

FINAL TRANSCRIPT

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PRESENTATION

Operator

Good afternoon and welcome to Amer Sports Second Quarter Presentation and Webcast. The program here in Helsinki is the following President and CEO Roger Talermo who will present the highlights of the quarter. This will be followed by a Q&A session where also CFO Pekka Paalanne will join. We will take questions from our international audience to start with and then that will be followed by a Q&A session from those present here in the room. When asking questions, please use the microphones provided and state your name and organization.

At this point, I hand over to Roger Talermo.

Roger Talermo - *Amer Sports Oyj - President and CEO*

Also on my behalf, welcome to this second quarter review and let's go right into the business and see what has happened here. As we announced some hours ago, our net sales in local currencies were flat to last year and down 8% including the exchange rates. EBIT before non-recurring items was minus EUR7.8 million compared to EUR12.8 million the year before and earnings per share was minus EUR0.16 million compared to minus EUR0.15 million previous year in the second quarter.

So, the first half of the year seems to go in line with last year's numbers, so we're up only 1%, I would say, than flat to last year. And EBIT is improving compared to last year. But now we have to remember there is some specific items that has been recorded here which I come back to a little bit later.

We could see that the challenging environment that we have been talking about continued. Specific softness in the US market continued likewise. And I can't say, really, that we saw it spreading out through the world, but it was spreading out in the US into different fields. Despite that, we can say that our absolutely strong foothold this quarter was the Footwear and the Apparel business. Especially the footwear business showed very good growth.

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Evidently, the biggest challenge we've had in the past quarter continued to be the biggest challenge this quarter, which is the Fitness Consumer business in North America. We have also concluded now the pre-bookings for incoming winter season and the -- some of the goods and the bad stuff to say is plus 3%. I'll also explain this a little bit more in detail when I come to the winter and outdoor sector.

And we can also say that the long-lasting dual restructuring of our Winter Sports businesses has now come to a conclusion and the impact should then hopefully start to materialize in 2009. We have, with the environment in sight and the lower-than-expected level of pre-seasons bookings on a full-year level taken down our guidance from previous EUR100 million to EUR130 million EBIT to EUR90 million to EUR105 million EBIT on a full-year level, excluding the capital gain of EUR13 million that we have recorded in the books in this quarter.

As you can see from these tables, the winter and outdoor business still up this quarter 8% and now 12% up on a full-year -- or let's say a full six-month basis that we have recorded. Ball sports down 4% as well as 4% down on the first six months. And fitness down 5% in the quarter and lagging 9% behind the past year. You see the big difference between local currencies and reported currencies and we all know the reasons for that.

On EBIT level, we're slightly better in winter and outdoor compared to previous year in the quarter, but clearly better on the first six months related to the fact that the first quarter was a pretty good quarter, as that was the end of the season quarter of last winter season.

Ball sports, a little weaker quarter than the first quarter, so we're down 16% from EUR15 million to EUR11.3 million. And unfortunately, fitness had its most difficult quarter with a slight loss in the quarter business.

I say already at this point, as you probably have seen in the notes, that we had quite a few one-offs booked in the quarter so that we could then, towards the end of this year, improve the quarterly numbers and then, of course, the full-year numbers from the current status where we are today. Headquarters recorded a positive quarter, but again, due to the fact that there we have booked this EUR13 million gain of the headquarter building. And this all then leads to the numbers I talked to you about just earlier.

If we then jump into the winter and outdoor business, evidently the numbers have already been discussed. You see a slight drop in the personnel at the period. We already have started to see the departures of some of the restructuring measures that we've had. Overall, the winter sports equipment showed 18% growth. Of course, this is absolutely a very, very low period of the business.

We can say that the alpine inventories, generally speaking, are in a pretty good shape in the industry and that's good news because that's the big chunk of the business in the winter and winter sports equipment. Said that the cross-country inventories, both in the plains in middle Europe and especially in Scandinavia Nordic countries are still on a very high level as they didn't see a very good snow year last winter. And this all then ended up when we booked the pre-seasons, as I said, to 3% plus.

Apparel and footwear saw steady good growth of 11% and especially good with the footwear side. And the future orders are indicating a growth. We're also happy to announce that even in North America, where we are a newcomer, the footwear lines, the trail running lines have been very well accepted and awarded by the magazines. So, the sell through, to our understanding in the stores, have been good. So, we'll see that there is a clear momentum in our footwear category from that perspective.

Cycling in the second quarter was up 2%. Sales were a little bit impacted by the fact that, as we are doing the restructuring in France and we have not been maybe fully able to provide all the products to the level where we would -- where we had orders. And nevertheless, it looks like it's a decent year for the cycling business and the order levels remains healthy going in -- when we went into the summer and now going into the autumn. Sports instruments grew 6%. There were several new lines and products launched during the period. And clearly, this is driven by the training lines and the outdoor lines in this category.

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Then with ball sports, again, net sales down slightly and EBIT a little bit more. We are about EUR3.7 million behind the past year's numbers. Racket sports down 5%, partly due to the fact that there was a challenging environment in the United States and partly -- and of course that's due to consumer demand -- but partly because we had some capacity constraints, especially with the ball business out from China.

I'm not going to blame the downfall on the Chinese situation, but it's evident that in the areas where we have our ball factories in -- and suppliers in China, there is a quite high rise in wages and raw materials. So, we have had some shortage of people to get into the factories. But that's something that has been worked out pretty well now.

Team sports plus 3% and we took quite a lot of actions before the baseball season now starts to be sure that we are visible and we have products well out there and that we have the right product. And it seemingly has paid off and it looks like the sell-in of the 2009 range has been good and it looks like there is a lot of momentum going on in the baseball category. So, we're quite optimistic with the team sport side to continue to do pretty well despite the fact that the environment is quite challenging.

