Amer Sports Corporation Financial Statements Bulletin 2017

FINANCIAL RESULTS IN OCTOBER-DECEMBER 2017

NET SALES AND EBIT OCTOBER-DECEMBER 2017
Amer Sports net sales were EUR 803.1 million (October-December 2016: 772.4) and increased by 4%. In local currencies, net sales increased by 9%.

Net sales by operating segment

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	% of sales 10-12/2017	% of sales 10-12/2016
Outdoor	527.3	490.7	7	11	66	64
Ball Sports	161.2	171.9	-6	1	20	22
Fitness	114.6	109.8	4	12	14	14
Total	803.1	772.4	4	9	100	100

**) In local currencies*

Geographic breakdown of net sales

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	% of sales 10-12/2017	% of sales 10-12/2016
EMEA	368.3	345.3	7	7	46	45
Americas	317.6	314.5	1	9	39	41
Asia Pacific	117.2	112.6	4	13	15	14
Total	803.1	772.4	4	9	100	100

**) In local currencies*

Gross margin excl. items affecting comparability (IAC) was 44.4% (44.7).

EBIT excl. IAC was EUR 92.6 million (81.3). Items affecting comparability were EUR -6.7 million (-8.2) mainly related to restructuring expansion announced in February 2017. Increased sales in local currencies had a positive impact of approximately EUR 29 million on EBIT while declined gross margin had a negative impact of approximately EUR 3 million. Operating expenses increased by approximately EUR 15 million. EBIT was EUR 85.9 million (73.1).

EBIT excluding IAC by operating segment

EUR million	10-12/ 2017	10-12/ 2016	Change %
Outdoor	76.2	69.7	9
Ball Sports	13.5	12.8	5
Fitness	12.4	6.8	82
Headquarters*)	-9.5	-8.0	
EBIT excl. IAC	92.6	81.3	14
IAC	-6.7	-8.2	
EBIT total	85.9	73.1	18

**) 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	10-12/2017	10-12/2016
EBIT excl. IAC	92.6	81.3
Items affecting comparability		

Restructuring program 2016	-	-8.2
Restructuring program 2016 expansion and write-downs	-5.8	-
Acquisition related accounting adjustments	-0.9	-
EBIT	85.9	73.1

Reconciliation of Net result excluding IAC by income statement line item

	10-12/2017		
	IFRS	**IAC**	**Income statement excl. IAC**
NET SALES	803.1	-	803.1
Cost of goods sold	-447.5	1.2	-446.3
License income	1.6	-	1.6
Other operating income	3.0	-	3.0
Research and development expenses	-27.2	0.4	-26.8
Selling and marketing expenses	-195.5	4.5	-191.0
Administrative and other expenses	-51.6	0.6	-51.0
EBIT	85.9	6.7	92.6
Financing income and expenses	-6.3	-	-6.3
EARNINGS BEFORE TAXES	79.6	6.7	86.3
Taxes			
Write-down of deferred tax assets due to US federal tax rate reduction	-10.4	10.4	0
Other current and deferred taxes	-22.0	-1.8	-23.8
NET RESULT	47.2	15.3	62.5

	10-12/2016		
	IFRS	**IAC**	**Income statement excl. IAC**
NET SALES	772.4	-	772.4
Cost of goods sold	-428.0	0.7	-427.3
License income	2.0	-	2.0
Other operating income	2.5	-	2.5
Research and development expenses	-30.1	2.3	-27.8
Selling and marketing expenses	-199.4	5.1	-194.3
Administrative and other expenses	-46.3	0.1	-46.2
EBIT	73.1	8.2	81.3
Financing income and expenses	-7.9	-	-7.9
EARNINGS BEFORE TAXES	65.2	8.2	73.4
Taxes	-17.3	-2.2	-19.5
NET RESULT	47.9	6.0	53.9

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.

Net financial expenses totaled EUR 6.3 million (7.9), including net interest expenses of EUR 8.5 million (8.3). Net foreign exchange gains were EUR 1.8 million (losses of 0.7). Other financing income was EUR 0.4 million (1.1). Earnings before taxes totaled EUR 79.6 million (65.2) and taxes were EUR -32.4 million (-17.3) including a write-down of deferred tax assets of USD 12.4 million due to the US federal tax rate reduction from 35% to 21%. Earnings per share excl. IAC were EUR 0.53 (0.45). Earnings per share were 0.41 (0.41).

FINANCIAL RESULTS 2017

2017 was another year of record sales for Amer Sports, despite a challenging wholesale trading environment. Consumer demand for Amer Sports brands continued to be high, and the company grew at strong double-digit rate in the strategic priority areas Apparel, own retail, e-commerce, and China. EBIT excluding items affecting comparability (IAC) was approximately at previous year's level as gross margin was adversely impacted by currencies, partially offset by operating expense efficiency improvement. Cash flow was at an all time high and asset efficiency improved. 2017 represented the 8th consecutive year of growth and broad-based improvement.

NET SALES AND EBIT IN 2017
Amer Sports net sales in 2017 were EUR 2,685.2 million (2016: EUR 2,622.1 million). Despite the challenging wholesale market especially in the US, net sales increased by 4% in local currencies.

The Group's 2020 financial net sales target is annual mid-single digit organic, currency-neutral growth.

Net sales by operating segment

EUR million	2017	2016	Change %	Change %*)	% of sales 2017	% of sales 2016
Outdoor	1,670.9	1,601.8	4	5	62	61
Ball Sports	653.2	671.1	-3	-1	24	26
Fitness	361.1	349.2	3	6	14	13
Total	2,685.2	2,622.1	2	4	100	100

*) *In local currencies*

Geographic breakdown of net sales

EUR million	2017	2016	Change %	Change %*)	% of sales 2017	% of sales 2016
EMEA	1,173.5	1,133.7	4	4	44	43
Americas	1,122.2	1,116.0	1	2	42	43
Asia Pacific	389.5	372.4	5	8	14	14
Total	2,685.2	2,622.1	2	4	100	100

**) In local currencies*

Gross margin excl. IAC was 45.3% (46.3). The decline was due to currency headwinds partly offset by improving mix, mainly through increased share of own retail and e-commerce sales of the Group's total net sales.

Operating expenses excl. IAC as percentage of net sales declined to 37.6% (38.2), driven by restructuring initiated in 2016 and right-sized investments into digital products and services.

EBIT excl. IAC was EUR 215.0 million (221.7). Items affecting comparability were EUR -46.7 million (-16.9). Increased sales in local currencies had a positive impact of approximately EUR 46 million on EBIT while declined gross margin had a negative impact of approximately EUR 31 million. Operating expenses increased by approximately EUR 17 million, driven by investments into the acceleration of Arc'teryx and Direct to Consumer. Currencies and other income and expenses had a negative impact of approximately EUR 4 million on EBIT. EBIT was EUR 168.3 million (204.8).

EBIT as a percentage of sales excl. IAC was 8.0% (8.5), including a slight dilutive impact from acquisitions. The Group's financial profit target is to have annual EBIT growth (excl. IAC) ahead of net sales growth.

