



# **Interim Report January - September 2005**

October 26, 2005

Roger Talermo  
President and CEO

## Highlights

- Net sales in local currency terms +5%
  - Net sales +5% in Q3/2005
  - Strongest growth in fitness equipment, +16%
- EBIT increased 4% to EUR 69.1 million
- Acquisition of Salomon concluded
  - The work to integrate the business operations begins

## Key indicators

	Q1-Q3/05	Q1-Q3/04	Ch %	2004
Net sales (MEUR)	805.2	774.9	4	1,035.9
EBIT (MEUR)	69.1	66.5	4	100.5
EBT (MEUR)	65.5	64.0	2	97.0
EPS, cont. operations (EUR)	0.63	0.64		0.96



# Financial Review

Pekka Paalanne

CFO



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## Profit and loss statement, continuing operations

MEUR

	Q1-Q3/05	Q1-Q3/04	Ch %	2004
Net sales	805.2	774.9	4	1,035.9
EBIT	69.1	66.5	4	100.5
Net financials	-3.6	-2.5		-3.5
EBT	65.5	64.0	2	97.0
Taxes	-20.6	-18.6		-28.1
Net result	44.6	45.2	-1	68.6
ROCE %	17.2	15.4		17.7



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## Breakdown of net sales

MEUR

	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Racquet Sports	179.6	171.0	5	6	210.3
Golf	118.5	126.6	-6	-5	147.7
Team Sports	152.6	143.0	7	10	185.0
Winter Sports	128.1	125.1	2	2	205.6
Fitness Equipment	171.4	151.5	13	16	210.1
Sports Instruments	55.0	57.7	-5	-5	77.2
<b>Total</b>	<b>805.2</b>	<b>774.9</b>	<b>4</b>	<b>5</b>	<b>1,035.9</b>



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## Breakdown of EBIT

MEUR

	Q1-Q3/05	Q1-Q3/04	Ch %	2004
Racquet Sports	26.0	22.4	16	26.9
Golf	1.8	3.4	-47	0.5
Team Sports	21.4	18.9	13	24.6
Winter Sports	3.2	9.1	-65	29.6
Fitness Equipment	17.5	16.3	7	23.9
Sports Instruments	4.1	5.5	-26	8.0
HQ	-4.9	-9.1	-	-13.0
<b>Total</b>	<b>69.1</b>	<b>66.5</b>	<b>4</b>	<b>100.5</b>



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## Geographical breakdown of net sales

MEUR

	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Americas	471.7	460.7	2	5	597.1
EMEA	241.6	229.5	5	5	327.2
Asia Pacific	91.9	84.7	9	9	111.6
<b>Total</b>	<b>805.2</b>	<b>774.9</b>	<b>4</b>	<b>5</b>	<b>1,035.9</b>



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## Profit and loss statement, continuing operations

MEUR

	Q3/05	Q3/04	Ch %	2004
Net sales	294.2	278.4	6	1,035.9
EBIT	35.5	33.8	5	100.5
Net financials	-0.8	-1.5		-3.5
EBT	34.7	32.3	7	97.0
Taxes	-10.9	-7.8		-28.1
Net result	23.6	24.4	-3	68.6



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## Breakdown of net sales

MEUR

	Q3/05	Q3/04	Ch %	Ch % in local currencies	2004
Racquet Sports	56.6	54.8	3	2	210.3
Golf	26.5	27.9	-5	-6	147.7
Team Sports	43.0	38.8	11	10	185.0
Winter Sports	93.8	88.6	6	5	205.6
Fitness Equipment	57.9	50.1	16	16	210.1
Sports Instruments	16.4	18.2	-10	-11	77.2
<b>Total</b>	<b>294.2</b>	<b>278.4</b>	<b>6</b>	<b>5</b>	<b>1,035.9</b>