Golf is down 12%, but here again I remind you about the fact that we are now in a different business mode in Japan and -- but without that we still have a short decline in golf, mainly due to the fact that there is more and more private labels in the commercial, that we'll say the low end, and we have been the leader in the low -- high end of the low category. And that's where we see a lot of new challenges that we are facing.

However, the good news is that our staff line, which is then our high end, has done much better. So, we are clearly changing the mix and then also the fact that now the initiatives we took last year are starting to pay off so that the profitability is also clearly improving. And we're still clearly targeting to be profitable in golf this year and it's not 100% impossible. It's a little challenging, but there's still a lot of good opportunities to make black numbers with the golf.

Fitness, as I said already, has been the -- still the most challenging businesses -- the most challenging business of our -- all different businesses and this is where we can see that the net sales are still down compared to last year. But when I say that, I have to remind you that 74% of our business is in the commercial that will stay in the professional part of the business, selling to the clubs. And that business is okay.

We have no issues with that business. And it remains to see how it will continue, but as we see today, it should be okay through the year. Of course, I keep a small reserve. Nobody knows what will happen with the market. But our vision today is that it's a soft market, but it's not a bad market from that perspective.

The problems and challenges we are facing comes from the consumer market. The consumer market is very soft. There's very weak demand, both because consumers have a much lower demand than they have had in the previous quarters and months and even few years. But also because the retailers, as we work through retailers in this category, they are de-stocking and they are trying to be very cautious in the climate which exists in the United States.

The good news is that even if this is in official is that it looks like quite a few of the retailers have felt that the last month and really the last time in the summer has kind of flattened out so that it's not dropping anymore. To be seen if this is sustainable or is it just a blip. And I don't want to try to predict anything or even try to kind of give you a false picture that now it's turning. But we can see some light in the end of the tunnel, hopefully.

We have, of course, taken all the measures to adapt to this situation. We're adjusting our cost base and we have changed -- made changes both in the manufacturing and in the sales and that will, of course, impact or have impacted the Q2 numbers. And that's why we have recorded some one-offs there up to EUR3 million and then hopefully now they will start to give a positive impact going forward.

As I said, the financial -- as I said, the restructuring we did in the winter sports business is now concluded. That will financially impact our numbers next year because not all the departures that we have announced -- I will say around about 400 positions

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eliminated are going to be finished in June or July or August. Some of them are done. People have left. There are still people who are leaving throughout the year, so that the last people who will leave our organization will leave at the end of the year in December.

So, it is a gradual move to a new business model and therefore the impact will come onto next year's numbers. It's been a big restructuring that we've done. Don't forget we had one already a year-and-a-half ago. So all in all, this is easy 700, 800 people that we have had to remove and adjust this way our cost base. We have also taken a lot of other initiatives. We have changed the business model with our sales organizations throughout the world. There will be much more integration than we planned in the beginning.

We have built up our Asian sourcing organization that generates certainly a lot of efficiencies. We're working on global logistics where already the American part is finished and now, the European part goes into their stage number two and in the next two or three years, that will then pay off in a different way. And we are integrating what we call our information network into -- we have a plan called Global ONE where all our entities are within the same network, which will give again a savings efficiency, but also improve service towards our dealers.

All these things, everything we planned two years ago, last year and initiatives we've taken this year have been executed fully or are in the process to be finalized. So, we're not holding back. We are not just sitting down and looking at what we could do. We have programs. And I'm pretty bullish saying that we have been very early in doing these things. And I'm pretty sure that this will have an impact.

For example, the second stage of restructuring in the winter sports, the phase two that I had referred to and I said that -- and we announced that it should generate about EUR20 million in positive sales. That's still intact. That was based on volumes which are on the level where we are today. So, that should materialize next year. We just have a tough time that we need to go through. There's a lot of general market softness and I think that we will certainly come out from this as strong as one can come and hopefully, we take the right strategic decisions going forward.

That concludes this part of my presentation and, as I said, our estimate is between EUR90 million to EU105 million EBIT for this upcoming year. Thank you very much. Now, we can move over to questions. And as we said we would start with the international audience over webcast. Please.

Do the operator have any questions for us here in Helsinki?

QUESTIONS AND ANSWERS

Operator

Our first question comes from the line of [Miya Markovich]. Please go ahead with your question, announcing your location and company name.

Miya Markovich - Nova Tour - Analyst

Hi, this is Miya Markovich from [Nova Tour]. Mr. Talermo, you have stated that circa 25% of pre-cost sales is -- are residential and that the commercial segment is continuing to do fine. Given sales have dropped over 10% so far this year, please comment on how you are planning to deal with that circa 40% sales drop in the consumer business. Please also explain what caused profitability overall to drop by circa 80% for the same time period and how you're planning to deal with that.

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Roger Talermo - Amer Sports Oyj - President and CEO

Thank you for your question and if I got you right, it's related to Precor and to the drop of the business and how we are going to address that.

Miya Markovich - Nova Tour - Analyst

Yes, the first side is the residential, particularly, because it's a 40% sales drop. And then, generally, profitability 80% drop.

Roger Talermo - Amer Sports Oyj - President and CEO

All right. Thank you. We have, for the consumer business, which is the one which has been hurt and, as you correctly said, almost half of the business has been suffering. We have -- first of all, we have shut down our production unit and moved over those fixed workers that we feel that are very important for us to our commercial businesses.

We have also laid off all temps -- temporary workers in both areas so that we could move over this fixed workers for -- from the consumer side to the commercial side. And of course, we have taken all measures that we can to save costs in United States what has to do with the production of these issues. There is also -- and this, of course, excuse me, is also then -- makes some negative variances on the industrial part of the business.

