

Interim Report January - June 2004

August 12, 2004

Highlights

- Demand for sports equipment has strengthened
- Sports equipment business's net sales +4%, EBIT +10%
 - Strongest growth in Fitness Equipment
 - Sell-through of golf equipment slower than expected
- Effect of exiting tobacco *)
 - Net sales -30.7 MEUR (-6%)
 - EBIT +14.2 MEUR

*) Compared to H1/2003

January – June key indicators

	H1/04	H1/03	2003
Net sales (MEUR)	519.1	530.8	1,094.1
EBIT (MEUR)	52.5	35.2	117.7
EPS (EUR)	1.49	0.95	3.35

Financial Review

Pekka Paalanne
CFO



Profit and loss statement January – June, MEUR

	H1/04	H1/03	Ch%	2003
Net sales	519.1	530.8	-2	1,094.1
EBIT	52.5	35.2	49	117.7
Net financials	-0.9	-4.1		-8.2
EBT	51.6	31.1	66	109.5
Taxes	-16.3	-8.8		-31.0
Net result	35.2	22.1	59	78.1
ROCE % *)	24.3	17.7		21.0

*) Rolling 12 months

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Breakdown of net sales January – June, MEUR

	H1/04	H1/03	Ch%	Ch% in local currencies	2003
Racquet Sports	116.2	113.8	2	7	207.4
Golf	98.7	102.2	-3	-	156.1
Team Sports	104.2	103.2	1	12	181.0
Winter Sports	36.5	33.0	11	13	188.2
Fitness Equipment	101.4	85.8	18	31	175.5
Sports Instruments	39.5	39.5	-	2	76.6
	496.5	477.5	4	11	984.8
Tobacco	22.6	53.3			109.3
Total	519.1	530.8	-2	4	1.094.1

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Geographic breakdown of net sales, MEUR

	H1/04	H1/03	Ch%	Ch% in local currencies	2003
Americas	320.8	313.8	2	13	573.2
EMEA	144.9	170.6	-15	-15	417.8
Asia Pacific	53.4	46.4	15	18	103.1
Total	519.1	530.8	-2	4	1,094.1

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Breakdown of EBIT January – June, MEUR

	H1/04	H1/03	Ch%	2003
Racquet Sports	14.7	10.8	36	20.6
Golf	8.0	3.9		-12.4
Team Sports	15.3	16.0	-4	23.3
Winter Sports	-14.9	-12.6		28.3
Fitness Equipment	12.1	11.8	3	26.8
Sports Instruments	3.5	4.1	-15	7.7
HQ	-5.1	-3.5		-6.6
Patent Settlement	-	-		20.5
	33.6	30.5	10	108.2
Tobacco	18.9	4.7		9.5
Total	52.5	35.2	49	117.7

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Profit and loss statement April – June, MEUR

	Q2/04	Q2/03	Ch%	2003
Net sales	225.7	249.6	-10	1,094.1
EBIT	5.8	14.6	-60	117.7
Net financials	0.7	-1.9		-8.2
EBT	6.5	12.7	-49	109.5
Taxes	-1.9	-3.6		-31.0
Net result	4.6	9.0		78.1

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Breakdown of net sales April – June, MEUR

	Q2/04	Q2/03	Ch%	Ch% in local currencies	2003
Racquet Sports	57.5	57.8	-1	2	207.4
Golf	50.1	60.4	-17	-15	156.1
Team Sports	42.7	41.0	4	10	181.0
Winter Sports	7.6	7.1	7	7	188.2
Fitness Equipment	46.3	34.4	35	41	175.5
Sports Instruments	20.7	19.4	7	9	76.6
	224.9	220.1	2	5	984.8
Tobacco	0.8	29.5			109.3
Total	225.7	249.6	-10	-7	1.094.1

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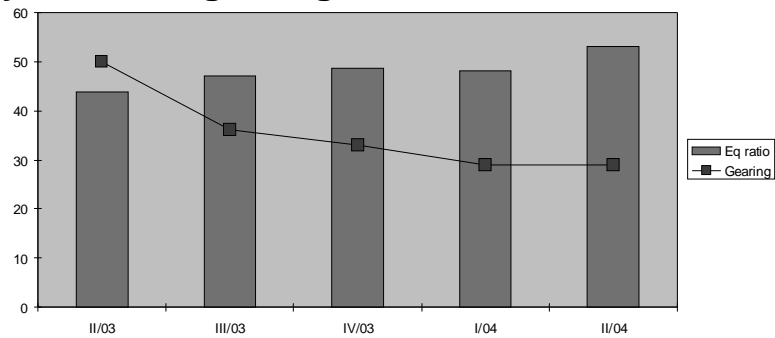
Breakdown of EBIT April – June, MEUR

