

AMER GROUP PLC

INTERIM REPORT JANUARY – MARCH 2002

- Amer Group's first quarter net sales increased by 5% to EUR 289.4 million (2001: EUR 276.2 million).
- Operating profit amounted to EUR 15.3 million (2001: EUR 14.4 million).
- Profit before extraordinary items totalled EUR 14.7 million (2001: EUR 10.9 million) and earnings per share were EUR 0.46 (2001: EUR 0.35).
- The Group's results for the 2002 financial year are expected to reach last year's good level.



AMER SPORTS

 **Wilson.**

 **SUUNTO**

 **ATOMIC**

NET SALES AND RESULTS

Consolidated net sales were up 5% at EUR 289.4 million (2001: EUR 276.2 million). Comparable net sales increased by 8% and operating profit by 13%. Profit before extraordinary items amounted to EUR 14.7 million compared to EUR 10.9 million in the first quarter of 2001.

Wilson's net sales increased by 7% and operating profit rose by 35%. Net sales of all its divisions improved. Wilson's sales grew rapidly in both Europe and Southern Asia Pacific, rising by 12% and 16% respectively. Sales also rose slightly in the USA and Canada, but declined in Japan.

Atomic's net sales grew by 10%. The operating loss was EUR 1.5 million (2001: EUR 0.2 million profit). Due to its seasonality, Atomic's deliveries mainly take place in the latter part of the year. Atomic registered its biggest increase in net sales in the USA, where they increased by 39%.

Suunto's net sales were up by 8%. Operating profit decreased to EUR 1.6 million (2001: EUR 2.4 million). Suunto continued to invest in R&D and marketing.

Amer Tobacco's net sales increased by 12%. Operating profit was EUR 1.7 million (2001: EUR 2.0 million). Net sales increased due to higher sales in Finland and deliveries of tax free Marlboro outside Finland.

The Group's net financing expenses totalled EUR 0.6 million (2001: EUR 3.5 million).

CAPITAL EXPENDITURE

The Group's gross capital expenditure amounted to EUR 4.1 million (2001: EUR 4.8 million).

RESEARCH AND DEVELOPMENT

A total of EUR 6.1 million was invested in research and development, representing 2.1% of net sales in the period (2001: EUR 5.6 million).

FINANCE

The equity ratio increased from 44.7% as at 31 March 2001 to 48.1% (50.7% as at 31 December 2001), while gearing decreased from 47% to 25% (26% as at 31 December 2001).

The Group's net debt decreased to EUR 106.1 million at the period end, compared to EUR 114.5 million as at 31 December 2001. Liquid assets amounted to EUR 33.7 million at the period end.

PERSONNEL

The Group employed 3,771 people at the end of the period under review compared to 3,734 at the year-end and an average of 3,747 during the period. At the end of the period, a total of 1,392 were employed in the US, 660 in Finland, 622 in Austria and 1,097 in the rest of the world.

SHARES AND SHAREHOLDERS

A total of 21.3% of Amer Group Plc's shares in issue were traded during the period under review, of which approximately 3.87 million were traded on the Helsinki Exchanges and approximately 1.27 million on the London Stock Exchange, totalling 5.1 million shares.

In Helsinki the share price low was EUR 27.00, the high EUR 34.89 and the average EUR 31.19, and in London, GBP 17.16, 21.16 and 19.57, respectively.

There were 10,647 registered shareholders at the end of March. Nominees accounted for 52% of the shares in issue at the period end.

During the period under review, a total of 26,650 new shares were registered. The shares were already subscribed for last year as a result of an exercise of 1998 A warrants. As a result of the corresponding increase in the Company's share capital, Amer Group Plc's share capital now totals EUR 96,570,280 and the total number of shares in issue is now 24,142,570. In addition, the Company's share capital may still increase by 784,950 new shares as a result of the 1998 warrant subscription.

The Company's market capitalisation excluding the repurchased shares stood at EUR 748.5 million at the end of March.