There over, we have taken, as we have already earlier discussed, we have taken some extra reserves for bad debt as, of course, the dealer network is suffering like we are suffering from this situation. It's not only Precor products in the dealer network towards the consumers that hurt it, it's generally all the products in the consumer network. And this, of course, makes a situation difficult for quite a lot of our dealers in that business. So, we have to be careful. We have not had huge bad debts momentarily, but I think with all the principles that one has to respect in terms of how going forward, that is a risk and we have recorded some reserves there.

We have also taken a reserve for product warranties in Precor. We have had a very small issue with the new A&T, a welding issue. It's not a security issue. It's not a big problem. We have got a few back and we have reserved for doing proper things if something goes wrong there in a bigger turn. So, we've been very, very cautious in this sense. That takes the -- that takes the profitability down in that -- in that quarter. I think these are the measures that we've taken to offset the drop in consumer business and then to -- what are the reasons for the drop in the profitability. This doesn't reflect the normal level of profitability, what comes to the business in Precor.

Miya Markovich - Nova Tour - Analyst

Okay. Would you be able to comment on how you see the commercial -- consumer segment going forward?

Roger Talermo - Amer Sports Oyj - President and CEO

So far the consumer segment, as I said, is flattening out a little bit, so we have had several months on consecutive drop in the consumer business. Now, when I talk to my people in Seattle, which I did last night or the night before at last time and they clearly now indicate that -- I don't know if it's just wishes, but they have been pretty negative because of the situation which is realistic in the North America. Now, they say they see that it's flattening out a little bit. When they talk to their dealers, they say that there are more dealers coming -- more consumers coming into dealers.

So again, I don't want to predict that now this means a change, but I think the good news is that they see a little bit a light in the tunnel, so hopefully we're not dropping anymore. And then, we'll see how we go forward. But we're cautious looking at the end of the year. I'm still skeptical in the site of the total environmental development in the United States. I personally don't see

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that the end of the year will be better than the beginning of the year. I think we still have a slight, generally in the demand and that's something we just have to take a fact of.

And we had a Board meeting today and it looked like the consensus of the Board members around the table discussion on the outlook is that quite a few -- and we have a very good interesting Board constitution today. Everybody seems to be of the same opinion that 2008, end of 2008 will still continue to be a struggle. And some of the people were of the opinion that 2009 will continue even -- maybe even to be worse from a general term. Now, that doesn't reflect necessarily to our business, but we have to just kind of have this environment in our mind when we take our decisions going forward.

Miya Markovich - *Nova Tour - Analyst*

Okay. Thank you. If I may ask one more question with regards to the Footwear and Apparel business, please expand on the developments there. And in particular, if you could please expand on the results of the latest investment in the US and the growth drivers besides the trail running. And overall, for 2008, are you still expecting a sales growth of close to 20% like in the past?

Roger Talermo - *Amer Sports Oyj - President and CEO*

It's very positive to see this trend happening and just for a background information, we saw this opportunity already about 12 months ago when we had on the drawing board or even a little bit more than that. But let's say 12 months ago when we had on the drawing board this wings line, as it's called, an extension, a new, more pure running -- trail running show than our shoes before. Our shoes before were a little bit more rugged than -- a little bit more for rougher conditions.

Now, we are a little bit more on the -- we could even say on a white wall competing against the running branch, but with a different concept coming from the trail running side. We saw very good approach, a very good demand from the European market, which has had a strong foothold for us in this category. And that momentum has clearly continued. The outdoor show at [Fredricks Hoffen] last month, really gave us a good indication that we are in with this product. It's in the trend. There's a demand for it.

Simultaneously, we said that if we want to succeed, it's not enough that we are on the European market as a European company. We need to succeed in the biggest outdoor market in the world, which is United States. So, we did a plan how to address the American market, but we all understand that the American market is the home market and home turf of the big brands. So, we want to be very specific and we went through the trail running and the trail -- the outdoor channels and this way, little by little start to produce some interest towards the product. Now said that, we're still up the mass producer. We're still up the big guy. We're just kind of putting some first seeds into the market and starting to penetrate it.

But the good news is that the plans we did, the campaigns we've had have got very good response from the outdoor specialist magazines, which care the real specialists in understanding what products are needed. And also, as we have now shipped in some products during the summer, very good feedback from the dealers saying that the product is selling through. People are interested in it. It's very lightweight. It's very good stability. It's a very good grip on where you are running and you have a very good feel on the terrain.

So a lot of good positive arguments with the product. And let's not make this too much of a hope thing, but at least the indications are and the future orders that we have, they are growing. We're still a small player, but they are growing. And I see it today, yes, I'm hopeful that we could achieve a 20% growth on the year. There's still time to go and we still have five months of doing business. But the orders we have in hand, they are improving compared to last year.

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The stimulation we are doing says that we should be able to sell more than we sold last year. So momentum is positive. And clearly, even if we have apparel and footwear now in together, it's the footwear part which is driving the business. Apparel is doing okay, but it's -- that's not the one who drives the business. It's the footwear side. So good news.

Miya Markovich - *Nova Tour - Analyst*

Okay. Thank you.

Operator

Our next question comes from the line Tia Lehto. Please go ahead with your question, announcing your location and company name.

Tia Lehto - *Carnegie - Analyst*

Yes. Tia Lehto from Carnegie in Helsinki. Hello. A couple of questions. First of all, in this current harsh environment, do you really think that you have any chance of pushing on cost inflation to your own product prices? And if you are, in which area?

