



# Results for the 2005 financial year

February 10, 2006

Roger Talermo  
President and CEO

## 2005 highlights

- A historic year for Amer Sports
  - Goal of becoming the world's No. 1 sports equipment company achieved
  - Organic growth without Salomon +7%
  - Salomon increased sales by EUR 255.2 million, +25%
  - Record profits in fitness equipment, racquet and team sports
- Proposed dividend EUR 0.50/share (2004: EUR 0.50)

## Changes in Salomon

- Management structure reorganized and new executive team appointed
- Three-year turnaround program started to ensure future competitiveness started
  - Reorganization of operations
  - Reduction of about 400 positions, mainly in France
  - Reallocation of the production of Salomon skis and Atomic ski boots to ensure the optimization of Group benefits

## Reorganization at Wilson

- All business units brought under single management
  - New President Chris Considine appointed
- Realignment of Golf's global organization to increase operational efficiency and lower costs
  - Changes and personnel cuts
  - Greater cohesion in distribution strategy
  - Far East sourcing increased
  - Operations of the golf ball factory in Humboldt, USA, downsized gradually

## President of Suunto appointed

- Juha Pinomaa has been appointed President of Suunto Oy effective as of September 1

## Centralization of Asian subcontracting

- Sourcing in Asia coordinated for all brands
  - Steve Millea leading the unit
- Synergies seek in purchasing and greater efficiency in the management of the delivery chain sought



# Financial Review

Pekka Paalanne

CFO

## Profit and loss statement

MEUR

	2005	2004	Ch %
Net sales	1.363,7	1,035.9	32
EBIT	82.3	100.5	-18
Net financials	-9.0	-3.5	
EBT	73.3	97.0	-24
Taxes	2.1	-28.1	
Net result	75.2	68.6	10

## Acquisition of Salomon

- The debt free purchase price EUR 496.9 million
  - EUR 460 million paid by the end of the financial year
- Fair value of the acquired net assets EUR 530.9 million
  - EUR 208.1 million comprises the trademarks and patents
- EUR 55.4 million in negative goodwill
- EBIT reduced by EUR 57.2 million of fair value adjustment of inventories
- Provision of EUR 52.8 million related to turnaround program



## Impact of Salomon acquisition to Group's 2005 earnings MEUR

	Salomon's business operations	Non-recurring items associated with the acquisition	Total
Net sales	255.2	-	255.2
Negative goodwill	-	55.4	
Fair value adjustment of inventories	-	-57.2	
Restructuring provision	-	-52.8	
EBIT	37.9	-54.6	-16.7
Net Financing expenses	-4.5	-	-4.5
EBT	33.4	-54.6	-21.2
Current and deferred taxes	-11.7	38.5	26.8
Net result for the period	21.7	-16.1	5.6



AMER SPORTS

## Breakdown of net sales

MEUR

	2005	2004	Ch %
Racquet Sports	225.4	210.3	7
Golf	141.2	147.7	-4
Team Sports	203.8	185.0	10
Winter Sports/Atomic	214.0	205.6	4
Fitness Equipment	252.1	210.1	20
Sports Instruments	72.0	77.2	-7
	<b>1,108.5</b>	<b>1,035.9</b>	<b>+7</b>
Salomon	255.2	-	-
<b>Total</b>	<b>1,363.7</b>	<b>1,035.9</b>	<b>32</b>
Pro Forma	1,732.0	1,667.5	+4



AMER SPORTS

## Breakdown of EBIT

MEUR

	2005	2004	Ch %
Racquet Sports	32.7	26.9	22
Golf	-7.1	0.5	-
Team Sports	26.5	24.6	8
Winter Sports/Atomic	22.2	29.6	-25
Fitness Equipment	31.1	23.9	30
Sports Instruments	3.4	8.0	-58
Headquarters	-9.8	-13.0	-
	<b>99.0</b>	<b>100.5</b>	<b>-1</b>
Salomon	-16.7	-	-
<b>Total</b>	<b>82.3</b>	<b>100.5</b>	<b>-18</b>
Pro forma*)	117.1	122.8	-5