The B warrants of the Amer Group Plc 1998 stock option plan were introduced to the main list of the Helsinki Exchanges and simultaneously combined with the A warrants as one security on 11 January 2002. The number of B warrants is 255,000. The share subscription started on 1 January 2002.

At the end of the period the Board of Directors had no share issue authorisation outstanding.

AGM RESOLUTIONS

Based on a resolution approved by Amer Group Plc's Annual General Meeting on 21 March 2002, a dividend of EUR 1.10 per share was distributed for the 2001 financial year. The dividend was paid on 4 April 2002.

The AGM adopted the Board's proposal that 900,000 warrants be issued to Amer Group's key personnel with entitlement to subscribe for a maximum of 900,000 Amer Group shares. Of these warrants, 300,000 will be offered for subscription to the Group's key personnel and 600,000 will be offered for subscription to a company belonging to the same group of Amer companies in order that the warrants may, at a later date, be offered to the key persons determined by Amer Group's Board of Directors. The warrants can be subscribed for from 10 April to 30 June 2002. The share subscription price is EUR 32.36, which according to the warrant terms was the trade volume weighted average quotation of Amer Group Plc shares on the Helsinki Exchanges during the period 1 January - 15 February 2002 plus 10 per cent. The subscription period of the shares will commence on 1 January 2005 and end on 31 December 2007.

The AGM adopted the Board's proposal to dispose of and sell the Company's own shares. Currently the Group owns 968,300 of its own shares.

The number of members of the Board of Directors was resolved to be six. Of those Board members whose term was scheduled to expire, Mr Felix Björklund was re-elected for the term 2002-2004. At its first meeting the new Board of Directors elected Mr Pekka Kainulainen as Chairman and Mr Ilkka Brotherus as Vice Chairman, respectively.

PricewaterhouseCoopers Oy, Authorised Public Accountants, were elected Auditors of the Company. The auditor in charge of the audit is Mr Göran Lindell, Authorised Public Accountant.

DIVISIONAL HIGHLIGHTS

RACQUET SPORTS

The Racquet Sports Division's net sales increased slightly, while operating profit remained at last year's level. Wilson maintained its market share in its major markets. Globally, Wilson is the market leader in tennis racquets and is number three in tennis balls.

The tennis racquet market grew slightly in the UK and France, stabilised in the US and continued to decline in Japan and Germany.

Sales of Triad racquets have been strong. The Triad 3.0 is now the best selling performance racquet in the world, while the other Triad racquets (2.0 and 4.0) are also top ten sellers in the US.

The Racquet Sports division's sales are expected to grow slightly in 2002, and operating profit is also expected to improve slightly.

GOLF

In the Golf Division, both net sales and profitability improved. Sales of high performance clubs increased substantially. Profitability also improved due to lower operating expenses resulting from the cost reductions made at the end of 2001.

The overall golf club and golf ball markets are estimated to have remained at last year's level. The number of rounds played grew slightly in the US and the UK. The economic situation remained uncertain in Japan and golf equipment sales continued to decrease.

Performance club sales grew significantly due to the success of the new Deep Red fairway woods, the Deep Red irons and the new Deep Red 365 driver. The new clubs have been well received by the trade. Sales of lower priced clubs decreased slightly. As a whole, Wilson's market share in golf clubs grew in its major markets of the US, the UK and Canada.

The golf ball market continued to be extremely competitive. Wilson's golf ball sales declined slightly. Wilson is responding to this fierce competition by increasing its direct consumer marketing and tour spending.

Deliveries of the new performance golf ball, Wilson Staff True, with new technology began in February in the USA. Wilson Staff True is the first perfectly balanced golf ball. Initial reactions from both the trade and consumers have been positive.

Due to the seasonality of the golf market, the second quarter is critical to annual golf sales. The stiff competition in the golf ball market is expected to continue. The Golf Division's net sales are expected to grow slightly and the Division is expected to be profitable in 2002.

TEAM SPORTS

The Team Sports Division's net sales grew by 6% and its operating profit improved. Team Sports' sales increased particularly in Canada, Japan and Latin America.