Roger Talerio - *Amer Sports Oyj - President and CEO*

That's a good point. I think everybody -- every producer today is thinking of this. We all know that the raw material prices continues, generally speaking, to go up. And there's a lot of pressure on pricing. This is a very big question for us and we do simulations all the time. How about if we lose some volume, what volume can we lose if we increase the prices, et cetera. So it's not a very easy environment to get the best outlook from a planning perspective, through the simulations.

However, it's evident that wherever we can increase prices, we are doing it. Now, I cannot be really specific in this product or that product because there's, as you know, we have plenty of products. Some of our products for this year we cannot do anything because they are already sold in last spring. There's pre-bookings, there is pre-pricings, et cetera. On the other hand, the good news is that, in those categories, most likely we don't have even the pressure on the raw materials because they are also fixed for the year. So they tend to go hand in hand.

I think, from a pricing perspective, the more important question now is how do we go forward in 2009? And this is the big question that we are struggling with -- or not struggling, but we are debating today that what are the volumes, how to be set and how do we kind of look on this? It is a tough dilemma, but I can assure you that where price increases can be made, even small ones, we are trying to take them up.

Tia Lehto - *Carnegie - Analyst*

If you analyze your pre-order book in the weaker sports equipment, which is up 3%, how much is price and how much is volume?

Roger Talerio - *Amer Sports Oyj - President and CEO*

I don't have the analyses at this stage. We got it very late and -- before this announcement or this date, so I don't have the details at this time. I would -- I don't want to guess. We'll come back to this issue when we have more information about it.

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Tia Lehto - Carnegie - Analyst

Okay. Then the last question related to the restructuring in the winter sports equipment, how is the timing of the cash outs related to the layoffs coming in now during the second half?

Roger Talerio - Amer Sports Oyj - President and CEO

It's mainly during the Q2, Q3 and Q4. Mainly Q4, yes.

Tia Lehto - Carnegie - Analyst

Was there any in Q2 already?

Roger Talerio - Amer Sports Oyj - President and CEO

According to our CFO, Mr. Paalanne, he's showing with his head that no. But if you want to take a comment, anything on this, please.

Pekka Paalanne - Amer Sports Oyj - CFO

Yes, so actually there was nothing really booked in during Q2 as a part of cash out. Everything is coming Q3 and Q4. Very, very minor amounts in -- maybe early next year. But 99%, Q3, Q4.

Tia Lehto - Carnegie - Analyst

Okay. Thank you very much.

Operator

(OPERATOR INSTRUCTIONS).

Our next question comes from the line of Peter Farren. Please go ahead with your question, announcing your location and company name.

Peter Farren - Bryan, Garnier & Co. - Analyst

Yes, hello. Peter Farren, Bryan, Garnier in London. Just one question coming back to the [Source Cup]. Do you have any visibility for 2009 as to how much we're looking at? Are we talking a mid single, high single digit increase in Source Cup for your Asian sourcing business?

Roger Talerio - Amer Sports Oyj - President and CEO

I don't want to laugh at this question, but it's a tricky one to answer because, of course, their demands are very high at this point. We have seen increased demands, up to 10%, ever 15%. However, I don't think we, in all cases, or in, let's say, an average, we need to go that high. Now it's a question of now finding the right balance.

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Without departing from the question, as you all probably know, there's a huge pressure in -- especially in China, but in other Asian markets, but especially in China, on wages, new reforms, those things that are coming in. So I think there's a lot of people today, both as suppliers and as brands buying equipment or goods from Asia to try to find new solutions and new ways how to cope with this. So it's not evident that they can just push the higher prices on our shoulders. I think it's a balance to be found here.

But it's clear that if we continue to work like we work today, we are trying to get deficiencies. Our Asian sourcing office are combining new ways to look at. We're looking at combining sources and this way get more efficiencies. And that's also beneficial for our sourcing and our sources. So there's a lot of things going on behind the scenes in those markets.

But again, to give you an exact number, I would -- my guess is it would be under 10%. I don't think it will be over 10%. But again, it's out from the blue. And now, how much can we pass onto consumers? What are new constructions in the products? There's too many things that can or variables that impact the result here. We have been lucky. So far our gross margins have held up very well.

We've actually a little bit improved them in the first two quarters. That's a tough job that we have really been pushing. We might be able to, hopefully, at least, maintain a good level towards the end of the year. Now then 2009 is now under negotiation. We'll see what happens there. There's so many, as I said, variables and formulas to work with and then count out with the logic. We're not giving up anything free of charge for sure.

Peter Farren - *Bryan, Garnier & Co. - Analyst*

Thank you.

Operator

Our next question comes from the line of Peter Testa. Please go ahead with your question, announcing your location and company name.

Peter Testa - *One Investments - Analyst*

Yes, it's Peter Testa, One Investments in Switzerland. A couple of questions, please. I was wondering if you could help us understand a bit better the forward order situations, some of the other businesses. And maybe if you could give a sense as to, in the relevant and businesses where forward orders are relevant, the extent to which forward order growth is coming in above or below the rate of growth you've seen in sales in the first half.

Roger Talerio - *Amer Sports Oyj - President and CEO*

We had pretty good visibility at this point on forward orders for this fiscal year, we will say, end of 2008. I think that we need still a lot of business, but I would say 60%, 70% of the business we see that we need to get to the levels where we are indicated that we would get this year is already in the books. We still have to get a few hundred million, but it's not all what we have.

So everything what we said, how have we indicate our estimations are, I would say, pretty cautious. But on the other hand, right away I take out the fact that is there all an upside? No, I don't think so because I don't know where the market will go like. The likelihood of going downwards is bigger than marketing -- market flattening out or going upwards.

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Peter Testa - *One Investments - Analyst*

Okay.

Roger Talerio - *Amer Sports Oyj - President and CEO*

But if we're working now and is to be able that we can make money out of what we are shipping. Evidently, in the footwear business, in the apparel business, in the winter sports business, we have a fairly decent order level at this point for the final part of the year. There are still in racket sports, there are still in fitness, orders to be gained.