EBIT excluding IAC by operating segment

EUR million	2017	2016	Change %
Outdoor	179.3	196.9	-9
Ball Sports	44.9	44.8	0
Fitness	20.1	17.0	18
Headquarters*)	-29.3	-37.0	
EBIT excl. IAC	215.0	221.7	-3
IAC	-46.7	-16.9	
EBIT total	168.3	204.8	-18

**) 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	2017	2016
EBIT excl. IAC	215.0	221.7
Items affecting comparability		
Significant write-down of the receivable balance from a US sporting goods retailer	-	-6.3
Restructuring program 2016	-8.7	-10.6
Restructuring program 2016 expansion and write-downs	-37.1	-
Acquisition related accounting adjustments	-0.9	-
EBIT	168.3	204.8

Reconciliation of EBIT excluding IAC by income statement line item

	1-12/2017		
	IFRS	IAC	Income statement excl. IAC
NET SALES	2,685.2	-	2,685.2
Cost of goods sold	-1,478.3	8.4	-1,469.9
License income	5.7	-	5.7
Other operating income	7.0	-0.6	6.4
Research and development expenses	-120.2	18.7	-101.5
Selling and marketing expenses	-744.2	18.5	-725.7
Administrative and other expenses	-186.9	1.7	-185.2
EBIT	168.3	46.7	215.0
Financing income and expenses	-26.3		-26.3
EARNINGS BEFORE TAXES	142.0	46.7	188.7
Taxes			
Write-down of deferred tax assets due to US federal tax rate reduction	-10.4	10.4	0
Other current and deferred taxes	-38.3	-12.2	-50.5
NET RESULT	93.3	44.9	138.2

1-12/2016

	IFRS	IAC	Income statement excl. IAC
NET SALES	2,622.1	-	2,622.1
Cost of goods sold	-1,409.7	1.1	-1,408.6
License income	6.8	-	6.8
Other operating income	8.8	-	8.8
Research and development expenses	-97.5	2.3	-95.2
Selling and marketing expenses	-731.1	13.1	-718.0
Administrative and other expenses	-194.6	0.4	-194.2
EBIT	204.8	16.9	221.7
Financing income and expenses	-31.8		-31.8
EARNINGS BEFORE TAXES	173.0	16.9	189.9
Taxes	-46.1	-4.5	-50.6
NET RESULT	126.9	12.4	139.3

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.

Net financial expenses totaled EUR 26.3 million (31.8), including net interest expenses of EUR 31.6 million (28.9). Net foreign exchange gains were EUR 2.0 million (losses of 1.1). Other financing income was EUR 3.3 million (expenses 1.8). Earnings before taxes totaled EUR 142.0 million (173.0) and taxes were EUR -48.7 million (-46.1), including a write-down of deferred tax assets of USD 12.4 million due to the US federal tax rate reduction from 35% to 21%. The underlying effective tax rate was 26.9% (26.6). Earnings per share excl. IAC were EUR 1.18 (1.18). Earnings per share were EUR 0.80 (1.08).

OUTLOOKS GIVEN FOR 2017

In Amer Sports financial statements for 2016 published in February 2017, the company published the following outlook for the year:

"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."

In January-March 2017 interim report published in April, the outlook was updated as follows:

"In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016. The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. 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."

CASH FLOW AND FINANCING

In 2017, free cash flow was EUR 161.3 million (64.4). Compared to the end of 2016, inventories decreased by EUR 6.0 million (increase 12.5). Receivables increased by EUR 46.1 million (37.8). Payables increased by EUR 86.2 million (decrease 7.2). The Group's financial cash flow target is to have annual free cash flow / net profit of at least 80%. In 2017, free cash flow / net profit excl. IAC was 117% (51).

Asset efficiency improved: asset turnover improved to 1.85X (1.78X). Return on Capital Employed excl. IAC was 14.8% (15.0).

At the end of 2017, the Group's net debt was EUR 460.7 million (535.9). The Group's financial balance sheet target is to have year-end net debt / EBITDA ratio of three or less. At the end of 2017, the year-end net debt / EBITDA ratio excl. IAC was 1.6 (1.9).

Interest-bearing liabilities amounted to EUR 819.1 million (899.9) consisting of short-term debt of EUR 186.3 million and long-term debt of EUR 632.8 million. The average interest rate on the Group's interest-bearing liabilities was 2.5% (2.0).

Short-term debt consists mainly of repayments of term loans (EUR 30.4 million) and bonds (EUR 153.7 million). At the end of the year Amer Sports had not issued any commercial papers in the Finnish market (December 31, 2016: EUR 49.9 million). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 358.4 million (364.0).

Amer Sports had not used any of its EUR 200 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of the year was 34.1% (36.9) and net debt/equity was 0.52 (0.53).

In November 2017, Amer Sports signed a five-year EUR 200 million amendment and restatement agreement to the Revolving Credit Facility (RCF) of EUR 150 million from 2014. The facility of EUR 200 million replacing the previous RCF is meant for general corporate purposes. The facility has an extension option of 1+1 years.

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 828 million. In general, 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 foreign exchange transaction risks up to 12–24 months forward. Hedging tenors of currency pairs vary due to costs related to hedging. At the end of 2017, the Group had fully hedged the 2018 EUR/USD expected net cash flow at an average EUR/USD rate of 1.13 and 49% of the 2019 EUR/USD expected net cash flow at an average EUR/USD rate of 1.21.

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. The most significant transaction risks are in USD, CAD, GBP and CHF. 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.

CAPITAL EXPENDITURE AND INVESTMENTS
The Group's capital expenditure totaled EUR 83.6 (91.7) million. Depreciation totaled EUR 69.4 million (60.0) and write-down of intangible assets was EUR 16.7 million (0.0). In 2018, capital expenditure is expected to be approximately 3.0-3.5% 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.

In 2017, the Group put in place a new consumer-driven innovation and design process to drive implementation of best practices and cross-learning throughout the brands. This renewal of Amer Sports R&D and creative processes concentrates on exploring unmet consumer needs and wants, and elevates the design capabilities to meet changing and growing consumer demands.

The Group has six R&D and design sites serving the business areas globally. In 2017, R&D expenses excl. IAC were EUR 101.5 million, accounting for 10.0% of all operating expenses (2016: EUR 95.2 million, 9.5% of operating expenses, 2015: EUR 77.7 million, 8.2% of operating expenses). Outdoor accounted for 71% of the R&D expenditure, Ball Sports for 14% and Fitness for 15%.

On December 31, 2017, 794 (802) persons were employed in the company's R&D and digital platforms development, representing approximately 9% (9) 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 2017, the company utilized its new omni-channel set-up to engage directly with consumers, striving to give them great experiences across a range of different touchpoints. Millions of new consumers (+50% from 2016) opted into the Amer Sports database, allowing the company to further engage and share its passion for sport with more consumers, ensuring they benefit from the latest technologies and innovations. Many of these consumers participated at events, took the opportunity to demo Amer Sports products, shared their experiences through social media and purchased Amer Sports products. Traffic to Amer Sports e-commerce sites grew substantially as brands provided consumers with more compelling online experiences as well as more opportunities to customize or personalize their purchase. The company also developed the consumer experience at many of the wholesale partners, both in store and online, particularly focusing on providing the consumer a high level of service.