The team sports market remained flat. Wilson maintained its position as the number one team sports company in the USA with a leading market position in every key team sports category: American football (market leader), basketball (market leader), and baseball (number two).

Deliveries of new baseball gloves and bats and the Wilson GST football launched late last year commenced, and these products have been received well by the market.

The Team Sports Division's net sales are expected to increase slightly in 2002, driven by new product launches. Operating profit is expected to remain at last year's good level.

WINTER SPORTS

Atomic's net sales increased by 10%. The operating loss was EUR 1.5 million (2001: EUR 0.2 million profit). Due to seasonality, Atomic's deliveries mainly take place in the latter part of the year.

The global market is estimated to have declined, as a result of poor snow conditions in many areas, continuing economic concerns in Japan, and a reduction in the number of skiers traveling to resorts in North America.

Atomic's alpine ski sales grew by 7%, and binding sales increased by 14%. Alpine ski boot sales were up 8%. Cross-country ski and snowboard sales were flat compared to last year. Geographically, the strongest growth was in the USA, where sales increased by 39%.

The level of advance orders indicates a slight downturn in the market in 2002, reflecting the high inventory levels in many key markets. However, Atomic is expected to continue to gain market share in alpine skiing. Sales in both cross-country skis and snowboarding will remain at last year's level.

For the year as a whole a slight increase in net sales is expected. Operating profit is expected to decline slightly compared to last year's record result. Atomic will continue to invest in R&D projects and marketing to enhance its long-term growth potential.

SPORTS INSTRUMENTS

Sports instrument sales increased by 8% to EUR 21.5 million. Suunto's operating profit was EUR 1.6 million (2001: EUR 2.4 million). Suunto continued to invest in R&D and marketing communications.

Suunto's fastest growing product category was wristop computers: sales rose by 35%. Suunto's diving instruments also performed well and sales increased slightly, despite the general decline in the diving market. Sales of diving and water sports suits grew by 13%. In a declining market, sales of compasses and precision instruments decreased by 12%.

After the end of the period under review, Suunto bought a 60% majority shareholding in Meiga Innovations, a specialist in sports related software. Meiga Innovations employs 15 people.

The general and economic instability in the global market place will continue to have a dampening effect on the diving industry. However, sales of Suunto diving instruments are expected to grow slightly. The growth in wristop computers is expected to continue, partly due to the distribution strength provided by Amer Sports' sales organisations and partly to the new wristop products that are being rolled out during the remainder of the year.

For the year as a whole, it is expected that sports instrument sales will continue to grow and operating profit will improve.

AMER TOBACCO

Amer Tobacco's net sales grew by 12%. In addition to the increase in sales volumes, tax-free deliveries of Marlboro products to neighbouring areas contributed to the improvement in net sales. Amer Tobacco's operating profit decreased to EUR 1.7 million (2.0 million).

Amer Tobacco's market share grew slightly. Cigarette deliveries grew by 5% and cigar deliveries by 14%.

Net sales are expected to grow compared to last year as a result of increased market share in Amer Tobacco's domestic market. In addition, the extension of the co-operations with Philip Morris and also with Swedish Match in Finland and the Baltic countries are expected to increase sales. Operating profit is expected to decline slightly due to the strong US dollar, which increases the price of raw materials.

2002 PROSPECTS

The sports equipment market has remained stable in the USA and in Europe. A rapid increase in demand is not expected for the year as a whole. In Japan, the sports equipment market is expected to continue to decline as a result of the local economic situation.

In addition to the economic background, demand for sports equipment is strongly affected by sports related issues, such as product innovations and the number of participants in a specific sport. Amer Group benefits from being balanced by its wide portfolio of sports as well as by its geographic diversification.

The golf market is expected to grow slightly. Due to the seasonality of the golf market, the current, second quarter is impor-

tant. Competition will continue to be fierce in the golf ball market in particular.

The 2001/2002 winter sports season was weak in many key winter sports markets because of poor snow conditions. The trade has higher inventory levels than usual. The winter sports market is expected to decline slightly compared to last year.