So, I think the two critical things overall, if you just want to take out two big elements is fitness, how does it look towards the end of the year and then winter sports reorders, which we need a good EUR50 million plus. But we got that last year. So it's not completely kind of out in the -- out from the blue, but it's still a lot of money.

Peter Testa - *One Investments - Analyst*

Right. Okay. I guess part of what I was trying to understand was, for example, in apparel and footwear, your forward order booking trends were showing a higher rate of growth and the 7% sales growth you saw in Q2, for example, or the first half growth rate or lower rates just to get a sense of how the momentum in the business is moving.

Roger Talerio - *Amer Sports Oyj - President and CEO*

The level, again, as I said earlier, in footwear it's higher. In soft goods, apparel, it's maybe a little lower.

Peter Testa - *One Investments - Analyst*

Okay.

Roger Talerio - *Amer Sports Oyj - President and CEO*

But overall, it's higher than the 7% because otherwise I would not tell you that we still look forward to see a higher growth than the -- or at the same level growth that we had last year.

Peter Testa - *One Investments - Analyst*

Okay. Then just a question to understand on the guidance change because you have a different movement in the bottom end of the range and the top end of the range on -- near the profit guidance. I was trying to understand firstly what are the different dynamics driving that and then, secondly, the extent to which the changing guidance relates to a change in view in Precor's profitability versus the rest of the business and the extent to which it includes any exceptional or other costs if you're reorganizing Precor further.

Roger Talerio - *Amer Sports Oyj - President and CEO*

I think what drove us to lower our estimation for the full year was two things. We still continue to feel the big challenge we have with the fitness industry, especially North America. We're quite far behind from where we were last year at this time. And from what we've planned for early part of the year, if we were prudent there. So fitness is one chunk of the -- let's say the risk assessment here.

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And the other one is with the sports equipment. Even if we have good orders, but we had only 3% of our pre-season bookings. I personally -- and don't take this as the exact numbers, but I have expected a little bit faster recovery in the winter sports business from the big drop we saw two years ago. Remember we dropped 30%. We lost one third of the market. Now we saw very good sell through in the Alpine areas -- Alpine Europe, Japan, very good sell through. So we said winter is back. Business is back.

Now at that point, we weren't really sure what will happen with the plains and what will happen with United States. Now we probably have another cautiousness. People are a little careful what will happen to the European economy in general and the US economic climate we already know. I don't know if these are the two reasons that make that the pre-season bookings went up only 3%. If they would have been up 10% or 15%, I would have a different view on this situation. But as they're only 3%, we have to be careful and say let's not dream. We try to always estimate very realistically.

We don't always hit the nail, but at least in this case, these two things are the key drivers telling us that, hey, if we promise from EUR100 million to EUR130 million, at least EUR130 million is completely out of the range. That's why the drop from the top end has been bigger than maybe from the bottom end. I don't know. We still hope to make a decent year, but the growth expectations that we had for the year, we unfortunately have to abandon at this point.

Peter Testa - *One Investments - Analyst*

Right. Okay. So if it's just, for example, if you look at Q2 the results exclude in a gain with about EUR10 million different than where the analysts had been set up. And I know Q2 is not a big quarter, but I'm looking at the delta. Are you expecting something to improve and you're not sure how much it will improve and that's why you see you have the range or are you expecting some issues in Precor to be exceptional charges? I'm just trying to get a sense as to how you came up with this range and why one end moves by EUR10 million and the other end moves by EUR25 million.

Roger Talermo - *Amer Sports Oyj - President and CEO*

Again, we think that the upside we saw is wiped out.

Peter Testa - *One Investments - Analyst*

Okay.

Roger Talermo - *Amer Sports Oyj - President and CEO*

But the risk we have on the low end is less important from that perspective.

Peter Testa - *One Investments - Analyst*

Okay.

Roger Talermo - *Amer Sports Oyj - President and CEO*

The order books we have and the charges and the extra course we have taken in, in Precor, they should cover. So I don't think we see a lot of one-offs booked in Q3 or Q4. If not, the world is changing completely. So I think we are pretty safe that we should even probably get a little bit better profitability back in three and four than we have there.

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And of course, winter sports profitability is now coming in, in three and four, so there's still to be -- a lot of money to be made on that side. So I think it's controlling the bottom line and -- but the upside which comes from volumes is the one which we don't see coming in today.

Peter Testa - *One Investments - Analyst*

Okay.

Roger Talerio - *Amer Sports Oyj - President and CEO*

Said that, we still have quite important programs to be executed on the cost level to be sure that we can be tight in our expenses. And there is absolutely not impossible to be made and that's the big drive we are doing in our organization today to be sure that [OpEx] we are going to spend towards the rest of the year are in control, which I doubt that we wouldn't be in control. We will certainly be in control. And then, on top of that theory, as much as we can of those OpEx, behind initiatives that drive sales and everything which is not 100% necessary to do now, but which are important, we try to move over two or three years.

Peter Testa - *One Investments - Analyst*

Okay. And my last question, please, is just on the funding situation. You have a certain amount that you're funding which is in the commercial paper market and I was curious to understand what has been happening as you roll that over. And the second part of funding is you have an element of private placement in your credit facility which expires in 2009. I was just wondering if you could talk about your alternatives or plans for replacing that.

Roger Talerio - *Amer Sports Oyj - President and CEO*

Allow me to give this question over to Mr. Paalanne as he's been working on this. So, he's better to answer than mine.

Pekka Paalanne - *Amer Sports Oyj - CFO*

So, we have in this [part] short of using active this finished commercial paper program, which is very attractive from the margin point of view. And that credit facility got a back-up part than the long-term facilities. And so in that sense we are -- we have a part of a good situation.