In 2017, Amer Sports Direct to Consumer net sales were EUR 254.1 million (2016: EUR 203.6 million). Growth in local currencies was 25%, of which e-commerce growth was 37% and retail growth was 19%. Same store sales growth was 7%.

At the end of 2017, Amer Sports had 288 (287) branded retail stores. Half of the stores are operated by local, independent partners. 80% of the stores are full price, 20% are outlets. During the year, 21 new stores were opened and there were also six re-fits to a new format. There were also 20 closures, both own and partner, where stores were at the end of contract or in less strategic areas. Geographically, the retail store footprint is balanced, with approximately one third in each of Europe, Asia Pacific and the Americas.

At the end of 2017, the number of Amer Sports e-commerce stores was 86 (69). The addition was mainly through the launch of Mavic e-commerce stores in EMEA as well as expansion in Suunto.

Sales and distribution expenses excl. IAC in 2017 were EUR 454.4 million (449.7), 17% of sales (17). Advertising, promotion and marketing expenses in 2017 were EUR 271.3 million (268.3), 10% (10) of sales.

On December 31, 2017, the Amer Sports own sales organization covered 34 countries. 3,575 (3,693) persons were employed in sales and distribution activities, representing 42% (43) of the total number of people employed by Amer Sports. 719 (692) persons were employed in marketing, 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 2017 were customer service, cost of goods reduction, and sustainable complexity reduction as well as working capital efficiencies.

To gain operational efficiencies and cost savings, Amer Sports is constantly reviewing both its make or buy strategy and the company's global production and sourcing footprint. Approximately 24% of Amer Sports' production value 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 another 13% is produced in the hybrid factories. Approximately 64% of Amer Sports' total production value 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. In addition, Amer Sports has major hybrid factories in Eastern Europe, where ownership is shared with local subcontractors.

HUMAN RESOURCES
In 2017 Amer Sports maintained a strong focus on building and scaling capabilities to support the strategy of profitable growth. To win in the changing market place, the Group reorganized the Go to Market organization to sell more effectively omni-channel across wholesale, e-commerce and own retail stores. Amer Sports also continued to integrate and scale the supply chain and distribution operations. The company focused on productivity and cost reduction to free up resources for investment into renewal.

In 2017, the average number of Group employees was 8,631 (2016: 8,439; 2015: 7,848). At the end of 2017, the number of Group employees was 8,607 (2016: 8,526; 2015: 7,954).

Of Group employees at the end of 2017, 60% were male (2016: 61%, 2015: 61%) and 40% female (2016: 39%, 2015: 39%).

Salaries, incentives and other related costs in 2017 totaled EUR 522.9 million (2016: 507.6; 2015: 482.2). Average cost per employee remained stable.

Personnel

	December 31, 2017	December 31, 2016	Change %
EMEA	4,259	4,205	1
Americas	3,458	3,442	0
Asia Pacific	890	879	1
Total	8,607	8,526	1

	December 31, 2017	December 31, 2016	Change %
Manufacturing and sourcing	2,540	2,383	7
Sales and distribution	3,575	3,693	-3
Support functions/shared services	979	956	2
R&D and digital platforms	794	802	-1
Marketing	719	692	4
Total	8,607	8,526	1

NON-FINANCIAL INFORMATION STATEMENT
Amer Sports will publish a separate non-financial information statement for 2017 by the end of June 2018 at www.amersports.com.

OPERATING SEGMENT REVIEWS

OUTDOOR

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)
Net sales								
Footwear	100.0	96.4	4	7	501.3	490.5	2	3
Apparel	143.0	131.5	9	13	479.7	431.1	11	12
Winter Sports Equipment	205.6	188.5	9	12	414.0	388.5	7	9
Cycling	33.7	38.2	-12	-10	134.3	150.2	-11	-10
Sports Instruments	45.0	36.1	25	28	141.6	141.5	0	1
Net sales, total	527.3	490.7	7	11	1,670.9	1,601.8	4	5
EBIT excl. IAC	76.2	69.7	9		179.3	196.9	-9	
EBIT % excl. IAC	14.5	14.2			10.7	12.3		

**) Change in local currencies*

In 2017, Outdoor net sales were EUR 1,670.9 million (1,601.8), an increase of 5% in local currencies. Own retail and e-commerce continued to perform well.

Apparel 12% growth was driven by Arc'teryx. In Footwear, sales grew by 3%. Footwear sales were adversely impacted by Amer Sports' global distribution consolidation and the prudent wholesale market. Winter Sports Equipment sales grew by 9%. Cycling was adversely impacted by declined OEM orders and high industry and retail inventories, and sales declined by 10%. In Sports Instruments, sales increased by 1%, accelerating to high-double-digit growth toward the year end as the demand for the new Spartan product family was strong and sales grew especially in e-commerce and Asia Pacific.

In March, Amer Sports acquired Armada, the iconic US ski brand. Armada was integrated into Amer Sports Winter Sports Equipment business unit.

In October–December, Outdoor net sales totaled EUR 527.3 million (490.7), an increase of 11% in local currencies. Apparel grew by 13% driven by Arc'teryx. Footwear grew by 7%. Sales of Winter Sports Equipment increased by 12%. Cycling sales declined by 10%. Sports Instruments sales grew by 28% as the product pipeline is now in place.

Geographic breakdown of net sales

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)
EMEA	315.9	292.9	8	9	970.0	935.5	4	4
Americas	131.8	123.3	7	14	449.9	429.6	5	6
Asia Pacific	79.6	74.5	7	15	251.0	236.7	6	10
Total	527.3	490.7	7	11	1,670.9	1,601.8	4	5

**) Change in local currencies*

In 2017, Outdoor EBIT excl. IAC was 179.3 million (196.9) Increased sales in local currencies had a positive impact of approximately EUR 42 million on EBIT while declined gross margin had a negative impact of approximately EUR 22 million. Operating expenses increased by approximately EUR 37 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

In October–December, EBIT excl. IAC was EUR 76.2 million (69.7). Increased sales in local currencies had a positive impact of approximately EUR 25 million on EBIT while declined gross margin had a negative impact of approximately EUR 7 million. Operating expenses increased by approximately EUR 13 million. Other income and expenses and currencies had a positive impact of approximately EUR 2 million on EBIT.

BALL SPORTS

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)
Net sales								
Individual Ball Sports	61.2	67.9	-10	-5	294.3	299.8	-2	-1
Team Sports	100.0	104.0	-4	5	358.9	371.3	-3	-1
Net sales, total	161.2	171.9	-6	1	653.2	671.1	-3	-1
EBIT excl. IAC	13.5	12.8	5		44.9	44.8	0	
EBIT % excl. IAC	8.4	7.4			6.9	6.7		

**) Change in local currencies*

In 2017, Ball Sports' net sales were EUR 653.2 million (671.1). In local currencies, net sales decreased by 1%. Ball Sports sales were adversely impacted by the challenging US wholesale market.

