8	-	6.8
Other operating income	2.5	-	2.5	8.8	-	8.8
Research and development expenses	-30.1	-2.3	-27.8	-97.5	-2.3	-95.2
Selling and marketing	-199.4	-5.1	-194.3	-731.1	-13.1	-718.0

expenses

Administrative and other

expenses	-46.3	-0.1	-46.2	-194.6	-0.4	-194.2
<b>EBIT</b>	<b>73.1</b>	<b>-8.2</b>	<b>81.3</b>	<b>204.8</b>	<b>-16.9</b>	<b>221.7</b>

	10-12/2015			1-12/2015		
	IFRS	IAC	Income statement excl. IAC	IFRS	IAC	Income statement excl. IAC
<b>NET SALES</b>	783.7	-	783.7	2,534.4	-	2,534.4
Cost of goods sold	-440.7	-	-440.7	-1,388.5	-	-1,388.5
Licence income	2.2	-	2.2	7.3	-	7.3
Other operating income	2.7	-	2.7	4.8	-	4.8
Research and development expenses	-23.2	-	-23.2	-77.7	-	-77.7
Selling and marketing expenses	-191.0	-	-191.0	-677.5	-6.7	-670.8
Administrative and other expenses	-49.7	-	-49.7	-198.7	-1.3	-197.4
<b>EBIT</b>	<b>84.0</b>	<b>-</b>	<b>84.0</b>	<b>204.1</b>	<b>-8.0</b>	<b>212.1</b>

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

## 10. FORMULAS AND BRIDGE CALCULATIONS OF KEY INDICATORS

New ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective for the financial year 2016. Amer Sports presents APMs to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Amer Sports relabels the previously referenced "excluding non-recurring items" with "excluding items affecting comparability" (IAC). Operating segments' EBIT is reported excluding IAC. Items affecting comparability and APMs used by Amer Sports are defined in this note.

### EBIT excluding IAC:

EBIT + IAC

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
EBIT	73.1	84.0	204.8	204.1
IAC	8.2	-	16.9	8.0
<b>EBIT excluding IAC</b>	<b>81.3</b>	<b>84.0</b>	<b>221.7</b>	<b>212.1</b>

### EBIT % excluding IAC:

$$100 \times \frac{\text{EBIT} + \text{IAC}}{\text{Net Sales}}$$

ITEMS AFFECTING COMPARABILITY (IAC) are material items or transactions, which are relevant for understanding the financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital

gains and losses, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	-	6.3	-
Restructuring program 2014	-	-	-	8.0
Restructuring program 2016	8.2	-	10.6	-
Items affecting comparability total	8.2	-	16.9	8.0

#### EARNINGS PER SHARE excluding IAC:

Net result excluding IAC attributable to equity holders of the parent company

Average number of shares adjusted for the bonus element of share issues

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Net result	47.9	53.3	126.9	121.6
IAC	8.2	-	16.9	8.0
Tax effect	-2.2	-	-4.5	-2.2
Net result excl. IAC	53.9	53.3	139.3	127.4

#### EBITDA:

EBIT + Depreciations and amortizations

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
EBIT	73.1	84.0	204.8	204.1
Depreciations and amortizations	15.3	14.5	60.0	51.1
EBITDA	88.4	98.5	264.8	255.2

#### EBITDA excluding IAC:

EBIT excluding IAC + Depreciations and amortizations

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
EBIT	73.1	84.0	204.8	204.1
IAC	8.2	-	16.9	8.0
Depreciations and amortization	15.3	14.5	60.0	51.1
EBITDA excl. IAC	96.6	98.5	281.7	263.2

#### NET DEBT:

Long-term and current Interest-bearing liabilities – cash and cash equivalents

December 31, 2016	December 31, 2015
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Long-term interest-bearing liabilities	846.2	634.5
Current interest-bearing liabilities	53.7	157.2
Cash and cash equivalents	-364.0	-331.4
<b>NET DEBT</b>	<b>535.9</b>	<b>460.3</b>

**NET DEBT/EBITDA:**

$$100 \times \frac{\text{Net Debt}}{\text{EBIT} + \text{Depreciations and amortizations}}$$

**NET DEBT/EBITDA excl. IAC:**

$$100 \times \frac{\text{Net Debt}}{\text{EBIT excluding IAC} + \text{Depreciations and amortizations}}$$

**FREE CASH FLOW:**

Cash flow from operating activities – net capital expenditures – change in restricted cash

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Cash flow from operating activities	184.8	206.8	150.3	211.5
Net capital expenditures	-24.1	-34.3	-91.1	-76.7
Restricted cash	-7.9	-13.1	5.2	-13.1
<b>FREE CASH FLOW</b>	<b>152.8</b>	<b>159.4</b>	<b>64.4</b>	<b>121.7</b>

**NET CAPITAL EXPENDITURE:**

Total capital expenditure on non-current tangible and intangible assets - proceeds from sale of assets

	10-12/ 2016	10-12/ 2015	1-12/ 2016	1-12/ 2015
Total capital expenditure on non-current tangible and intangible assets	-24.1	-34.5	-91.7	-77.3
Proceeds from sale of assets	-	0.2	0.6	0.6
<b>NET CAPITAL EXPENDITURE</b>	<b>-24.1</b>	<b>-34.3</b>	<b>-91.1</b>	<b>-76.7</b>

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**