So what comes to then -- so we are basically a long-term facilities, so we had a part of the syndicated loan arrangement with maturity goals, mostly 2011, 2012 and then we -- and that's got a bigger part of credit loan facilities. Then we have these two and four-year products finished with domestic bond issue with half of that was EUR100 million . Half of that will expire actually next spring. So basically, if you look at this year and most of next year, we are pretty well covered in terms of financing.

Peter Testa - *One Investments - Analyst*

Just -- my questions were too slightly different. One is just on the commercial paper. If you could highlight how the spreads may have moved in this market as you're rolling that over. And the other was I understood what the expiries were on the other facilities, but just to understand that your plans on replacing those that expire in '09.

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Pekka Paalanne - *Amer Sports Oyj - CFO*

So, these are commercial paper products. These are really short many things -- anything from, let's say, up to six months. And as I said, I'm not going to disclose the margins, but the margins are very interesting. As long as that market exists, we will try to continue to use it because it's got the best part by far the best alternative. But to back up that facility because that kind of market cannot also dry very quickly and so we have the kind of [lend] go back up facilities.

Peter Testa - *One Investments - Analyst*

Okay. And the other part of the question on your plans on replenishing your facilities for '09?

Pekka Paalanne - *Amer Sports Oyj - CFO*

That's kind of the next question that we are working with than now. We'll start to work with a plan which then would go beyond then 2009 and 2010. Because some other part has a longer term [facet] of this, of course, are coming close to the part of end of the maturity next year.

Peter Testa - *One Investments - Analyst*

Yes. Okay. Thank you very much for your answers.

Operator

We have no further questions from the telephone line, so I hand the conference back to you.

Roger Talerio - *Amer Sports Oyj - President and CEO*

Thank you very much and now if we have any questions here in the audience, please. Start here.

Unidentified Audience Member

(Inaudible-microphone inaccessible) from Deutsche Bank. A question about Precor and the commercial side. In Q1 you said that you need to get orders to the second half of the year because the commercial side is bigger in the second half and the consumer side is bigger in the first half. Just to understand that 24% consumer and 76% commercial, how that's split between H1 and H2 and how confident you are about the order book levels for the commercial side for the second half.

Roger Talerio - *Amer Sports Oyj - President and CEO*

Momentarily, for the commercial side, we are pretty okay with the order book level. But said that, still the big chunk of it is in Q4 -- November, December. And we should have visibility into this in September at latest. And we have plans to have a big meeting together with our Seattle people in the beginning of September to be assured that -- to assure that we know what's going on and we see the visibility and we share the vision.

That's -- we don't have it today yet because if we respect the delays in terms of order, the days needed to produce this equipment, et cetera. That will then determine that we should know the order situation September, end of September. But today -- everything we see today is confirming that. There's a little softness in that market, but nothing dramatic.

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Unidentified Audience Member

And then just overall in terms of the sales of the -- for the full year, how much of the sort of sales that you're thinking of to get to EUR90 million and EUR105 million EBIT, how much of the sales can you already see in order books to reach that?

Roger Talerio - Amer Sports Oyj - President and CEO

We -- as you remember, we indicated a 5% increase in our previous estimation to full-year numbers compared to last year. It's evident that we need to kind of back up from that. And we're still not very pessimistic on the sales level from a global perspective. We're not saying that we will go far negative here. Not at all. We're up now 1% compared to last year.

We still have quite interesting businesses that's coming up and we have some order books. So it's probably somewhere in between what we indicated as our target and where we stand today. That's how we see it at this time without being too optimistic because we've tried to simulate every business model because we have orders enough quite a lot.

Unidentified Audience Member

So, like-for-like sales growth currency adjusted is expected to be faster than 1% in the second half.

Roger Talerio - Amer Sports Oyj - President and CEO

Yes. Please, here.

Maria Wikstrom - Handelsbanken - Analyst

Maria Wikstrom from Handelsbanken. I think you once have said that the biggest indication for Wilson sales is consumer confidence, which is currently, I mean, a drop bottom in both in the US and the EMU. And I think I'm more interested there on the racket sports side. Can you please talk a bit more about the geographical split of where your order book grows? Is it -- I mean, have you seen the slowdown both in the US market and EMU or how is the split between the different markets?

Roger Talerio - Amer Sports Oyj - President and CEO

I have -- I don't have 100% that's now on all these numbers because, as you know, the numbers pop up at the last stage and then we present them almost right away when we get them. My feeling is -- and Pekka please come in if you have something to add here -- is that we've seen some softness in US We haven't seen the same softness in Europe in the same way. And then some of the shortage we had in both is also towards the US market. So it's more a US-related issue than European-related issue. But more in detail than that I would like to in.

Maria Wikstrom - Handelsbanken - Analyst

And my second question is that do you see any impact of the upcoming Olympics to your sales levels?

Roger Talerio - Amer Sports Oyj - President and CEO

Usually summer Olympics is not a big trigger of equipment. Apparel probably is if you're in the apparel business and especially if you are in the sponsorship of Olympic games so that you can have your brand visible. But general speaking, equipment play

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a minor role in the Olympics. And as especially for us when we equip athletes who use our equipment, they -- in some categories they can participate in the equipment. Like in tennis, like in badminton, et cetera. They cannot participate in basketball or baseball or a softball and/or especially in beach volleyball where we have strong names.

They would compete somewhere else at the same time with the same visibility. Now that there is more visibility we get may out something of it, but as you know, there is a period before and after the Olympics when nobody's even allowed to market with these people. So it's not a very strong trigger of more sales in that sense. But what I think is good with Olympics is that it keeps the world very much focused now on sports. And we know that always after Olympics there's a huge interest by the kids to participate in the sports. So I think Olympics, as the world's biggest sports event, is a very, very good promoter of sports, which is really what they are all about.