In October-December, Ball Sports' net sales totaled EUR 161.2 million (171.9). In local currencies, net sales increased by 1%.

Geographic breakdown of net sales

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)
EMEA	23.0	24.8	-7	-7	116.5	118.2	-1	-1
Americas	117.3	125.3	-6	2	458.7	476.2	-4	-2
Asia Pacific	20.9	21.8	-4	4	78.0	76.7	2	4
Total	161.2	171.9	-6	1	653.2	671.1	-3	-1

**) Change in local currencies*

In 2017, Ball Sports EBIT excl. IAC was EUR 44.9 million (44.8). Decreased sales in local currencies had a negative impact of approximately EUR 3 million on EBIT while declined gross margin had a negative impact of approximately EUR 3 million. Operating expenses decreased by approximately EUR 7 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

In October–December, Ball Sports' EBIT excl. IAC was EUR 13.5 million (12.8). Increased sales in local currencies contributed to EBIT by approximately EUR 1 million and higher gross margin had a positive impact of approximately EUR 2 million. Other income and expenses and currencies had a negative impact of approximately EUR 2 million on EBIT.

FITNESS

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)
Net sales	114.6	109.8	4	12	361.1	349.2	3	6
EBIT excl. IAC	12.4	6.8	82		20.1	17.0	18	
EBIT % excl. IAC	10.8	6.2			5.6	4.9		

**) Change in local currencies*

In 2017, Fitness net sales were EUR 361.1 million (349.2). In local currencies, net sales increased by 6% driven by product launches and networked fitness.

In October-December, Fitness' net sales were EUR 114.6 million (109.8) and increased by 12% in local currencies.

Geographic breakdown of net sales

EUR million	10-12/ 2017	10-12/ 2016	Change %	Change %*)	2017	2016	Change %	Change %*)

EMEA	29.4	27.6	7	8	87.0	80.0	9	12
Americas	68.5	65.9	4	14	213.6	210.2	2	4
Asia Pacific	16.7	16.3	2	11	60.5	59.0	3	6
Total	114.6	109.8	4	12	361.1	349.2	3	6

) In local currencies

In 2017, Fitness EBIT excl. IAC was EUR 20.1 million (17.0). Increased sales in local currencies had a positive impact of approximately EUR 8 million on EBIT while declined gross margin had a negative impact of approximately EUR 9 million. Operating expenses decreased by approximately EUR 4 million.

In October–December, Fitness EBIT excl. IAC was EUR 12.4 million (6.8). Increased sales in local currencies had a positive impact of approximately EUR 4 million on EBIT while operating expenses decreased by approximately EUR 1 million. Other income and expenses and currencies had a positive impact of approximately EUR 1 million on EBIT.

CORPORATE GOVERNANCE

In its decision making and administration, Amer Sports Corporation 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.

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

In September 2017, Bernard Millaud, President of Cycling and a member of Amer Sports Executive Board, stepped down from his role and was appointed into a Special Advisory role reporting to Amer Sports President and CEO Heikki Takala. The Cycling category, which includes the Mavic and Enve brands, is led by General Manager Gary Bryant, reporting to the President and CEO. The role is not an Executive Board position, in line with the recent simplification of Amer Sports Executive Board structure.

More information about Amer Sports Executive Board is available at www.amersports.com/investors/governance/executive-board.

SHARES AND SHAREHOLDERS

The company's share capital totaled EUR 292,182,204 on December 31, 2017 and the number of shares was 118,517,285.

Authorizations

The Annual General Meeting held on March 9, 2017 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 unrestricted 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 9, 2017 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 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 was 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 was 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.

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

Own shares
In February 2017, Amer Sports Board of Directors decided to utilize the authorization given by the Annual General Meeting held on March 8, 2016 to repurchase Amer Sports shares. The repurchases started on February 13, 2017. In February-September, the company repurchased a total of 1,070,000 shares at an average price of EUR 21.92.

In October 2017, Amer Sports Board of Directors decided to continue to utilize the authorization given by the Annual General Meeting held on March 9, 2017 to repurchase Amer Sports shares. The repurchases started on October 30, 2017 and will end on March 7, 2018 at the latest. In October-December, the company repurchased a total of 1,393,000 shares at an average price of EUR 21.27.

The total number of repurchased shares in 2017 corresponds to 2.08% of all shares.

Time	Amount	Total value, EUR	Purchase price (average), EUR	Purchase price (high and low), EUR
Feb 13 – Mar 31, 2017	700,000	15,739,308	22.48	22.77 and 22.12
Apr 1 – Jun 30, 2017	370,000	7,716,324	20.85	22.20 and 20.31
Jul 1 – Sep 30, 2017	0	0		
Oct 1 – Dec 31, 2017	1,393,000	29,626,886	21.27	22.85 and 19.99
Total	2,463,000	53,082,518	21.55	22.85 and 19.99

In March 2017, a total of 175,230 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2013, Performance Share Plan 2016 and Restricted Stock Plan 2016 incentive programs.

A total of 35,036 shares granted as share-based incentives were returned to Amer Sports during the review period.

At the end of December, Amer Sports held a total of 3,294,524 shares (971,718) of Amer Sports Corporation, corresponding to 2.8% (0.8) of all Amer Sports shares.

Trading in shares
In 2017, a total of 113.9 million (80.1) Amer Sports shares with a value totaling EUR 2,521.3 million (2,038.4) were traded on Nasdaq Helsinki. Share turnover was 97.6% (68.1) (as a proportion of the average number of shares, excluding own shares). The average daily volume in 2017 was 453,814 shares (316,446).

In addition to Nasdaq Helsinki, Amer Sports shares were traded on the biggest alternative exchanges as follows: 38.4 million on Chi-X (26.5 million), 14.9 million on BATS (15.6 million) and 12.8 million on Turquoise (12.3 million).

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki stock exchange in 2017 was EUR 23.09 (2016: 25.28). Shares registered a high of EUR 26.36 (28.75) and a low of EUR 19.81 (22.78). The average share price was EUR 22.13 (25.46). At the end of December, the company had a market capitalization of EUR 2,660.5 million (2,971.6), excluding own shares.

At the end of December, Amer Sports Corporation had 25,904 registered shareholders (22,881). Ownership outside of Finland and nominee registrations represented 48.4% (49.9) of the company’s shares. Public sector entities owned 14.3% (15.1), financial and insurance corporations 12.0% (11.9), households 13.0% (12.7), non-profit institutions 7.1% (7.1), private companies 2.4% (2.5) and Amer Sports 2.8% (0.8).