The tennis market is expected to grow slightly. The team sports markets are expected to remain at last year's level. In sports instruments, growth is expected to continue, with Suunto bringing several new products to the market during the year.

The Group's operating profit for the 2002 financial year is expected to reach last year's good level.

Helsinki 7 May 2002

AMER GROUP PLC
Board of Directors

All forecasts and estimates mentioned in this report are based on management's current judgement of the economic environment and the actual results may be significantly different.

The interim report for the period January to June will be published on 6 August 2002.

EUR million	Unaudited.	Jan-March 2002	Jan-March 2001	Change %	Jan-Dec 2001
CONSOLIDATED RESULTS					
NET SALES		289.4	276.2	5	1,099.8
Depreciation		8.4	8.5		34.9
OPERATING PROFIT		15.3	14.4	6	98.6
Net financing expenses		-0.6	-3.5		-9.3
PROFIT BEFORE EXTRAORDINARY ITEMS		14.7	10.9	35	89.3
Extraordinary items		-	-		-
PROFIT BEFORE TAXES		14.7	10.9		89.3
Taxes		-4.1	-2.5		-20.5
Minority interest		0.0	0.0		-0.3
PROFIT		10.6	8.4		68.5
Earnings per share, EUR					
Earnings per share, EUR		0.46	0.35		2.90
Adjusted average number of shares in issue, million		23.2	24.0		23.6
Equity per share, EUR		18.06	16.88		18.71
ROCE, % *)		17.5	15.7		17.0
ROE, %		9.7	7.9		15.6
Average rates used:					
EUR 1.00 = USD		0.88	0.92		0.90
AVERAGE PERSONNEL		3,747	4,316		4,015
*) 12 months rolling average					
The relative proportion of the estimated tax charge for the full financial year has been charged against the results for the period.					
In financial ratios shareholders' equity and number of shares exclude own shares.					
NET SALES BY BUSINESS AREAS					
Racquet Sports		73.8	69.4	6	264.8
Golf		66.2	60.5	9	235.9
Team Sports		72.0	68.1	6	204.7
Winter Sports		31.1	28.4	10	199.3
Sports instruments		21.5	19.9	8	83.4
Tobacco		24.8	22.2	12	103.9
		289.4	268.5	8	1,092.0
Sold operations		-	7.7		7.8
Total		289.4	276.2	5	1,099.8
BREAKDOWN OF OPERATING PROFIT					
Wilson		17.9	13.3	35	47.0
Winter Sports		-1.5	0.2		40.2
Sports instruments		1.6	2.4	-33	10.1
Tobacco		1.7	2.0	-15	9.6
Headquarters		-2.1	-1.9		0.3
Group goodwill		-2.3	-2.4		-9.3
		15.3	13.6	13	97.9
Sold operations		0.0	0.8		0.7
Total		15.3	14.4	6	98.6
GEOGRAPHIC BREAKDOWN OF NET SALES					
North America		168.9	157.0	8	562.1
Finland		23.9	28.5	-16	114.7
Rest of Europe		64.2	59.1	9	278.8
Japan		13.6	15.2	-11	60.6
Asia Pacific		9.2	8.3	11	35.9
Other		9.6	8.1	19	47.7
Total		289.4	276.2	5	1,099.8