And therefore, I think that what happens after the Olympics is more critical than anything else. So I think that if we wouldn't have the Olympics now and we were in a downturn, I think it would be worse than as we had the Olympics for the interest and participation. But again, this is very kind of away from a numbers perspective. But direct impact, no, I wouldn't say -- I wouldn't say that we get a boost because of them.

Lauri Pietarinen - *Ohman Fondkommission - Analyst*

Lauri Pietarinen from Ohman. A couple of questions. I'm still trying to understand what resulted in the poor sales and profitability of Precor. I mean, if I'm comparing you, for example, to Life Fitness, which has fair to quite decently up to date and they're still also noting about the same problems of the consumer segment and so forth. And if you have put sort of the sales of Life Fitness and Precor into the same currency, there's a marked difference. What has gone wrong for Precor in detail?

Roger Talermo - *Amer Sports Oyj - President and CEO*

Pekka wanted specifically to answer this so I'll give this to him.

Pekka Paalanne - *Amer Sports Oyj - CFO*

So indeed, of course, we have analyzed very carefully of Life Fitness [release] and so the situation is that if you look at -- sort of make the comparison between Precor and Life Fitness and of course we've gone to the core market for both companies is the [target] consumer market in the US. So we have grown our business in commercial segments in the US by 8% in local currency terms. But it pretty much also seems to be what Life Fitness has been growing. So there's a kind of status quo in the -- in the US commercial market.

Where there is a difference between the two branches is that relatively speaking, so Precor has more consumer business than Life Fitness. And of course, that is the business which has really suffered now during the first half of the year. Secondly, which is unfavorable for Precor at this point is the fact that proportionally then a bigger part of Life Fitness -- global business is outside the US. And where there Precor has got a US -- got a multi-US driven also on the commercial side.

But really the core comparison here is that where we can -- what is very important for us is that we have not lost business. We have not lost share in US commercial business. We have grown the business in US 8% in local currency terms and we have grown the commercial business in Europe by 10% during the first half of the year. So we have, as already mentioned many times, we have still experienced a very strong development in -- on the commercial side of this.

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Lauri Pietarinen - *Ohman Fondkommission - Analyst*

How much have the sales dropped, actually, then in the consumer segment if it takes the first half of '08 versus the first half of '07?

Pekka Paalanne - *Amer Sports Oyj - CFO*

It has -- it has dropped a lot. It is currently depending a little bit from the product that we depend on the [currency] retail was up to 50%.

Lauri Pietarinen - *Ohman Fondkommission - Analyst*

(Inaudible-microphone inaccessible) roughly more than EUR20 million. How quickly do you think that this will sort of rebalance the situation? I mean, coming back in here, when is the situation really going to become more normal?

Roger Talerio - *Amer Sports Oyj - President and CEO*

It's really a good question. I'm a little skeptical today that if we talk about this consumer part that the US economy and the demand will not turn around very quickly. I think we have 2009, which is still a tough year. The important think for us now is to assure that we have such lines that when it rebounds, we're there again.

It seems to be at all the others. I'm [sure] even more concerned about the distribution pattern because as I mentioned in my earlier presentation that the consumer sales goes through retailers and some of the retailers are quite small. They are only retailers in the fitness equipment business. They supply the small -- the small part of the consumer business. The homes, et cetera.

And they're financial situation is, in quite a few areas, quite weak. So if that channel disappears, it's not bad debt which is the problem. The problem is how quickly can we replace the channel? How quickly can we build up the channel? And as you know or probably have recognized, we have already started to do a lot of -- not a lot, but some Precor only outlets or Precor stores together with our dealers.

So this way we can more and better control this. A very strong foothold in Chicago. We have now a better foothold in Seattle in some of the key markets. And we have started programs where let's say we're more in control from that perspective.

It doesn't increase the risk or anything because it's a partnership which is a little different. But this is more the concern what happens to the channel. But directly on your question, I don't think it will rebound this year and I hope it will rebound next year and -- but maybe towards the second part of next year. But this is purely a guess.

Lauri Pietarinen - *Ohman Fondkommission - Analyst*

All right. My second question relates to the winter sports business. I mean, if we go back a year or so. I mean, your first estimate was that the market should rebound back to the normal level, say, in two, three seasons. So now we basically have had two seasons or we know two seasons already what the situation is. So we are coming to the 2008-2009 season and we are still at that same level. So do you think that the market will ever rebound back to the level where you predicted it before or what is the trajectory? And what has changed your view?

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Roger Talermo - Amer Sports Oyj - President and CEO

This is a very good question and we have had a lot of internal discussions of what's happening in the winter sports business. We've come to a conclusion which is hypothetical at this stage, which is saying that the business logic is changing. Not only that people are more renting, but they're also looking at their equipment in a different way. And that triggers us to think about new business models.

We have, as an example, we have signed and opened up in Asia stations -- we call them stations -- Salomon stations. But they -- quite a few of them will be multi-brand stations, [in] Salomon. Japan, China where we are directly in link with consumers for retail operations -- for rental operations. We're likely not bringing that into Europe at this stage. But we are looking and testing different scenarios in case that the business won't rebound. They will be on a certain level for sure.

But then we have to accept that, with a smaller volume, we're not getting to those margins and those profitability levels that we predicted to be if the volumes come up. Our phase two of our restructuring program was such that we're not going to lose money even if the volume is not going to rebound. So we are going to be breakeven anyway or actually having a small profit.