Major shareholders, December 31, 2017 (does not include nominee registrations nor shares held by the company)

		Shares	% of shares and votes
1.	Keva	5,477,261	4.62
2.	Maa-ja vesitekniikan Tuki ry.	5,000,000	4.22
3.	Mandatum Life Insurance Company Ltd.	4,333,238	3.66
4.	Ilmarinen Mutual Pension Insurance Company	3,144,000	2.65
5.	Elo Mutual Pension Insurance Company	2,700,000	2.28
6.	Brotherus Ilkka Johannes	2,694,658	2.27
7.	Varma Mutual Pension Insurance Company	2,588,951	2.18
8.	OP-Finland Value Fund	1,372,407	1.16
9.	The State Pension Fund	1,050,000	0.89
10.	Kaleva Mutual Insurance Company	900,000	0.76

Notification of change in shareholding under the Finnish Securities Market Act
Amer Sports Corporation received a notification from Allianz Global Investors GmbH (city and country of residence: Frankfurt/Main, Germany) on November 16, 2017, in accordance with the Finnish Securities Markets Act Chapter 9, Section 5. According to the notification, the proportion of Allianz Global Investors GmbH of the total number of Amer Sports Corporation’s shares and voting rights increased above five (5) per cent on November 16, 2017.

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, 2017

Shareholder	Shares	Controlled corporations
Board of Directors		
Bruno Sälzer	62,447	
Manel Adell	1,142	18,230
Ilkka Brotherus	2,694,658	*
Christian Fischer	16,304	
Tamara Minick-Scokalo	1,142	
Hannu Ryöppönen	28,763	
Lisbeth Valther	2,896	
Executive Board		
Heikki Takala	202,925	
Rob Barker	34,606	
Michael Dowse	42,319	
Sebastian Lund	1,710	
Heikki Norta	8,662	
Jean-Marc Pambet	73,715	
Michael Schineis	67,054	
Jussi Siitonen	78,107	
Michael White	62,471	
TOTAL	3,378,921	18,230
% of shares	2.9	0.0
Including controlled corporations	3,406,681	
% of shares	2.9	

** Acquisition of forward contracts by a controlled corporation as published in the managers' transactions notification on May 8, 2017.*

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 9, 2017, the following resolutions were approved:

Adoption of the annual accounts and consolidated annual accounts

The Annual General Meeting (AGM) approved Amer Sports annual accounts and consolidated annual accounts for the financial year ended December 31, 2016.

Resolution on use of the profit shown on the balance sheet and the capital repayment

The AGM resolved that a capital repayment of EUR 0.62 per share be paid to shareholders. The capital repayment will be paid from the invested unrestricted equity fund. The capital repayment will be paid to a shareholder who is registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the capital repayment March 13, 2017. The capital repayment was paid on March 30, 2017. The AGM resolved that no dividend will be paid from the retained earnings.

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 2016.

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 2018 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 seven (7).

Election of members of the Board of Directors
The AGM re-elected Ilkka Brotherus, Christian Fischer, Hannu Ryöppönen, Bruno Sälzer and Lisbeth Valther as members of the Board of Directors. Manel Adell and Tamara Minick-Scokalo were elected as new members of the Board of Directors. The Board of Directors' term of service will run until the close of the 2018 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.

Amendment of the Articles of Association
The AGM resolved that Article 4 of the Articles of Association is amended so that the age limit for the election of members of the Board of Directors is removed. In addition, the AGM resolved that Article 8, Section 9, of the Articles of Association is amended so that it corresponds to the changed terminology of the Auditing Act.

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.

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."

After the amendment Article 8, Section 9, reads as follows:
"9. one Auditor who shall be an audit firm, for a term of one financial year; and"

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 unrestricted 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 Bruno Sälzer 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**:** Lisbeth Valther (Chairman), Manel Adell, Tamara Minick-Scokalo, Ilkka Brotherus
- Nomination Committee**:** Ilkka Brotherus (Chairman), Bruno Sälzer, Hannu Ryöppönen
- Audit Committee**:** Hannu Ryöppönen (Chairman), Christian Fischer, Lisbeth Valther, Bruno Sälzer

CHANGES IN GROUP STRUCTURE
In March, Amer Sports acquired Armada, the iconic US ski brand, with annual net sales of approximately USD 10 million. The acquisition includes the Armada brand, Armada branded products, as well as intellectual property and distribution rights. The transaction value was USD 4.1 million, of which USD 2.5 million was settled with cash. Armada was integrated into Amer Sports Winter Sports Equipment business unit. The acquisition had no material impact on Amer Sports 2017 financial results.

RESTRUCTURING AS FURTHER ENABLER FOR TRANSFORMATION AND PRODUCTIVITY
In February 2017, Amer Sports expanded the cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points by the end of 2018, with full impact of approximately EUR 30 million annually from 2019 onwards. Restructuring expenses and write-downs will be approximately EUR 45 million (pre-tax, reported under "Items affecting comparability"), of which EUR 37.1 million was recognized during the second half of 2017 and the remaining balance will be recognized in 2018. In 2017, the cash flow impact was EUR 14.7 million, and the impact in 2018 is expected to be approximately EUR 5 million. The first part of the restructuring program announced in August 2016 has been successfully completed.

2020 GROWTH TARGET UPDATED, PRIORITIZING SUSTAINABLE PROFITABLE GROWTH
In August 2017, Amer Sports updated its 2020 growth target, prioritizing sustainable, profitable growth. The company targets annual mid-single digit organic, currency-neutral growth instead of the previous target of EUR 3.5 billion by 2020. The change reflects the challenging wholesale market in the US. The company will

continue to focus on its five strategic priorities (Apparel and Footwear, Business to Consumer, China, US, and Connected Devices and Services) whilst accelerating its consumer-led transformation.

Amer Sports' updated financial targets are:

- Net sales: mid-single digit organic, currency-neutral annual growth
- Profit (unchanged): Annual EBIT growth (excl. items affecting comparability, IAC) ahead of net sales growth
- Cash flow conversion (unchanged): Free cash flow / net profit at least 80%
- Net debt / EBITDA (unchanged): Year-end net debt / EBITDA ratio max 3x

Compared to the previous financial targets set in 2016, the updated targets focus on profitable growth, with priority on profitability. The previous growth target was to reach a net sales of EUR 3.5 billion by 2020, with minimum mid-single digit organic, currency-neutral annual growth. Other financial targets are unchanged.

ADJUSTMENTS TO THE PERFORMANCE SHARE PLAN 2016

To align the Company incentive programs to the updated financial targets and strategic glidepath, Amer Sports Board of Directors decided on adjustments to the Performance Share Plan 2016 for the Company's key personnel. The updated long term incentive program ensures that the performance of the company management is tied to the strategy and targets, and that strategic continuity and retention of key management is further safeguarded.

The Plan comprises a three-year performance period covering the period of 2018-2020, instead of one-year performance periods. The performance targets will be net sales growth and EBIT margin for the earning period 2018-2020. The potential share reward payable based on the plan will be paid in the spring 2021, provided that the performance targets for the plan are achieved. The potential reward will be paid in listed shares of Amer Sports Corporation, added with a cash portion to cover the taxes and tax-like items payable by the participants on the reward.

The Plan is directed to key personnel of approximately 340 persons, including the members of the Group Executive Board. If the performance targets set for the period 2018-2020 are fully achieved, the aggregate maximum number of shares to be paid under the plan is 650,000 shares.

The Board of Directors anticipates that no new shares need to be issued based on the plan and that the plan will, therefore, have no dilutive effect on the registered number of the company's shares.

Further information about the Performance Share Plan 2016 and the related adjustments is available at https://www.amersports.com/investors/governance/remuneration/long-term-incentives/.

