

# AMER GROUP PLC

## RESULTS FOR THE 2000 FINANCIAL YEAR

- Net sales EUR 1,086.6 million (1999: 825.7), up by 32%
- Operating profit EUR 94.9 million (1999: 58.5), up by 62%
- Profit before extraordinary items EUR 77.5 million (1999: 43.5)
- Earnings per share EUR 2.70 (1999: 1.72)
- Dividend proposed EUR 1.00/FIM 5.95 (1999: EUR 0.59/FIM 3.50)

- Amer Group's profitability continued to improve considerably in 2000, with operating profit up by 62%. Amer Group is now one of the most profitable sports equipment companies in the world. The largest increase in operating profit was seen in the Winter Sports and Team Sports Divisions. Atomic's 2000 result was a record.
- The Group's net sales increased by 32% including acquisitions. Suunto has been included in the Group's 2000 Consolidated Statement of Income for the first time. Integration of Suunto into the Group as well as DeMarini's operations into Wilson's Team Sports Division progressed well.
- In the local currency terms, the fastest growing product categories were alpine skis (25%), alpine bindings (52%), alpine boots (252%), basketballs (19%) and volleyballs (18%).
- Suunto's operating profit doubled compared to 1999. The fastest growing product categories were diving instruments (80%) and wristop computers (40%).
- The Board of Directors will recommend to the Annual General Meeting that a dividend of EUR 1.00 (FIM 5.95) per share be paid for the financial year 2000, representing 37% of net profit. 1999's dividend was EUR 0.59 (FIM 3.50) a share.
- Amer Group's target is to become the undisputed leader in the global sports equipment market in the next 3-4 years. New financial targets have also been set for Amer Group's operations until 2004. The Group's objective is to increase net sales at an average annual growth rate of at least 10%. The target for operating profit is 10% of net sales, and the target for return on capital employed (ROCE) has been set at 20%.



## Net sales and results

The Group's net sales totalled EUR 1,086.6 million (1999: EUR 825.7 million), up 32%. Of this growth, 13% was attributable to exchange rate gains. Geographically, 51% of net sales were generated in North America, 11% in Finland, 25% in other European countries and 13% in the Rest of the World.

The Group's operating profit amounted to EUR 94.9 million, up 62% compared to 1999. Profit before extraordinary items totalled FIM 77.5 million (1999: EUR 43.5 million) and net profit was EUR 65.8 million (1999: EUR 41.8 million).

Net financing expenses increased by 16% at EUR 17.4 million, representing 1.6% of net sales.

Taxes for the 2000 financial year totalled EUR 11.6 million.

Return on capital employed (ROCE) improved significantly from 12.1% in 1999 to 16.1% in 2000. In addition to improved profits, this was due to measures taken to reduce working capital, in particular through improved supply chain management. Return on equity also improved considerably from 11.4% in 1999 to 16.1% in 2000.

Earnings per share were EUR 2.70 (1999: EUR 1.72).

## Q4 results

In the fourth quarter, winter sports dominate the Group's operations. The Group's net sales increased by 32% and totalled EUR 268.6 million. Operating profit increased by 15% to EUR 18.2 million and profit before extraordinary items by 10% to EUR 13.6 million. Atomic continue to perform well; net sales increased by 13% to EUR 68.7 million and operating profit by 23% to EUR 18.1 million.

## Highlights by business areas

Wilson's net sales were up 21% at EUR 716.3 million. In local currency terms, sales increased 6%. In addition, the total value of Wilson branded licensed products sold globally amounted to EUR 228 million.

The Golf Division's net sales grew by 14%. Profitability declined due to fierce competition. Overall, Wilson's club sales increased slightly, whereas there was a slight decline in golf ball sales. Operating profit amounted to EUR 13.2 million (1999: EUR 13.9 million).

The Racquet Division's net sales were up 18% and its profitability improved slightly. Operating profit amounted to EUR 26.6 million (1999: EUR 24.7 million). In local currency terms, racquet sales increased by 4% and tennis ball sales by 3%. Wilson's position as the leading brand in tennis continued; the company's global market share was 33% in tennis racquets and 20% in tennis balls.

Wilson strengthened further its already strong market position in team sports product categories in the US. The Team Sports Division's net sales were up 36%. Its profitability improved significantly, reflecting increased sales of higher price point products, an acquisition and improved sourcing. Operating profit totalled EUR 15.6 million (1999: EUR 8.1 million).