And that small profit is, in our calculations, not enough if the market remains forever in that stage. So now we have started to look on new models. We've already tested them for a year, year-and-a-half in some cases because we had this already planned. We've given a little extra weight to these models now and that includes going closer to consumer, not replacing our dealer network, but adding pressure with the brands and our business model. And especially to regain profitability so that even if the volume doesn't pump up, we will have this profitability on this level.

Lauri Pietarinen - Ohman Fondkommission - Analyst

So do I interpret correctly that your current sort of capacity to say is not sort of in line with the current volume of the market?

Roger Talermo - Amer Sports Oyj - President and CEO

No, no, no. I don't think that's the right conclusion because, as you know, we have taken down the capacity big time. We have planned to go from ten factories in winter sports to six factories. And if we take the most critical ones, there is the ski factories. And all the rest are more or less outsourced from that perspective. And we're closing two entities producing skis for us. One is France, which we've announced and other one which is Romania. And now the question is how do we then optimize the volume in Austria and Bulgaria? And that is the discussion we are going on with.

I don't think we have excess capacity which is costly. We have excess capacity in terms -- if we need, we can increase without investing more. Don't take this wrong. It doesn't mean that if we don't invest, we have an extra cost for it. It's a way how we have constructed the logic. So with two factories, even if the volume stays at this level, we still talk about the million pairs. And we can easily have that spread out over two factories. And even if we then decide we can even have just one factory. But momentarily we do not have excess capacity.

And we are not -- we are not in a position where we need to reduce capacity anywhere as Bulgaria factory is not a factory which is built up. We're actually saying that the plans to build up capacity in these two factories are reduced. So it's investments that we thought of putting in which we are not putting in.

Lauri Pietarinen - Ohman Fondkommission - Analyst

Okay. So if I flip the conclusion the other way around, do I understand correctly that even if the market wouldn't rebound from current levels, your sort of business model is now adapted to driving you to your 10% margin target?

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Roger Talerio - Amer Sports Oyj - President and CEO

Yes. I will say we need to get more margin per product than we had before.

Lauri Pietarinen - Ohman Fondkommission - Analyst

So if the current structure is there, I mean, how long is it going to take?

Roger Talerio - Amer Sports Oyj - President and CEO

That's a good question. We are in a testing stage now and we hope -- and again, it depends on -- the market is not flipping completely from one to the other. What is happening is that we need to have a volume which is sustainable with a good margin for this business. Then the question is where do we get the extra margins if we want to have it overall on that level?

Footwear is okay. [Binding start], getting there when we get this cleaned up during this -- and the beginning of next year in terms of platforms. Ski business is the one which has been suffering now because of the volume drop. And from skis, we think we can find out parts of our business logic that creates margins so that the total margin is going to be on the level where we are. So -- or where we need to be. Sorry. And so I'm not too worried about it. But it will probably take some time to get this whole thing going there.

But I don't think we are behind any schedule in that sense because there's no specific schedule in that. But as we said earlier, the other initiatives that we have actually here, they all are going to generate significant savings and amount of money. We talk about millions, tens of millions of euros. So I think there we have a safe platform to be able to go forward.

Lauri Pietarinen - Ohman Fondkommission - Analyst

So if I try to draw up on this discussion then, I mean, you have EUR20 million of sort of synergies that you expect from the stage two of the most recent program which mostly involves [cutting personnel]. I mean, looking at your cost base, I mean, if you're revenues wouldn't grow from the current level. Let's say the market is flat and the prices don't change from this.

How much has your cost base or how much will your cost base change in 2009 versus 2008 in the winter sports business? Because if I understood correctly, it's sort of all the business restructuring has been done and you don't need extra volume, so I would draw a conclusion that you're expecting a significant improvement in 2009 versus 2008 from this discussion.

Roger Talerio - Amer Sports Oyj - President and CEO

Yes. No, go ahead.

Pekka Paalanne - Amer Sports Oyj - CFO

That's kind of a [related] current restructuring, which you also referred to given this EUR20 million positive impact next year. That is [current]. That is mostly because of fixed cost reduction part of the program. And it's either [reducing] fixed -- operating expenses or it's reducing sort of fixed part of factor of '08. So fixed cost in general speaking.

Let's go to the program then by really executing that program, then we start to be very close to the level where we think that we need to be to get the [EUR10,000] from the OpEx point of view. And there's the other part of the program is really more margin related. Really now going from this ten to six factories and harmonizing some the platforms and all these kind of efficiency

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and cost reduction program which have a current impact on direct variable cost. Then should given another quite a significant impact next two, three years. So all in all we are looking with the current volumes next two or three years to get to those level we have, which you referred to.

Lauri Pietarinen - *Ohman Fondkommission - Analyst*

So talking about the significant sums, I mean, if we look at 2009, is that the EUR5 million, EUR10 million, EUR15 million that you expect to get from the sort of variable cost setting if they are struggling with --

Pekka Paalanne - *Amer Sports Oyj - CFO*

That -- I am not going to specify and the first part, which is kind of, really, the kind of the done part that we have communicated. The other part then kind of really we are not driving the -- kind of the -- this industrial setup to the mode which we have explained and that should give, certainly, next year go to significant savings. But I'm not going to nail myself to any number when it comes to those reductions.

Roger Salerno - *Amer Sports Oyj - President and CEO*

It comes off from this chart here. That's why I wanted to have this chart. Because you have the first part there on the top and then the other programs, they all will generate. But we don't want to tell and lock ourselves into a number because we are driving them over the next two years so that they certainly are going to be -- they require some investments, some of them, but they are then going to give efficiencies which are quite important.

Any other questions? [Fla], you want to continue? Okay. Thank you. Okay. It's seemingly there are no more questions. Thank you very much for the interest and we'll come back when we have our next quarter. Thank you.

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