\*) Excluding non-recurring items relating to Salomon

## Geographic breakdown of net sales

MEUR

	2005	2004	Ch %
Americas	679.9	597.1	14
EMEA	521.0	327.2	59
Asia	162.8	111.6	46
<b>Total</b>	<b>1,363.7</b>	<b>1,035.9</b>	<b>32</b>

## Profit and loss statement Q4/2005

MEUR

	Q4/05	Q4/04	Ch %
Net sales	558.5	261.0	114
EBIT	13.2	33.9	-61
Net financials	-5.4	-0.9	
EBT	7.8	33.0	
Taxes	22.7	-9.5	
Net result	30.6	23.4	31



AMER SPORTS

## Breakdown of net sales Q4/2005

MEUR

	Q4/05	Q4/04	Ch %	2005
Racquet Sports	45.8	39.3	17	225.4
Golf	22.7	21.1	8	141.2
Team Sports	51.2	42.0	22	203.8
Winter Sports/Atomic	85.9	80.5	7	214.0
Fitness Equipment	80.7	58.6	38	252.1
Sports Instruments	17.0	19.5	-13	72.0
	<b>303.3</b>	<b>261.0</b>	<b>16</b>	<b>1,108.5</b>
Salomon	255.2	-	-	255.2
<b>Total</b>	<b>558.5</b>	<b>261.0</b>	<b>114</b>	<b>1,363.7</b>
Pro forma	558.5	505.8	10	1,732.0



AMER SPORTS

## Breakdown of EBIT Q4/2005

MEUR

	Q4/05	Q4/04	Ch %	2005
Racquet Sports	6.7	4.5	49	32.7
Golf	-8.9	-2.9		-7.1
Team Sports	5.1	5.7	-11	26.5
Winter Sports/Atomic	19.0	20.5	-7	22.2
Fitness Equipment	13.6	7.6	79	31.1
Sports Instruments	-0.7	2.5		3.4
Headquarters	-4.9	-4.0		-9.8
	<b>29.9</b>	<b>33.9</b>	<b>-12</b>	<b>99</b>
Salomon	-16.7	37.9	33.1	-16.7
<b>Total</b>	<b>13.2</b>	<b>33.9</b>	<b>-61</b>	<b>82.3</b>
Pro forma*)	67.8	67.0	1	117.1

