

Amer Sports CMD 2011

Agenda

- Business update and progress in the five strategic priorities / **Heikki Takala**
- Financial overview / **Jussi Siitonen**
- Marketing and Business to Consumer / **Victor Duran**
- Business Area presentations: Apparel / **Andy Towne**, Footwear / **Jean-Marc Pambet**, Cycling / **Bernard Millaud**
- Fall/winter 2011 and spring/summer 2012 collections

Light early dinner

Amer Sports shop open 6:00-7:30 pm

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Contents

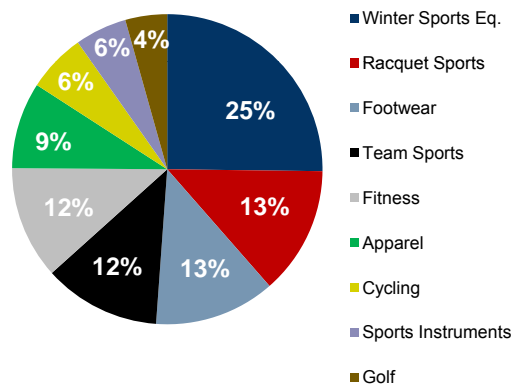
1. Amer Sports today
2. Recap from CMD 2010: Amer Sports strategy
3. Progress update: Five strategic priorities
4. Building the future
5. Summary & conclusions



Amer Sports in brief

- Revenue EUR ~1.7 billion (2010)
- One of the leading sporting goods and outdoor companies in the world
- Strong brand portfolio
- Positioned to benefit from long term trends

Net sales by business (2010)



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Business status in brief:

Clear improvement in H1/2011 compared to H1/2010

- Net sales EUR 764.7 million (690.1), +9% in local currencies
 - Sales increased particularly in Footwear +33%, Apparel +27%, Cycling +12%, Team Sports +9% and Fitness +12%
 - Racquet Sports -8%, impacted by the overall soft tennis market and by the earthquake and tsunami in Japan
 - Geographically, EMEA +13%, Americas +8% and APAC -2%
- EBIT was EUR 14.8 million (-7.4)
 - Increased sales volumes EUR +35 million, partly offset by higher OPEX driven by increased sales and distribution costs
 - Gross margin 42.9% (42.7%). Full-year gross margin expected to be maintained at the 2010 level.
- Strong pre-orders: Footwear +30%, Apparel +23%, Winter Sports Equipment +5%

Change % in local currencies

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Outlook 2011

- Amer Sports' strategic development programs continue to contribute positively to the Group performance in 2011 and the company will continue to invest into executing the new strategy and sustaining the growth.
- In Footwear and Apparel, fall/winter pre-orders are indicating that the strong momentum will continue. In Winter Sports Equipment, solid improvement in pre-orders together with operational efficiency measures is expected to have a positive impact on the full-year profitability.
- In 2011, Amer Sports expects its full-year net sales in local currencies to grow at a similar rate as in the first half of the year and EBIT margin excluding non-recurring items to improve by approximately one percentage point from 2010.



Towards big brands, big categories, big countries

Amer Sports' five strategic priorities

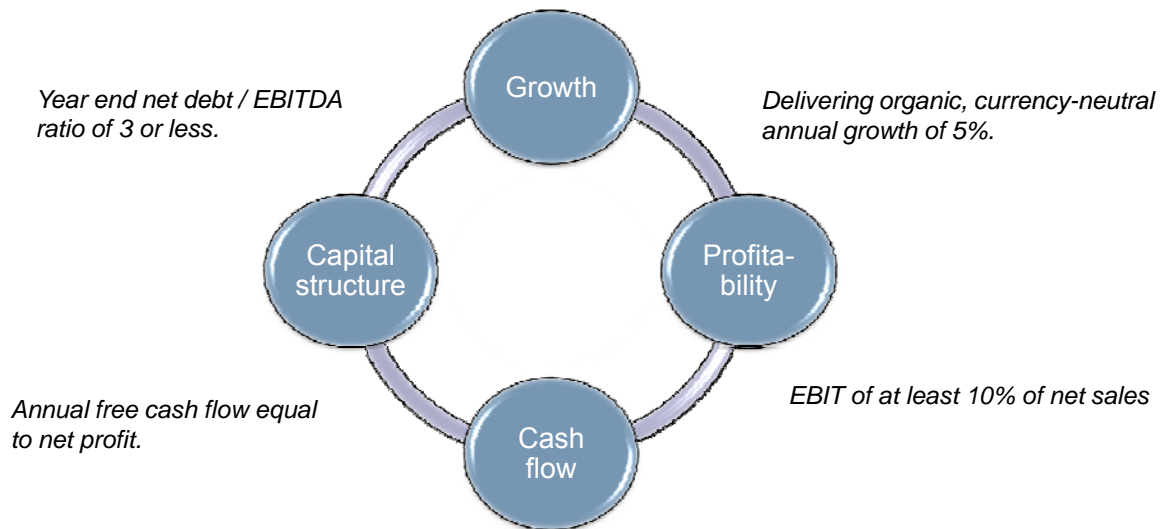
1. Clear portfolio roles and synergies, integrated company
2. Grow faster in softgoods
3. Win with consumers
4. Win in go-to-market
5. Operational excellence