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## Breakdown of EBIT

MEUR

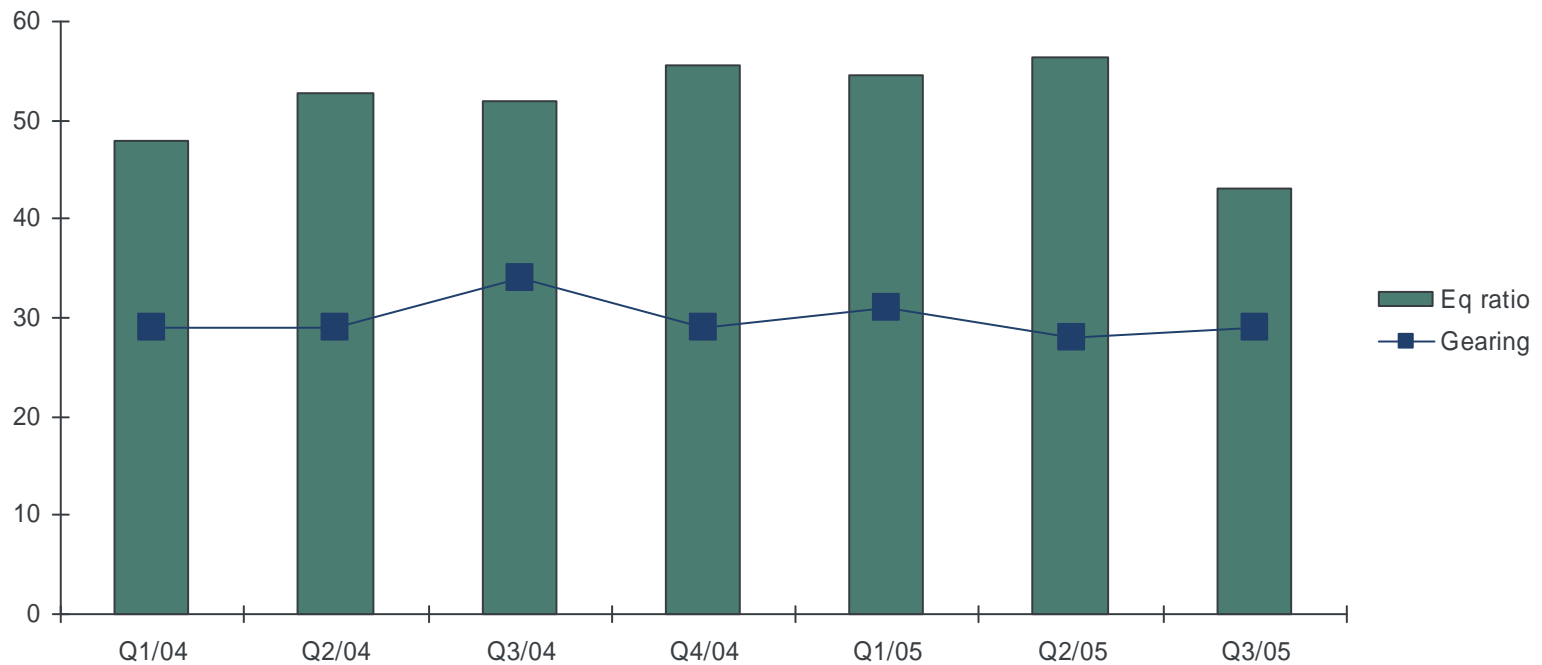
	Q3/05	Q3/04	Ch %	2004
Racquet Sports	7.3	7.7	-5	26.9
Golf	-3.5	-4.6	-	0.5
Team Sports	3.1	3.6	-14	24.6
Winter Sports	23.7	24.0	-1	29.6
Fitness Equipment	7.1	4.2	69	23.9
Sports Instruments	0.9	2.0	-55	8.0
HQ	-3.1	-3.1	-	-13.0
<b>Total</b>	<b>35.5</b>	<b>33.8</b>	<b>5</b>	<b>100.5</b>

# Balance sheet

MEUR

	30 Sept 2005	30 Sept 2004	31 Dec 2004
Goodwill	307.6	301.1	284.2
Other non-current assets	115.8	136.7	114.9
Inventories	167.0	150.8	154.4
Receivables	280.2	269.3	260.0
Marketable securities	216.3	-	-
Cash	62.6	14.6	17.0
	<b>1,149.5</b>	<b>872.5</b>	<b>830.5</b>
Equity	494.2	453.3	461.3
Int. bearing debt			
- Long term	6.1	33.0	27.1
- Short term	415.4	137.2	123.1
Other liabilities	233.8	249.0	219.0
<b>Total</b>	<b>1,149.5</b>	<b>872.5</b>	<b>830.5</b>