	Q2/04	Q2/03	2003
Racquet Sports	7.5	6.9	20.6
Golf	4.8	5.1	-12.4
Team Sports	3.0	4.6	23.3
Winter Sports	-9.8	-9.0	28.3
Fitness Equipment	2.6	2.9	26.8
Sports Instruments	1.7	1.9	7.7
HQ	-4.0	-1.0	-6.6
Patent Settlement	-	-	20.5
	5.8	11.4	108.2
Tobacco	-	3.2	9.5
Total	5.8	14.6	117.7

Balance sheet, MEUR

	30 June 2004	30 June 2003	31 Dec 2003
Goodwill	305.2	287.2	275.1
Fixed assets	136.4	155.1	139.4
Inventories	159.9	171.6	136.9
Receivables	199.0	247.9	293.6
Cash	16.4	23.1	27.1
Equity	432.7	388.3	423.4
Int. bearing debt	142.3	216.8	167.7
- Long term	33.9	63.4	32.2
- Short term	108.4	153.4	135.5
Other liabilities	241.9	279.8	281.0
Total	816.9	884.9	872.1

Equity ratio and gearing, %



	30 June 2004	30 June 2003	31 Dec 2003
EqRatio %	53.0	43.9	48.6
Gearing %	29	50	33

Underlying results

- Continuing business excluding tobacco and patent litigation

	H1/04	H1/03	Ch%	2003
Net sales (MEUR)	496.5	477.5	4	984.8
EBIT (MEUR)	33.6	30.5	10	87.7

Divisional highlights

Roger Talermo
President & CEO

Racquet Sports



- Good performance continued
 - Tennis rackets +7%, tennis balls +8%, footwear -8%
- nCode rackets with nanotechnology introduced in May
 - Global shipments up and running during Q3
 - Roger Federer No. 1 in Wimbledon with nCode 6.1 Tour
- Wilson: official 2004 Olympics tennis ball

	MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales		116.2	113.8	2	7
EBIT		14.7	10.8	36	

Golf



- Net sales in local currencies unchanged vs. 2003
- New Wilson Staff line to be launched during H2
 - Re-positioning the Wilson golf brand
 - www.wilsonstaff.com
- Main goal in 2004: profitability

MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales	98.7	102.2	-3	0
EBIT	8.0	3.9		

Team Sports



- Growth continuing
- American footballs +19%, Basketballs +24%, baseball and softball bats +14%, gloves -11%
- ATEC integration successfully completed
- Sales outside the US +15%



MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales	104.2	103.2	1	12
EBIT	15.3	16.0	-4	8



Winter Sports



- Pre-orders +9%
- Production running smoothly
 - Deliveries in September-October
- Net sales expected to grow by c. 10% in 2004 (in local currencies)
 - Euro-denominated manufacturing costs reducing sales margins in North America

MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales	36.5	33.0	11	13
EBIT	-14.9	-12.6		



Fitness Equipment



- Strong start for the year
 - Strong growth in elliptical cross-trainers and in stationary cycles
- Sales outside the Americas +36%
- Integration of FPI and ClubCom proceeding well



MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales	101.4	85.8	18	31
EBIT	12.1	11.8	3	16



Sports Instruments



- Sales of wristop computers unchanged vs. 2003
- Sales of diving instruments +15%
- Declining non-core sales
- New products
 - G3, t6
 - Peripheral Observation Devices (PODs) with speed and distance information to be launched for t6 in H2
 - Suunto X9: Ispo Outdoor Award 2004

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MEUR	H1/04	H1/03	Ch%	Ch% in local currencies
Net sales	39.5	39.5	0	2
EBIT	3.5	4.1	-15	

Outlook

- 100% focused sports equipment company
- Strategy backed up by increasing leisure time, living standards and awareness of the importance of physical and mental wellbeing
- Sports equipment business's good sales growth expected to continue and its EBIT also expected to grow in 2004



Target:

**To be the no. 1 sports equipment
company in the world**