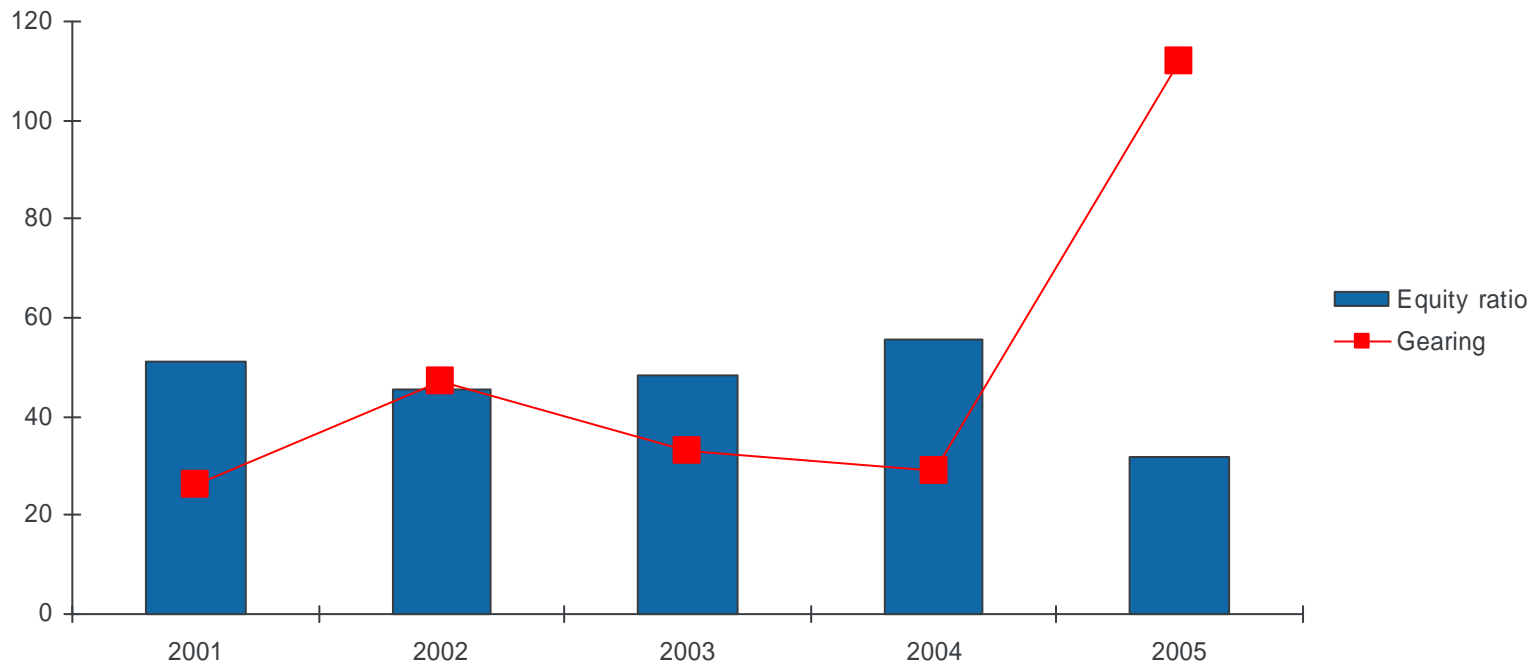
\*) Excluding non-recurring items relating to Salomon

# Balance sheet

MEUR

	31 Dec 2005	31 Dec 2004
Goodwill and other intangible assets	528.8	288.1
Fixed and other non-current assets	172.1	111.0
Inventories	301.6	154.4
Receivables	635.1	260.0
Cash	48.7	17.0
	<hr/>	<hr/>
	1,686.3	830.5
Equity	536.2	461.3
Int. bearing debt		
- Long term	256.2	27.1
- Current	393.5	123.1
Other liabilities	500.4	219.0
	<hr/>	<hr/>
<b>Total</b>	<b>1,686.3</b>	<b>830.5</b>

## Equity ratio and gearing, %



\* 2000-2002 FAS

	31 Dec 2005	31 Dec 2004
Equity ratio, %	31.8	55.5
Gearing, %	112	29

## Salomon's key indicators

PRO FORMA, MEUR

	2005	2004	Ch %
Net sales	623.5	631.6	-1
EBIT <sup>*)</sup>	18.1	22.3	-19
% of net sales	2.9	3.5	