## Equity ratio and gearing, %



	30 Sept 2005	30 Sept 2004	31 Dec 2004
Equity ratio, %	43.0	52.0	55.5
Gearing, %	29	34	29



# Divisional highlights

Roger Talermo  
President & CEO



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## Global brands



# Racquet Sports



- The trend in Racquet Sports remained favorable
  - Sales growth continued and EBIT grew
- Wilson launched a line of high-performance tennis rackets for women
- Wilson is an official Sponsor of the Australian Open
- Badminton equipment sales grew 41%

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	179.6	171.0	5	6	210.3
EBIT	26.0	22.4	16		26.9



## Golf

- Global golf market was flat to compared with last year
  - Global golf equipment market remains highly competitive
- Net sales and EBIT did not meet expectations
- Decisions to boost the Golf Division's operational efficiency and reduce costs will be made during Q4/2005

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	118.5	126.6	-6	-5	147.7
EBIT	1.8	3.4	-47		0.5

## Team Sports



- Growth in Team Sports was strong
- Sales increased 52% in Asia Pacific
- Sales of baseball equipment +18%
- EBIT grew 18% in local currency terms

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	152.6	143.0	7	10	185.0
EBIT	21.4	18.9	13	18	24.6

## Winter Sports



- September was a record month for Atomic
- Sales in Americas -21% in Q1-Q3
- Ski boots up 42%
- IZOR ski line well received in the markets
- In-house orders for the remainder of the year at last year's level
- Atomic has strong position in ski racing in the 2005/2006 Olympic season

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	128.1	125.1	2	2	205.6
EBIT	3.2	9.1	-65		29.6

# Fitness Equipment



- The fastest sales growth in the Fitness Equipment
  - Sales of all product categories grew
  - Sales in all market areas grew
- Profitability is improving
- Expansion of Precor's product range into strength training and entertainment systems and services has bolstered Precor's position as a major international full-line supplier

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	171.4	151.5	13	16	210.1
EBIT	17.5	16.3	7	11	23.9

# Sports Instruments



- Sports instrument sales down 5%
  - Sales of diving instruments, diving and watersports suits all similar to last year’s levels
  - Sales of wristop computers down 4%
  - Training category shows potential
- Suunto G6, the new golf instrument, measures the swing, improves swing consistency and simplifies scorekeeping

MEUR	Q1-Q3/05	Q1-Q3/04	Ch %	Ch % in local currencies	2004
Net sales	55.0	57.7	-5	-5	77.2
EBIT	4.1	5.5	-26		8.0



# Acquisition of Salomon

## Acquisition of Salomon concluded

- Amer Sports is a leading global sports equipment company
  - Annual sales of about EUR 1.7 billion and 7,500 employees
- Transaction value (debt and cash free) amounts to approx. EUR 485 million based on year-end 2004 net assets
  - Includes 144 million in goodwill
- Transaction closed on Oct 19, with economic effective date of Oct 1, 2005
- All-cash transaction was financed with debt



## Acquisition of Salomon concluded

- The estimate of synergies made has been reinforced
- Amer Sports and Salomon will continue to serve their customers around the world with their own separate sales organizations
- Ongoing collaboration agreements with adidas-Salomon AG – lasting up to three years – to assist in the transfer of Salomon
- Decisions to boost the efficiency of Salomon's business operations and lower costs will be made during Q4/2005

## Outlook for 2005

- Comparable net sales, exclusive of Salomon, +5% in local currency terms
- Salomon transaction will substantially increase Amer Sports' net sales in the last quarter of 2005
- The acquisition has no significant impact on earnings per share in the current fiscal year
- Earnings per share expected to be in the range of EUR 0.90–1.00 (2004: EUR 0.96 \*)

\* Continuing operations



The No. 1 sports equipment company  
in the world