The Winter Sports Division's net sales increased by 27%, boosted by the company's successful new products and marketing efforts and improved market conditions. Profitability improved considerably and operating profit more than doubled to EUR 38.3 million (1999: EUR 16.7 million). In addition to increased sales, the improvement in profitability was due to the company's greater internal efficiency. In local currency terms, alpine ski sales increased by 25%. Atomic is the second largest brand in alpine skis globally.

Suunto's results have been consolidated within the Group's results for the first time for the 2000 financial year. Suunto's net sales increased by 17%. Profitability improved significantly and operating profit doubled to EUR 8.2 million (1999: EUR 3.4 million). The most successful product categories were diving instruments, with sales up 80%, and wristop computers, with sales growth of 40%. The integration of Suunto within the Group progressed smoothly. During the year under review, a new strategy was de-

veloped for the company and its operations were refocused. The organisation was revitalised and its R&D strengthened significantly.

Amer Tobacco's net sales increased by 2%. Operating profit declined slightly to EUR 9.3 million (1999: EUR 9.6 million). Cigarette sales decreased by 4%. The company's Finnish cigarette market share, however, remained strong at 75%. A total of EUR 388 million was paid in excise tax. The licensing agreement with Philip Morris was renewed in January 2000. The agreement, valid until year-end 2005, will continue thereafter by mutual agreement. The contents of the agreement remain otherwise unchanged. The new cigar distribution agreement with Swedish Match became effective of 1 August 2000.

Teletekno's business developed favourably. Net sales increased by 8% and operating profit by 11% to EUR 2.1 million (1999: EUR 1.9 million). The fastest growth was seen in telecommunications and data transmission network product sales and in sales of test and measurement technology products.

## Changes in corporate structure

On 21 March, all the Suunto Oy shares were transferred to Amer Group Plc, and they were delisted from the Helsinki Exchanges main list on 31 March 2000. On 19 May 2000 the Arbitral Tribunal confirmed the redemption price for Suunto's minority shares as EUR 11.50 per share.

Suunto's Balance Sheet had already been consolidated within the Group's Consolidated Balance Sheet for the 1999 financial year. Suunto's 2000 Statement of Income has been included in the Group's Consolidated Statement of Income for the first time, along with Teletekno's Statement of Income, which was previously included in Suunto's Statement of Income. Since the beginning of 2000, Teletekno reports directly to Amer Group.

In January, 2000 the Group acquired the operations of DeMarini Sports Inc. The company's operations were integrated into Wilson's Team Sports Division.

In December, Kiinteistö Oy Hakamaa 7 was merged within Amer Group Plc.

### Capital expenditure

The Group's gross capital expenditure totalled EUR 57.2 million (1999: EUR 78.7 million), of which EUR 23.8 represented the DeMarini acquisition. EUR 3.6 million represented the Atomic Austria GmbH shares acquired by the Group from the Austrian bank Bank für Arbeit und Wirtschaft AG. The Group's shareholding in Atomic Austria GmbH now stands at 95%.

Wilson's capital expenditure amounted to EUR 11.3 million, mainly accounted for by investments in production automation systems at the company's golf ball factory and in developing the company's supply chain systems. Atomic's capital expenditure totalled EUR 10.2 million, of which EUR 4.1 million was accounted for by the new logistics centre and the remainder mainly by production equipment. Suunto's capital expenditure totalled EUR 4.9 million, representing investment in new leased premises and production. Amer Tobacco's capital expenditure amounted to EUR 2.4 million, with the majority invested in a new cigarette machine. Teletekno's capital expenditure totalled EUR 0.4 million.

Income from real estate companies' shares sold and disposals of fixed assets totalled EUR 15.1 million.

### Research and development

R&D expenditure amounted to EUR 21.3 million, representing 2.0% of the Group's net sales. Of this, EUR 13.4 million related to Wilson, EUR 3.9 million to Atomic and EUR 3.6 million to Suunto.

### Finance

In January, the Group repurchased the remaining total of USD 31.82 million of the convertible subordinated bonds issued in 1993.

Due to its strong cash flow, Amer Group took no significant new funding actions during the financial year. The company's financial position remains strong. Due to

improved profitability the equity ratio stood at 47.4% (1999: 43.9%) at the 2000 year-end. Gearing was 35% (1999: 39%). The Group's year-end net debt totalled EUR 154.6 million (1999: EUR 151.7 million). The Group's liquidity remained good, with liquid assets totalling EUR 40.6 million at the 2000 year-end.