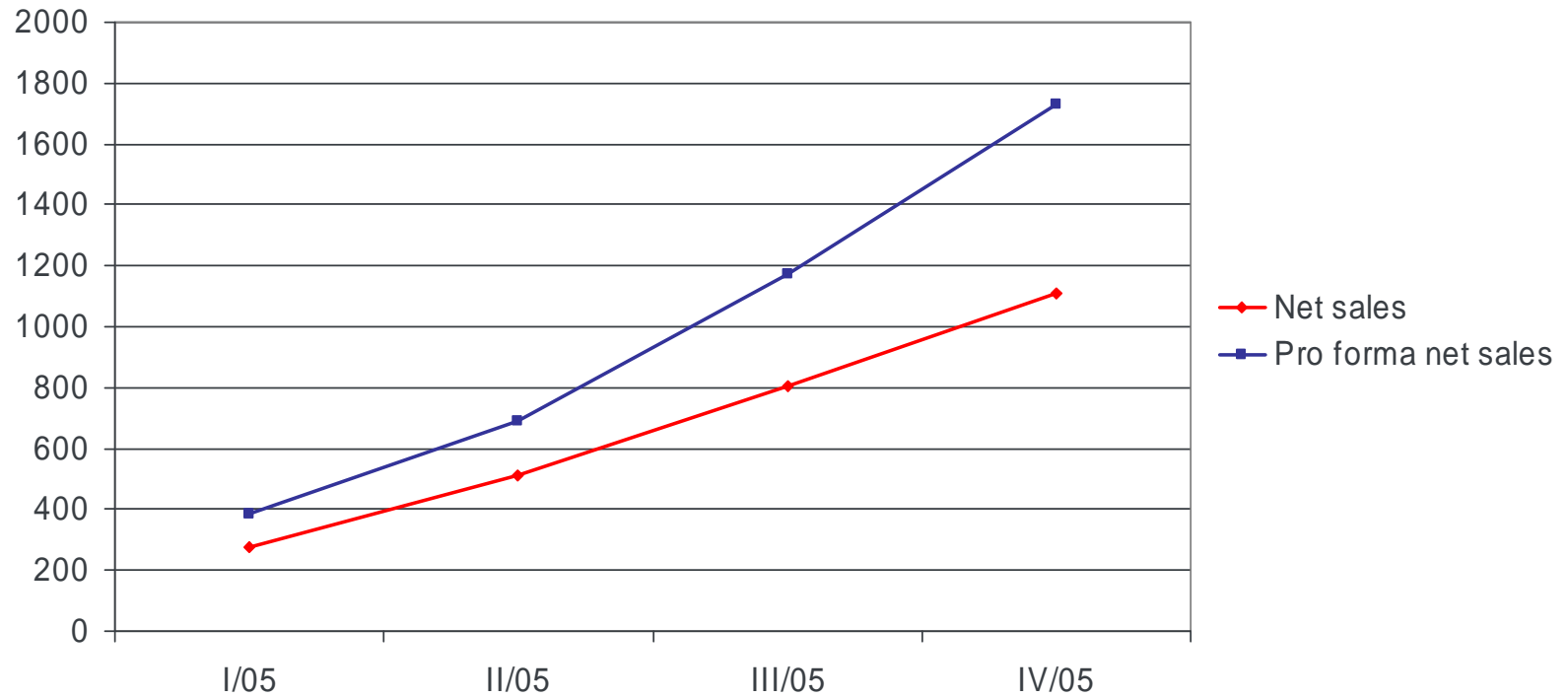
\*) Excluding non-recurring items



AMER SPORTS

# Development of net sales

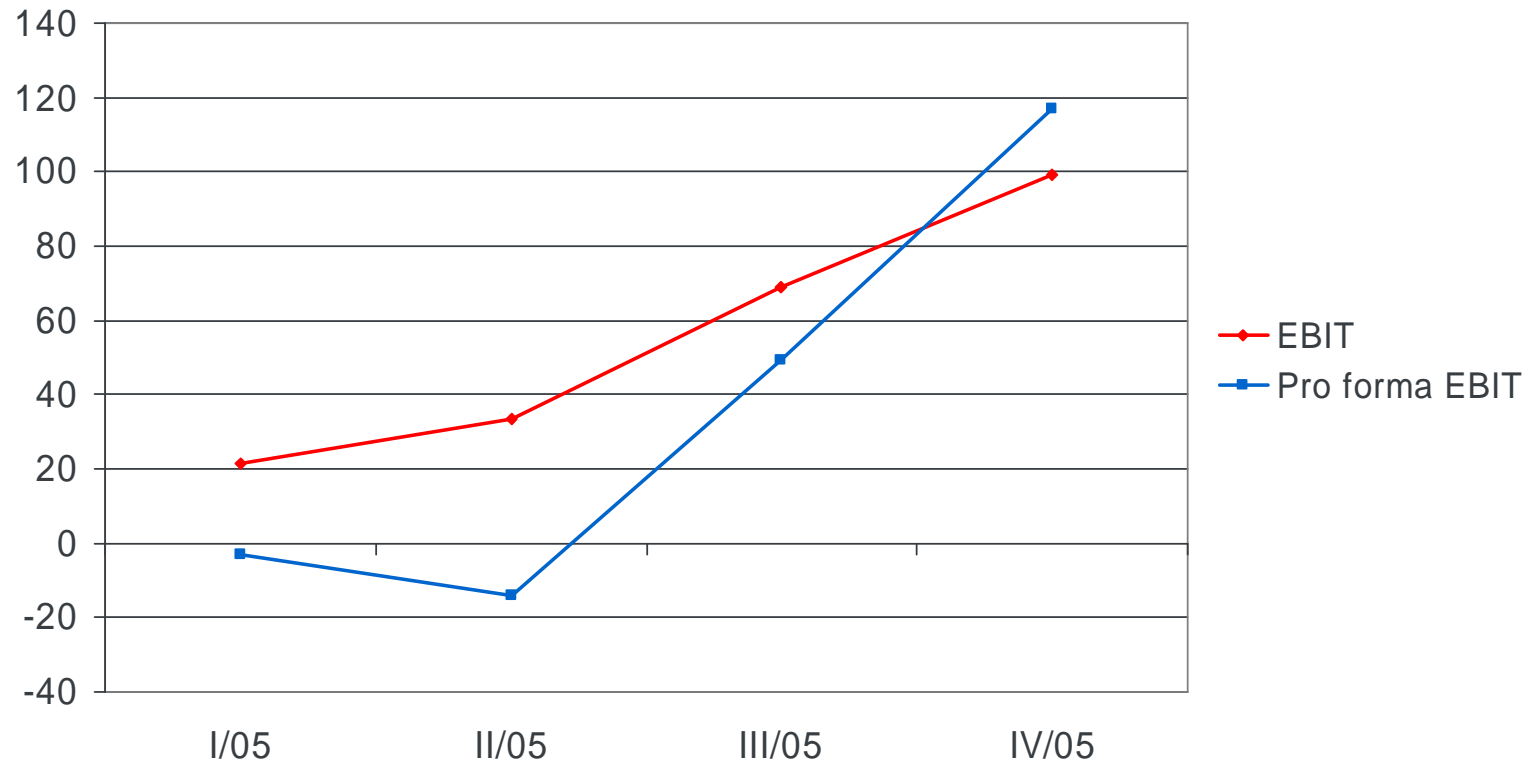
MEUR





AMER SPORTS

# Development of EBIT MEUR





# Highlights by division

Roger Talermo  
President & CEO



## Racquet Sports

- The Racquet Sports Division posted record earnings
- The global tennis market grew slightly
- Wilson's share of the global tennis racket market at 37%
  - United States 46%, Europe 33%, Japan 27%
- Wilson took a 26% share of the global tennis ball market
  - United States 42%
- Wilson is the official ball of the US Open, Australian Open and Davis Cup
- 2<sup>nd</sup> generation nCode racket launched
- Badminton continues to grow

MEUR	2005	2004	Ch %
Net sales	225.4	210.3	7
EBIT	32.7	26.9	22

## Racquet Sports outlook 2006



- The growth of Racquet Sports is expected to level off in terms of local currencies, with profitability remaining at a good level in 2006.



## Golf



- The global golf equipment market increased slightly in 2005
  - North America +3%, Japan at last year's level
  - Global number of rounds played at the same level as in 2004
- Wilson's golf sales +17% in Japan
- After the global re-launch of the Wilson Staff brand, the Golf Division is also focusing on the Wilson Pro Staff and Ultra brands
- R&D and new product development remains in focus

MEUR	2005	2004	Ch %
Net sales	141.2	147.7	-4
EBIT	-7.1	0.5	-



## Golf, outlook 2006

- Focus on the major customers in the United States, in line with the new distribution strategy, will impact the net sales of the Golf Division in 2006 in local currency terms.
- The goal is to improve the division's profitability.