Our approach on scale and synergies



Long-term financial targets

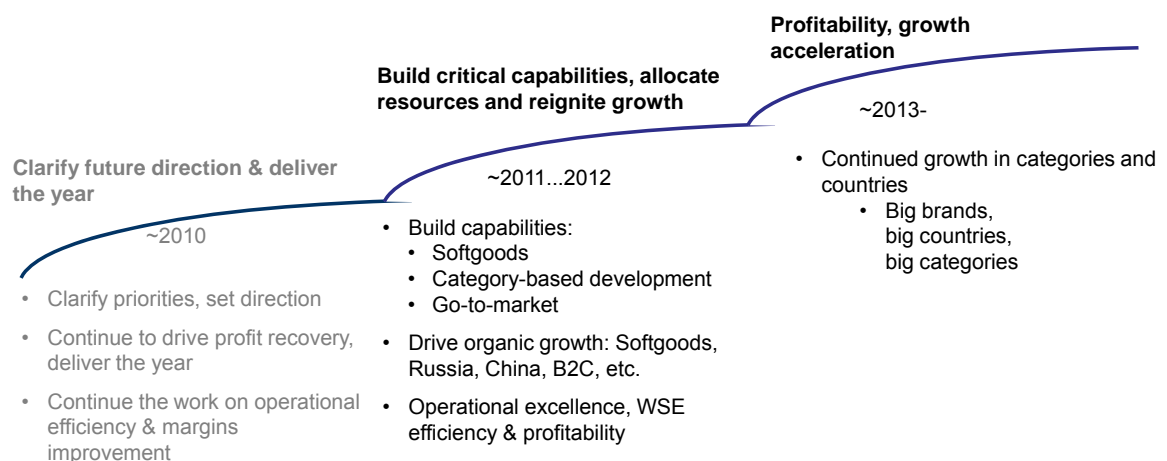


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Prioritized, sequenced program



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PROGRESS UPDATE: FIVE STRATEGIC PRIORITIES

1. Clear portfolio roles and synergies, integrated company

Every part of the Group has a clear role, targets & action plan

Business area	Objective	Actions
Footwear	Further accelerate growth	Expand commercial footprint, enter new segments and categories, category-based operation
Apparel	Drive significant revenue growth	Expand commercial footprint, enter new segments and categories, category-based operation
Winter Sports Equipment	To sustainable profitability, irrespective of weather conditions	Drive operational excellence, grow in selected areas
Ball Sports	Focus on profitable growth	Grow in softgoods, DeMarini, distribution; fix Golf
Fitness	Back to profitability	Improve through top line growth in EMEA, APAC, North American consumer, networked fitness
Cycling	First back to target profitability, then accelerate profitable growth	Expand wheel/tyre systems and softgoods
Sports Instruments	Improve profitability, simplify	Focus product portfolio, grow in selected areas



1. Clear portfolio roles and synergies, integrated company Footwear

Objective

- Further accelerate growth

Status

- Category set-up in place and working
- Commercial footprint improving
- Strong pipeline of future products and brand/category expansions
- Growth +33% in H1/2011

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1. Clear portfolio roles and synergies, integrated company Apparel

Objective

- Drive significant revenue growth

Status

- Category-based operation largely in place
- Capability development with key recruitments done
- Commercial footprint improving
- Strong pipeline of synergistic growth plans and future concepts/ideas
- Growth +27% in H1/2011

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1. Clear portfolio roles and synergies, integrated company Winter Sports Equipment

Objective

- To sustainable profitability, irrespective of weather conditions

Status

- Operational improvement proceeding ahead of plan
 - Positive impact already 2011, full benefits 2013
- Further integration: category-based operation model complete
- Selected expansion in protectives, cross-country
- Improved profitability