### Personnel

The number of Amer Group employees was 4,327 at the end of the financial year (1999: 4,223). The average number of employees during 2000 was 4,379 (1999: 3,834). At the year-end Wilson had a total of 2,653 employees (1999: 2,625). Atomic's personnel totalled 613 at the end of the year (1999: 591) and Suunto's personnel 566 (1999: 514). Amer Tobacco's personnel totalled 353 (1999: 349) and Teletekno's personnel 99 (1999: 100) at the year-end. The Parent Company, Amer Group Plc, had 43 employees at the year-end (1999: 42), the average for the year being 43 (1999: 43).

The number of employees totalled 1,933 in the US, 721 in Finland, 587 in Austria and 1,086 in the Rest of the World.

### The parent company's Board of Directors and the Auditors

At the Annual General Meeting on 8 March 2000 it was resolved that the number of members of the Board of Directors would be seven. Mr Timo Maasilta, whose term was scheduled to expire was re-elected for the term 2000-2002. Two new Board members, Mr Ilkka Brotherus and Mr Tuomo Lähdesmäki were elected for the period 2000-2002. The other Board members, Mr Felix Björklund (term 1999-2001), Mr Tauno Huhtala (term 1999-2001), Mr Pekka Kainulainen (term 1998-2000) and Mr Roger Talermo (term 1998-2000) continued as Board Members. At its first meeting the new Board of Directors elected Mr Pekka Kainulainen as Chairman and Mr Tauno Huhtala as Vice Chairman.

SVH Pricewaterhouse Coopers Ltd., Authorised Public Accountants, were elected Auditors of the Company, with the auditor in charge being Mr Göran Lindell.

### Appointments in subsidiaries

Mr Kari Kauniskangas was appointed President of Amer Sport Europe, part of Amer Group's wholly owned distribution network, effective 1 May.

Mr Dan W. Colliander was appointed President of Suunto Oy, effective 1 August.

### Share price

The Company had 10,932 registered shareholders at the end of the financial year. Nominees accounted for 52% of the total shares in issue (1999: 50%).

Amer's share price performed well, rising 39% during the financial year. Some 13 million shares or 53% of those in issue were traded on the Helsinki Exchanges and 5 million shares or 21% of those in issue were traded on the London Stock Exchange. The share price was at its lowest in January and at its highest in February, May and November. In Helsinki, the share price high was EUR 32.00 and the low EUR 18.10, averaging EUR 27.56. In London, the prices were GBP 19.16, 12.25 and 16.61, respectively.

On 8 March 2000, the AGM approved a proposal to authorise the Board of Directors to purchase and dispose of the Company's shares. The Board may also propose that the acquired shares be cancelled thereby decreasing the share capital. The authorisations are limited to 5% of the total number of shares in issue and votes thereon, i.e. a maximum of 1,216,344 shares. The authorisations are valid until the 2001 AGM, although for a maximum period of one year from the date of the AGM at which they were approved.

During the year the Company acquired a total of 441,800 of its own shares at the cost of EUR 12.9 million, with the average price being EUR 29.12 per share. The nominal value of the repurchased shares totalled EUR 1,767,200, representing 1.8% of the Company's shares and votes. The repurchased shares have not had any significant impact on the breakdown of shareholdings and votes in the Company.

The Company's market capitalisation excluding the repurchased shares stood at EUR 679.5 million at the year-end.

The Board of Directors had no outstanding authorisations to issue shares at the year-end.

### **Euro**

As of 1 January 1999 Amer Group's domestic currency has been the Euro. In business operations the Euro has been introduced based on customer requirements. A significant number of the Group's European customers wish to continue settling their invoices in local currencies and the shift to the Euro is therefore expected to take place only gradually.

The Group Treasury adopted the Euro at the beginning of 1999. The Parent Company adopted the Euro as its accounting currency as of 1 December 2000. Subsidiaries in the EMU countries will introduce the Euro as their accounting currency gradually by the end of 2001.

### **2001 prospects**

In spite of strong economic growth, the global sporting goods market has not grown significantly in recent years. Historically, demand for sports equipment and the economic situation have not de-

veloped hand in hand but the market has also been affected by some sports related issues, such as development of the quantity of active sports participants in a specific sport in the long term, and product innovations in sports equipment in the short term.

Under these circumstances, Amer Group's operations are balanced by its strong portfolio of sports as well as by its presence across all markets worldwide.