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 and/or personal 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, aluminum, 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 the US dollar and, to lesser extent, from Canadian dollar, British pound and Swiss franc. Amer Sports uses hedging instruments to mitigate the impact of exchange rate fluctuations.

OUTLOOK FOR 2018

In 2018, Amer Sports' net sales in local currencies as well as EBIT excl. IAC are expected to increase from 2017. Due to ongoing wholesale market uncertainties, the quarterly growth and improvement are expected to be uneven. The company will prioritize sustainable, profitable growth, focusing on its five strategic priorities (Apparel and Footwear, Direct to Consumer, China, US, and Connected Devices and Services) whilst continuing its consumer-led transformation.

BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTION OF EARNINGS

The parent company's distributable earnings amount to EUR 283,822,713.65 of which the net result for the period is EUR 150,114,662.20.

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

- A capital repayment of EUR 0.70 per share, totaling EUR 82,962,099.50 to be paid to shareholders
- EUR 200,860,614.15 to be carried forward in distributable earnings

Totaling EUR 283,822,713.65

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 the tables 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/ 2017	10-12/ 2016	Change %	1-12/ 2017	1-12/ 2016	Change %
NET SALES	803.1	772.4	4	2,685.2	2,622.1	2
Cost of goods sold	-447.5	-428.0		-1,478.3	-1,409.7	
License income	1.6	2.0		5.7	6.8	
Other operating income	3.0	2.5		7.0	8.8	
Research and development expenses	-27.2	-30.1		-120.2	-97.5	
Selling and marketing expenses	-195.5	-199.4		-744.2	-731.1	
Administrative and other expenses	-51.6	-46.3		-186.9	-194.6	
EARNINGS BEFORE INTEREST AND TAXES	85.9	73.1		168.3	204.8	
% of net sales	10.7	9.5		6.3	7.8	
Financing income and expenses	-6.3	-7.9		-26.3	-31.8	
EARNINGS BEFORE TAXES	79.6	65.2		142.0	173.0	
Taxes	-32.4	-17.3		-48.7	-46.1	
NET RESULT	47.2	47.9		93.3	126.9	
Attributable to:						
Equity holders of the parent company	47.2	47.9		93.3	126.9	
Earnings per share, EUR	0.41	0.41		0.80	1.08	
Earnings per share, diluted, EUR	0.41	0.40		0.80	1.07	
Adjusted average number of shares in issue less own shares, million				116.7	117.5	
Adjusted average number of shares in issue less own shares, diluted, million				117.2	118.1	
Equity per share, EUR				7.71	8.53	
ROCE, % *)				12.2	14.8	
ROE, %				9.9	13.0	
Average rates used: EUR 1.00 = USD	1.1770	1.0805		1.1286	1.1071	

*) 12 months' rolling average

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Net result	47.2	47.9	93.3	126.9
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement effects of postemployment benefit plans	8.5	13.9	2.2	-8.9
Income tax related to remeasurement effects	-2.7	-10.3	-0.5	-3.2
Items that may be reclassified to profit or loss				

Translation differences	1.4	18.0	-28.0	16.1
Cash flow hedges	-0.3	23.7	-68.4	-20.0
Income tax related to cash flow hedges	0.0	-4.7	13.6	4.0
Other comprehensive income, net of tax	6.9	40.6	-81.1	-12.0
Total comprehensive income	54.1	88.5	12.2	114.9
Total comprehensive income attributable to:				
Equity holders of the parent company	54.1	88.5	12.2	114.9

NET SALES BY OPERATING SEGMENT

	10-12/ 2017	**10-12/ 2016**	**Change %**	**1-12/ 2017**	**1-12/ 2016**	**Change %**
Outdoor	527.3	490.7	7	1,670.9	1,601.8	4
Ball Sports	161.2	171.9	-6	653.2	671.1	-3
Fitness	114.6	109.8	4	361.1	349.2	3
Total	803.1	772.4	4	2,685.2	2,622.1	2

GEOGRAPHIC BREAKDOWN OF NET SALES

	10-12/ 2017	**10-12/ 2016**	**Change %**	**1-12/ 2017**	**1-12/ 2016**	**Change %**
EMEA	368.3	345.3	7	1,173.5	1,133.7	4
Americas	317.6	314.5	1	1,122.2	1,116.0	1
Asia Pacific	117.2	112.6	4	389.5	372.4	5
Total	803.1	772.4	4	2,685.2	2,622.1	2

EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC) BY OPERATING SEGMENT

	10-12/ 2017	**10-12/ 2016**	**Change %**	**1-12/ 2017**	**1-12/ 2016**	**Change %**
Outdoor	76.2	69.7	9	179.3	196.9	-9
Ball Sports	13.5	12.8	5	44.9	44.8	0
Fitness	12.4	6.8	82	20.1	17.0	18
Headquarters*)	-9.5	-8.0		-29.3	-37.0	
EBIT excluding IAC	92.6	81.3	14	215.0	221.7	-3
IAC	-6.7	-8.2		-46.7	-16.9	
EBIT	85.9	73.1	18	168.3	204.8	-18

*) 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/ 2017**	**10-12/ 2016**	**1-12/ 2017**	**1-12/ 2016**
Earnings before interest and taxes		85.9	73.1	168.3	204.8
Adjustments to cash flow from operating activities and depreciation		16.4	18.2	84.5	63.2
Change in working capital		98.4	104.7	46.1	-57.5
Cash flow from operating activities before financing items and taxes		200.7	196.0	298.9	210.5
Interest paid and received		-7.5	-6.2	-28.0	-27.3
Income taxes paid and received		-8.9	-5.0	-29.9	-32.9
Net cash flow from operating activities		184.3	184.8	241.0	150.3
Acquired operations		-	-14.4	-2.3	-56.8
Capital expenditure on non-current tangible and					-91.7

	Note				
intangible assets		-33.9	-24.1	-83.6	
Proceeds from sale of tangible non-current assets		-0.1	0.0	0.8	0.6
Net cash flow from investing activities		-34.0	-38.5	-85.1	-147.9
Repurchase of own shares		-29.6	-	-53.1	-
Capital repayment/dividends paid	3	-	-	-72.7	-64.7
Change in debt and other financing items		8.5	-26.2	-30.3	92.8
Net cash flow from financing activities		-21.1	-26.2	-156.1	28.1
Cash and cash equivalents on October 1/January 1		229.3	244.9	364.0	331.4
Translation differences		-0.1	-1.0	-5.4	2.1
Change in cash and cash equivalents		129.2	120.1	-0.2	30.5
Cash and cash equivalents on December 31		358.4	364.0	358.4	364.0
Free cash flow *)		156.2	152.8	161.3	64.4