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1. Clear portfolio roles and synergies, integrated company Ball Sports

Objective

- Focus on profitable growth

Status

- Apparel and footwear expansion well on the way
- Strong, profitable growth in Team Sports
 - H1/2011 +9% driven by DeMarini
- Unexpected decline in Racquet Sports due to the global market softness in tennis and the situation in Japan, intervention underway
- Golf profitability improving through internal measures

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1. Clear portfolio roles and synergies, integrated company Fitness

Objective

- Back to profitability

Status

- Profitability improving according to plan
- Targeted growth driven by EMEA +16%, APAC +14%, North American Commercial +12% in H1/2011
- New innovation networked fitness has delivered encouraging results and offers upside potential

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1. Clear portfolio roles and synergies, integrated company Cycling

Objective

- First back to target profitability, then accelerate profitable growth

Status

- Back at a good profitability level
- Expansion in synergistic categories: growth accelerated in softgoods, launch into protectives underway
- Go-to-market expansion and integration underway
- Growth +12% in H1/2011

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1. Clear portfolio roles and synergies, integrated company Sports Instruments

Objective

- Improve profitability
- Simplify

Status

- Complexity reduction: focus on outdoor and diving instruments and heart-rate monitoring
- Divestments of diving suits and wireless marine instruments
- Underlying growth 7%, profitability improved in H1/2011

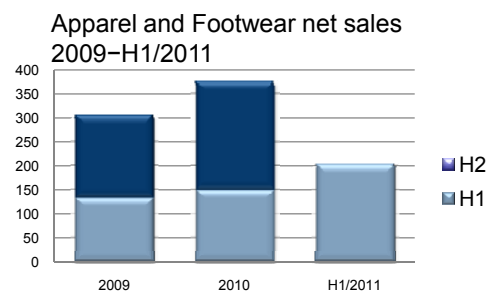
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2. Grow faster in softgoods

Strong momentum continues in softgoods

- Significant strengthening of capabilities, dedicated leadership in Apparel and Footwear
- Category-based development across brands for scale, synergies & capability sharing
- Historical annual growth rate 18% (2005-2009)
- Growth accelerated: Salomon, Arc'teryx, and Wilson softgoods grew by ~28% in H1/2011





3. Win with consumers

Becoming a consumer-centric company

- Group marketing development with defined organization and strengthened capabilities
- New consumer-centric product creation process:
 - Strong pipeline of future innovations
 - Brand / category expansions in study phase
- Regional Consumer Operations in place to improve our brands' local consumer relevance

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4. Win in go-to-market

Programmed distribution expansion

1. Distribution
 - Growth in core countries: increased number of doors, better quality of distribution, in-store excellence
 - Capability improvement, including commercial KPIs
2. Geographic expansion
 - New markets growing up to 4x faster than company average, yet still from a low base
3. New channels
 - Own retail ~30 new stores this year, e-commerce expansion underway

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5. Operational excellence

Systematic improvement every day

- Clear KPIs across the company: tracking and performance management
- Customer service improving
 - Line-Fill and On-Time
 - Supply meets demand: orders taken earlier, lead time improvement
- Operational efficiency and flexibility in Winter Sports Equipment
 - Reduced factory through-put times
 - Quality improvement
 - Lean and KanBan manufacturing processes implemented



Long-term financial targets – status

Target		Dec 31, 2009	Dec 31, 2010	Dec 31, 2011
Growth	Delivering organic, currency-neutral annual growth of 5%	-4%	8%	
Profitability	EBIT of at least 10% of net sales	3.2%	6.2%	
Cash flow	Annual free cash flow equal to net profit	C/F of Net Profit 4.5	C/F of Net Profit 0.7	
Balance sheet structure	Year-end Net Debt / EBITDA ratio of 3 or less	3.6	2.2	





Building the future Amer Sports

- Grow the core businesses
 - Drive the business organically based on the glidepath
 - Strong focus on execution
- Add more
 - Drive new categories and brand expansions: Protectives, DeMarini, Atomic
- Learn for the future
 - Expand / enter into new areas: Action Sports

→ **Continue investing into the new structure and capabilities**



SUMMARY & CONCLUSIONS

Summary

- We are proceeding according to our plan set in 2010
- We continue executing the glidepath guided by the financial targets
- Our focus is on internal improvement and organic growth
- We continue to invest into the new structure and capabilities
- We monitor opportunities for M&A to accelerate growth and/or focus the portfolio
- "What if": contingency planning

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