During the current year, winter sports are expected to further increase in popularity. However, at this time of the year it is difficult to estimate retailers' stock positions. The global golf equipment market is expected to remain flat. Competition will, however, continue to be fierce, especially in golf balls. Overall, the tennis equipment market is expected to remain flat, as is the market for team sports equipment. Demand for Suunto's outdoor and sports instruments is forecast to continue to be brisk.

Amer Group is now in good shape. The Group's objective is to also perform well in 2001.

Amer Group's target is to become the leader in the global sporting goods equipment market within 3-4 years. With this

in mind, the most important focus in 2001 will be to improve the Group's growth opportunities through increased investment in marketing and R&D, and geographically more widely to benefit from the Group's strong and diversified portfolio of sports which have been well received by the trade.

The Group's annual report will be published on 23 February 2001. The interim report for the period January to March will be published on 3 May, for the period January to June on 9 August and for January to September on 1 November 2001.

The Company's Annual General Meeting will be held on Wednesday, 7 March 2001 at 2:00pm at Amer Group Plc's headquarters in Helsinki.

AMER GROUP PLC  
Board of Directors

EUR million	2000	1999	%	
<b>CONSOLIDATED RESULTS</b>				
NET SALES	1,086.6	825.7	32	
Depreciation	38.8	33.0	-	
OPERATING PROFIT	94.9	58.5	62	
Net financing expenses	-17.4	-15.0	-	
PROFIT BEFORE EXTRAORDINARY ITEMS	77.5	43.5	78	
Extraordinary items	0.0	0.0	-	
PROFIT BEFORE TAXES	77.5	43.5	78	
Taxes	-11.6	-1.9	-	
Minority interest	-0.1	0.2	-	
PROFIT	65.8	41.8	57	
Earnings per share, EUR	2.70	1.72		
Earnings per share, diluted, EUR	2.68	1.69		
Adjusted average number of shares in issue less own shares, EUR million	24.3	24.3		
Equity per share, EUR	17.51	15.38		
ROCE, %	16.1	12.1		
ROE, %	16.1	11.4		
Average rates used: EUR 1.00 = USD	0.9	21.07		
AVERAGE PERSONNEL	4,379	3,834		
In financial ratios shareholders' equity and number of shares exclude own shares.				
<b>NET SALES BY BUSINESS AREAS</b>				
Golf	257.5	224.9	14	
Racquet Sports	264.7	225.1	18	
Team Sports	194.1	143.1	36	
Winter Sports	177.0	139.1	27	
Outdoor and sports instruments	70.2	-	-	
Amer Tobacco	95.4	93.5	2	
Teletekno	27.7	-	-	
Net sales, total	1,086.6	825.7	32	
<b>BREAKDOWN OF OPERATING PROFIT</b>				
	2000	1999	%	
Golf	13.2	13.9	-5	
Racquet Sports	26.6	24.7	8	
Team Sports	15.6	8.1	93	
Winter Sports	38.3	16.7	129	
Outdoor and sports instruments	8.2	-	-	
Amer Tobacco	9.3	9.6	-3	
Teletekno	2.1	-	-	
Headquarters	-8.8	-8.6		
Group goodwill	-9.6	-5.9		
Total	94.9	58.5	62	
<b>GEOGRAPHIC BREAKDOWN OF NET SALES</b>				
	2000	1999	%	Change %
North America	558.0	420.8	51	33
Finland	118.7	89.2	11	33
Rest of Europe	266.4	205.8	25	29
Japan	68.2	54.4	6	25
Asia Pacific	30.9	24.2	3	28
Other	44.4	31.3	4	42
Group, total	1,086.6	825.7	100	32

EUR million	2000	1999
<b>CONSOLIDATED CASH FLOW STATEMENT</b>		
Net cash from operating activities	74.7	119.9
Net cash from investing activities	-41.9	-70.7
Net cash from financing activities	-63.9	-32.5
Net increase/decrease in cash and cash equivalents	-31.1	16.7
Cash and cash equivalents at 1 Jan.	71.7	53.1
Cash and cash equivalents at 31 Dec	40.6	69.8
<b>CONSOLIDATED BALANCE SHEET</b>		
Assets	31 Dec 2000	31 Dec 1999
Goodwill	222.1	201.1
Other intangible fixed assets	20.9	20.4
Tangible fixed assets	154.6	163.2
Long-term investments	51.0	33.2
Inventories and work in progress	161.3	141.7
Receivables	282.0	245.8
Marketable securities	14.5	18.3
Cash and cash equivalents	26.1	51.5
Assets	932.5	875.2
Shareholders' equity and liabilities	31 Dec 2000	31 Dec 1999
Shareholders' equity	437.8	374.2
Minority interest	11.0	10.1
Provision for contingent losses	4.4	4.1
Long-term interest-bearing liabilities	127.6	119.6
Other long-term liabilities	27.2	34.6
Short-term interest-bearing liabilities	67.6	101.9
Other short-term liabilities	256.9	230.7
Shareholders' equity and liabilities	932.5	875.2
Equity ratio	47.4%	43.9%
EUR 1.00 = USD	0.93	1.00