*) 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, 2017**	**December 31, 2016**
Assets			
Goodwill		344.3	373.4
Other intangible non-current assets		304.9	332.3
Tangible non-current assets		228.0	226.0
Other non-current assets		112.5	119.8
Inventories and work in progress		477.9	513.6
Current tax receivables		17.6	17.4
Other receivables		760.6	768.6
Cash and cash equivalents		358.4	364.0
Total assets	2	2,604.2	2,715.1
Shareholders' equity and liabilities			
Shareholders' equity		888.0	1,003.1
Long-term interest-bearing liabilities		632.8	846.2
Other long-term liabilities		135.3	136.7
Current interest-bearing liabilities		186.3	53.7
Current tax liabilities		48.0	32.1
Other current liabilities		667.8	603.6
Provisions		46.0	39.7
Total shareholders' equity and liabilities		2,604.2	2,715.1
Equity ratio, %		34.1	36.9
Gearing, %		52	53
EUR 1.00 = USD		1.1993	1.0541

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Remeasure-ments	Invested unrestricted equity reserve	Retained earnings	Total
Balance at Jan. 1, 2016		292.2	12.1	-18.1	17.0	43.8	-35.1	163.1	474.6	949.6
Other comprehensive income:										
Translation differences					16.1					16.1
Cash flow and fair value hedges						-20.0				-20.0
Income tax related to OCI						4.0	-3.2			0.8
Remeasurement effects of postemployment benefit plans							-8.9			-8.9
Net result									126.9	126.9
Total comprehensive income					16.1	-16.0	-12.1		126.9	114.9
Transactions with owners:										
Share-based incentive program				2.6					0.7	3.3
Dividend distribution	3								-64.7	-64.7
Balance at Dec. 31, 2016		292.2	12.1	-15.5	33.1	27.8	-47.2	163.1	537.5	1,003.1
Balance at Jan. 1, 2017		292.2	12.1	-15.5	33.1	27.8	-47.2	163.1	537.5	1,003.1
Other comprehensive income:										
Translation differences					-28.0					-28.0
Cash flow and fair value hedges						-68.4				-68.4
Income tax related to OCI						13.6	-0.5			13.1
Remeasurement effects of postemployment benefit plans							2.2			2.2
Net result									93.3	93.3
Total comprehensive income					-28.0	-54.8	1.7		93.3	12.2
Transactions with owners:										
Repurchased own shares				-53.1						-53.1
Share-based incentive program				1.8					0.5	2.3
Capital repayment	3							-72.7		-72.7
Other									-3.8	-3.8
Balance at Dec. 31, 2017		292.2	12.1	-66.8	5.1	-27.0	-45.5	90.4	627.5	888.0

QUARTERLY BREAKDOWN OF NET SALES AND EBIT EXCLUDING IAC

NET SALES	Q4/ 2017	Q3/ 2017	Q2/ 2017	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016
Outdoor	527.3	509.1	238.3	396.2	490.7	505.7	231.0	374.4
Ball Sports	161.2	139.6	167.5	184.9	171.9	147.0	165.5	186.7
Fitness	114.6	84.5	81.5	80.5	109.8	84.1	80.9	74.4
Total	803.1	733.2	487.3	661.6	772.4	736.8	477.4	635.5

EBIT	Q4/ 2017	Q3/ 2017	Q2/ 2017	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016
Outdoor	76.2	105.4	-31.1	28.8	69.7	105.5	-16.0	37.7
Ball Sports	13.5	5.9	9.0	16.5	12.8	5.3	7.7	19.0
Fitness	12.4	4.5	2.5	0.7	6.8	5.4	4.5	0.3
Headquarters	-9.5	-6.8	-5.2	-7.8	-8.0	-9.7	-8.3	-11.0
EBIT excluding IAC	92.6	109.0	-24.8	38.2	81.3	106.5	-12.1	46.0
IAC	-6.7	-34.3	1.0	-6.7	-8.2	-2.4	-	-6.3
EBIT	85.9	74.7	-23.8	31.5	73.1	104.1	-12.1	39.7

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, 2017 as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2016 have also been applied in the preparation of the interim financial information.

From January 1, 2018 Amer Sports will adopt IFRS 9 and IFRS 15.

The new standard **IFRS 9 Financial instruments** gives guidance on the classification, measurement and impairment of the financial instruments as well as general hedge accounting and derecognition of financial instruments. IFRS 9 replaces the current standard IAS 39. Amer Sports will adopt the new standard from the annual period beginning on January 1, 2018.

Amer Sports has evaluated that by applying the provision matrix as a practical expedient for measuring ECLs (Expected Credit Losses) on trade receivables, EUR 2.7 million would have positively impacted the income statement in 2017 decreasing the expected credit losses and increasing the trade receivables. The adoption of IFRS 9 will require certain changes in the classification of the financial instruments and the disclosures thereof. Amer Sports will classify its other non-current financial assets, currently classified as Loans and other receivables, as Financial assets measured at amortised cost. The non-current financial assets, currently classified as Available-for-sale financial assets, will be classified as Financial assets at fair value through OCI. The hold-to-collect accounts receivables, other non-interest yielding receivables, cash and cash equivalents, commercial papers and deposits will be classified as Financial assets measured at amortised cost instead of the current classification of Loans and other receivables. The available-for-sale factoring receivables, promissory notes and investments on money market funds, currently classified as Loans and other receivables, will be classified as Financial assets at fair value through OCI.

The new standard **IFRS 15 Revenue from contracts with customers** outlines the accounting requirements for when and how much to recognize revenue from the sale of goods and rendering of services based on a new five-step framework. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer when the control transfers to the customer either over time or at a point in time. IFRS 15 replaces the existing revenue standards and interpretations including e.g. IAS 11 Construction contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programs.

Amer Sports will adopt the new standard IFRS 15 Revenue from Contracts with Customers from the annual period beginning on January 1, 2018 using the full retrospective method.

Amer Sports has during 2016 and 2017 analysed and evaluated the impact of IFRS 15 to its financial statements. The areas with the biggest income statement impacts of the identified applicable IFRS 15 areas in Amer Sports are principal vs. agent considerations and transfer of control. Together with the analyzes of the IFRS 15 impacts, Amer Sports has harmonized and sharpened its accounting principles and practices especially related to transfer of control.

Amer Sports provides freight services in all of its operating segments and installation services in its Fitness segment. Currently the revenue from both the freight and installation services have been netted against the related expenses. As Amer Sports acts as the principal in rendering the freight and installation services, netting of the revenue and expenses is no longer applicable according to IFRS 15. In 2017 the impact would have accounted for an increase of EUR 16.7 million in Net Sales relating to freight services, and for an increase of EUR 6.6 million in Net Sales relating to installation services. As the Cost of Goods Sold would have been increased by EUR 16.7 million for freight and by EUR 6.6 million for installation these adjustments would not have had any impact on the Net Profit.

Transfer of control relates to the invoiced products where the risks of ownership have not been transferred to the customer at the reporting date. In these cases the revenue cannot be recognized at the reporting date, but will be recognized in the following period. In 2017 the impact in the income statement would have been immaterial.

The other identified IFRS 15 areas that are applicable to Amer Sports business were trade discounts, customer sales with right of return, customer loyalty campaigns, gift card breakage and extended payment terms. The calculated impact in the income statement from the afore mentioned areas would not have been material or there would not have been any impact in the income statement in 2017.

The calculated impact in the retained earnings from IFRS 15 and the harmonization of the accounting principles on 1.1.2017 is EUR -4.4 million mainly coming from the transfer of control.