EUR million	Unaudited.	Jan-March 2002	Jan-March 2001	Jan-Dec 2001
CONSOLIDATED CASH FLOW STATEMENT				
Net cash from operating activities		12.4	-18.2	93.2
Net cash from investing activities		-3.6	-2.8	11.8
Net cash from financing activities		-3.9	12.4	-118.1
Net increase/decrease in cash and cash equivalents		4.9	-8.6	-13.1
Cash and cash equivalents at 1 Jan		28.8	40.8	41.6
Cash and cash equivalents at 31 March /31 December		33.7	32.2	28.5
CONSOLIDATED BALANCE SHEET				
Assets		31 March 2002	31 March 2001	31 Dec 2001
Goodwill		207.5	213.2	208.1
Other intangible fixed assets		19.2	21.1	19.8
Tangible fixed assets		150.7	151.8	151.9
Long-term investments		52.8	60.0	56.0
Inventories and work in progress		162.2	171.1	155.2
Receivables		292.0	299.6	282.4
Marketable securities		3.0	0.2	1.5
Cash and cash equivalents		30.7	32.0	27.0
Assets		918.1	949.0	901.9
Shareholders' equity and liabilities				
Shareholders' equity		443.4	426.3	458.1
Minority interest		11.2	10.9	11.2
Provision for contingent losses		2.5	4.1	2.8
Long-term interest-bearing liabilities		71.2	116.3	73.4
Other long-term liabilities		17.8	29.0	19.6
Short-term interest-bearing liabilities		68.6	109.1	69.6
Other short-term liabilities		303.4	253.3	267.2
Shareholders' equity and liabilities		918.1	949.0	901.9
Equity ratio, %		48.1	44.7	50.7
Gearing, %		25	47	26
EUR 1.00 = USD		0.87	0.88	0.88
CONTINGENT LIABILITIES AND SECURED ASSETS, CONSOLIDATED				
		31 March 2002	31 March 2001	31 Dec 2001
Charges on assets		-	7.3	-
Mortgages pledged		21.7	19.0	17.3
Guarantees		-	1.5	-
Liabilities for leasing and rental agreements		54.4	54.9	55.6
Other liabilities		40.4	40.7	40.9
There are no guarantees or contingencies given for the management of the company, the shareholders or the associated companies.				
NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS				
		31 March 2002	31 March 2001	31 Dec 2001
Nominal value				
Foreign exchange forward contracts		324.0	324.3	306.6
Forward rate agreements		80.0	19.8	50.0
Fair value				
Foreign exchange forward contracts		-1.1	-4.5	1.9
Forward rate agreements		-0.1	0.0	0.0

EUR million	2002	2001				2000		
	I	IV	III	II	I	IV	III	II
QUARTERLY BREAKDOWN OF NET SALES								
Racquet Sports	73.8	48.2	73.1	74.1	69.4	51.4	70.2	71.5
Golf	66.2	38.0	47.5	89.9	60.5	46.0	52.8	89.3
Team Sports	72.0	41.9	45.6	49.1	68.1	48.8	41.7	44.4
Wilson total	212.0	128.1	166.2	213.1	198.0	146.2	164.7	205.2
Atomic	31.1	68.2	91.6	11.1	28.4	68.7	74.3	9.4
Suunto	21.5	22.1	18.4	23.0	19.9	20.2	14.8	18.9
Tobacco	24.8	26.1	28.3	27.3	22.2	26.1	26.3	24.4
	289.4	244.5	304.5	274.5	268.5	261.2	280.1	257.9
Sold operations	-	-	-	0.1	7.7	7.4	6.2	7.5
Total	289.4	244.5	304.5	274.6	276.2	268.6	286.3	265.4

EUR million	2002	2001				2000		
	I	IV	III	II	I	IV	III	II
QUARTERLY BREAKDOWN OF OPERATING PROFIT								
Wilson	17.9	0.6	7.0	26.1	13.3	3.8	10.9	26.2
Atomic	-1.5	16.8	28.4	-5.2	0.2	18.1	22.3	-3.0
Suunto	1.6	2.2	2.3	3.2	2.4	2.0	1.0	3.5
Tobacco	1.7	2.1	2.6	2.9	2.0	2.4	2.3	3.5
Headquarters	-2.1	-2.4	-4.3	8.9	-1.9	-5.9	1.0	-1.8
Group goodwill	-2.3	-2.3	-2.3	-2.3	-2.4	-2.5	-2.4	-2.4
	15.3	17.0	33.7	33.6	13.6	17.9	35.1	26.0
Sold operations	-	-	-	-0.1	0.8	0.3	0.4	1.0
Total	15.3	17.0	33.7	33.5	14.4	18.2	35.5	27.0

AMER GROUP PLC

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