	Share capital	Premium fund	Revaluation fund	Fund of own shares	Retained earnings	Total
<b>SHAREHOLDERS' EQUITY</b>						
Balance at 31 Dec 1998	82.7	183.7	3.0	-	68.7	338.1
Writedown of revaluation			-0.1			-0.1
Dividend					-4.1	-4.1
Translation differences					3.1	3.1
Other					-4.6	-4.6
Net profit					41.8	41.8
Balance at 31 Dec 1999	82.7	183.7	2.9	-	104.9	374.2
Bonus issue	14.6	-14.6				0.0
Targeted share issue	1.5	8.0				9.5
Dividend					-14.3	-14.3
Translation differences					2.6	2.6
Re-purchase of own shares				12.9	-12.9	0.0
Net profit					65.8	65.8
Balance at 31 Dec 2000	98.8	177.1	2.9	12.9	146.1	437.8

CONTINGENT LIABILITIES AND SECURED ASSETS, CONSOLIDATED	31 Dec 2000	31 Dec 1999
Charges on assets	9.1	22.1
Mortgages pledged	19.0	39.0
Guarantees	1.4	2.6
Liabilities for leasing and rental agreements	54.8	42.9
Other liabilities	41.7	46.0

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS	31 Dec 2000	31 Dec 1999
Foreign exchange forward contracts	310.8	330.7
Forward rate agreements	0.0	100.0

QUARTERLY BREAKDOWN OF NET SALES

EUR million								
	IV	III	II	I	IV	III	II	I
QUARTERLY BREAKDOWN OF NET SALES	2000	2000	2000	2000	1999	1999	1999	1999
Golf	46.0	52.8	89.3	69.4	38.1	47.0	81.8	58.0
Racquet	51.4	70.2	71.5	71.6	45.9	58.8	64.8	55.6
Team Sports	48.8	41.7	44.4	59.2	35.8	32.9	32.1	42.3
Wilson total	146.2	164.7	205.2	200.2	119.8	138.7	178.7	155.9
Atomic	68.7	74.3	9.4	24.6	60.6	47.4	12.0	19.1
Suunto	20.2	14.8	18.9	16.3	-	-	-	-
Amer Tobacco	26.1	26.3	24.4	18.6	23.7	24.7	24.5	20.6
Teletekno	7.4	6.2	7.5	6.6	-	-	-	-
Total	268.6	286.3	265.4	266.3	204.1	210.8	215.2	195.6

EUR million								
	IV	III	II	I	IV	III	II	I
QUARTERLY BREAKDOWN OF OPERATING PROFIT	2000	2000	2000	2000	1999	1999	1999	1999
Wilson	3.8	10.9	26.2	14.5	2.4	9.8	24.1	10.4
Atomic	18.1	22.3	-3.0	0.9	14.7	8.7	-3.3	-3.4
Suunto	2.0	1.0	3.5	1.7	-	-	-	-
Amer-Tupakka	2.4	2.3	3.5	1.1	2.4	2.3	3.1	1.8
Teletekno	0.3	0.4	1.0	0.4	-	-	-	-
Headquarters	-5.9	1.0	-1.8	-2.1	-2.8	-0.7	-2.7	-2.4
Group goodwill	-2.5	-2.4	-2.4	-2.3	-0.9	-1.7	-1.7	-1.6
Total	18.2	35.5	27.0	14.2	15.8	18.4	19.5	4.8

AMER GROUP PLC  
MÄKELÄNKATU 91, FIN-00610 HELSINKI  
P.O. BOX 130, FIN-00601 HELSINKI  
TELEPHONE +358 9 7257 800  
FACSIMILE +358 9 7257 8200  
WWW.AMER.FI

DOMICILE HELSINKI  
TRADE REGISTER NO. 116.698