The new standard **IFRS 16 Leases** will have significant implications on the recognition of the lease expenses, non-current assets, interest-bearing liabilities as well as on the key financial ratios. Due to the great volume of the lease contracts and related liabilities Amer Sports expects to report significant increases in leasing assets and leasing liabilities. The off-balance sheet operating lease commitments as of December 31, 2017 were EUR 231.9 million (EUR 239.4 million as of December 31, 2016). The number of agreements recognized in the balance sheet under IFRS 16 may differ from the number of agreements recognized as operating lease commitments as the concept of agreements disclosed as lease commitments is somewhat different from the concept used in IFRS 16. In 2017 Amer Sports has collected data of the existing lease contracts, evaluated potential tools for creating the journal entries according to IFRS 16 and created account structures in the ERP systems. Amer Sports will adopt the new standard from the annual period beginning on January 1, 2019.

Other new and revised IFRS and IAS standards, amendments and interpretations that are issued but not yet effective are not expected to have any material impact in the Group’s 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.

	Net sales	EBIT	Financing income and expenses	Earnings before taxes	Assets
1-12/2017					
Outdoor	1,670.9	179.3			1,196.8
Ball Sports	653.2	44.9			489.9
Fitness	361.1	20.1			351.1
Segments, total	2,685.2	244.3			2,037.8
IAC		-46.7			
Headquarters		-29.3	-26.3		566.4
Group total	2,685.2	168.3	-26.3	142.0	2,604.2
1-12/2016					
Outdoor	1,601.8	196.9			1,224.4
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		588.7
Group total	2,622.1	204.8	-31.8	173.0	2,715.1

GEOGRAPHIC BREAKDOWN OF NET SALES

	1-12/ 2017	1-12/ 2016
EMEA	1,173.5	1,133.7
Americas	1,122.2	1,116.0
Asia Pacific	389.5	372.4
Total	2,685.2	2,622.1

3. CAPITAL REPAYMENT/DIVIDENDS

Relating to the year ending on December 31, 2016, the capital repayment distributed to the shareholders of Amer Sports Corporation was EUR 0.62 per share and amounted in total to EUR 72.7 million (2015: dividend 0.55 per share, in total 64.7 million). The capital repayment was paid out in March-April 2017.

4. CONTINGENT LIABILITIES AND SECURED ASSETS

	December 31, 2017	December 31, 2016
Guarantees	35.8	30.2
Liabilities for leasing and rental agreements	231.9	239.4
Other liabilities	72.5	74.2

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 realize. 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, 2017	Financial assets/liabilities at fair value through profit and loss	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		1.6	
Interest rate derivatives and cross currency swaps	10.1		
Current financial assets			
Foreign exchange derivatives	11.0	14.4	
Interest rate derivatives and cross currency swaps	2.2		

Long-term financial liabilities			
Foreign exchange derivatives		3.8	
Interest rate derivatives and cross currency swaps	9.6	1.6	
Current financial liabilities			
Foreign exchange derivatives	2.3	44.3	
Interest rate derivatives and cross currency swaps	13.5	0.7	
Nominal value of foreign exchange derivatives	764.8	1,358.1	
Nominal value of interest rate derivatives	185.0	226.7	
Nominal value of cross currency swaps		76.2	

December 31, 2016	Financial assets/liabilities at fair value through profit and loss	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	135.0	242.8	

derivatives	
Nominal value of cross currency swaps	78.5

8. ACQUIRED AND DIVESTED BUSINESSES

2017
On March 29, 2017 Amer Sports acquired the iconic US ski brand Armada with annual net sales of approximately USD 10 million. The acquisition included the Armada brand, Armada-branded products, as well as intellectual property and distribution rights. The transaction value was USD 4.1 million, of which USD 2.5 million was settled with cash. Armada has been integrated into Amer Sports Winter Sports Equipment business unit. According to the purchase price allocation the fair value of acquired net assets was EUR 4.4 million resulting in a gain of EUR 0.6 million. EUR 2.2 million of the fair value was allocated to Armada trademark, which is amortized in 10 years.

The acquisition had no material impact on Amer Sports 2017 financial results.

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 over 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
TOTAL ASSETS	**50.5**
Interest-free liabilities	2.5
TOTAL LIABILITIES	**2.5**
NET ASSETS	**48.0**
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
Net cash flow on acquisition	**45.0**

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 US, 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.

9. FORMULAS AND BRIDGE CALCULATIONS OF KEY INDICATORS

ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective from 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 relabeled 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/ 2017	**10-12/ 2016**	**1-12/ 2017**	**1-12/ 2016**
EBIT	85.9	73.1	168.3	204.8
IAC	6.7	8.2	46.7	16.9
EBIT excluding IAC	92.6	81.3	215.0	221.7

EBIT % excluding IAC

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

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.

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Significant write-down of the receivable balance from a US sporting goods retailer	-	-	-	6.3
Restructuring program 2016	-	8.2	8.7	10.6
Restructuring program 2016 expansion	5.8	-	37.1	-
Acquisition related accounting adjustments	0.9	-	0.9	-
Items affecting comparability total	6.7	8.2	46.7	16.9

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/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Net result	47.2	47.9	93.3	126.9
IAC	6.7	8.2	46.7	16.9
Tax effect of IAC	-1.8	-2.2	-12.2	-4.5
Write-down of deferred tax assets due to US federal tax rate reduction	10.4	-	10.4	-
Net result excl. IAC	62.5	53.9	138.2	139.3

EBITDA:

EBIT + Depreciations and amortizations

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
EBIT	85.9	73.1	168.3	204.8
Depreciations and amortizations	16.7	15.3	69.4	60.0
EBITDA	102.6	88.4	237.7	264.8

EBITDA excluding IAC

EBIT excluding IAC + Depreciations and amortizations

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
EBIT	85.9	73.1	168.3	204.8
IAC	6.7	8.2	46.7	16.9
Depreciations and amortization	16.7	15.3	69.4	60.0
EBITDA excl. IAC	109.3	96.6	284.4	281.7

NET DEBT

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

	December 31, 2017	December 31, 2016

Long-term interest-bearing liabilities	632.7	846.2
Current interest-bearing liabilities	186.3	53.7
Cash and cash equivalents	-358.4	-364.0
NET DEBT	460.6	535.9

NET DEBT/EBITDA

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

NET DEBT/EBITDA excl. IAC

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

FREE CASH FLOW

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

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Cash flow from operating activities	184.3	184.8	241.0	150.3
Net capital expenditures	-34.0	-24.1	-82.8	-91.1
Restricted cash	5.9	-7.9	3.1	5.2
FREE CASH FLOW	156.2	152.8	161.3	64.4

NET CAPITAL EXPENDITURE

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

	10-12/ 2017	10-12/ 2016	1-12/ 2017	1-12/ 2016
Total capital expenditure on non-current tangible and intangible assets	-33.9	-24.1	-83.6	-91.7
Proceeds from sale of assets	-0.1	-	0.8	0.6
NET CAPITAL EXPENDITURE	-34.0	-24.1	-82.8	-91.1

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