## Team Sports

- Team Sports continued to perform strongly and posted record earnings
- Wilson's position in baseball grew
  - Baseball equipment market at the same level as in 2004
- Wilson is the No. 1 in American footballs
  - Market for American football equipment saw slight growth in the US
- Team Sports has major growth opportunities outside the US market, particularly in Japan and Europe

MEUR	2005	2004	Ch %
Net sales	203.8	185.0	10
EBIT	26.5	24.6	8



## Team Sports, outlook 2006

- In local currencies, the Team Sports Division's net sales and EBIT are expected to grow.



## Winter Sports/Atomic



- The global winter sports market remained stable in terms of volumes but declined slightly in value
- Atomic alpine skis are the No. 1 ski brand globally
  - Total of 873,000 alpine ski pairs shipped in 2005
- Atomic athletes continued to perform extremely well in the 2004/2005 season
- ISPO highlights 2006
  - New World Cup racing ski line
  - New 4tix light fullflex binding
  - New crosscountry line with SNS system

MEUR	2005	2004	Ch %
Net sales	214.0	205.6	4
EBIT	22.2	29.6	-25

## Winter Sports, outlook 2006



- In local currencies net sales and profitability are anticipated to grow slightly.
- Atomic's net sales in 2006 will be effected by the ending of the distribution of Asics products in Austria.



## Fitness Equipment

- The Fitness Equipment Division had a successful year
  - Net sales rose 20% on organic growth, well ahead of industry estimates of 5% growth
- Of net sales, 79% were generated in the Americas, where sales rose by 18%
  - Outside Americas sales rose by 23%
- Penetration into key European and Asian markets
  - In Asia revenues increased by 25%, Japan +64%
- Growth boosted by product innovations and “Total Product” concept

MEUR	2005	2004	Ch %
Net sales	252.1	210.1	20
EBIT	31.1	23.9	30

## Fitness Equipment, outlook 2006

**PRECOR**<sup>®</sup> USA

- In local currencies, the Fitness Equipment Division's net sales and EBIT are expected to rise in 2006.



## Sports Instruments

- Wristop computers and diving instruments accounted for a total of 66% of net sales
  - Wristop computers -8%
  - Diving instruments remained at the level of the previous year
- Sales were impacted by component shortages resulting from a fire at a key supplier of circuit boards
- New product launches: Suunto G6, M3 and D6

MEUR	2005	2004	Ch %
Net sales	72.0	77.2	-7
EBIT	3.4	8.0	-58

## Sports Instruments, outlook 2006

- Sales of wristop computers are expected to increase driven by new training product group.
- Sales of diving instruments also expected to grow.



# Salomon



- Salomon has a large market share in winter sports, including alpine, crosscountry and snowboarding shoes
  - Sales of winter sports equipment -6%
  - Sales of crosscountry skiing equipment +8%
- Leading position in technical footwear categories
  - Net sales of apparel and footwear, including Arc'teryx, +12%
- Mavic's sales +10%
- ISPO highlights 2006
  - New SNS pilot classic crosscountry system
  - New all mountain ski line X-wing
  - New Falcon alpine ski boot

MEUR	2005	2004	Ch %
Net sales	623.5	631.6	-1
EBIT	18.1	22.3	-19

Pro forma

## ISPO awards



- Salomon SNS pilot
- Arc'teryx Fission LT hoody
- Arc'teryx backpack



## Salomon, outlook 2006



- 2006 will be a transitional year for Salomon with the implementation of the turnaround initiative launched in December 2005.
- In local currencies, Salomon's profitability is estimated to be somewhat higher in 2006, with a major step-up expected in 2007.



## Outlook for 2006

- In 2006, Amer Sports' net sales are expected to increase to EUR 1.8 billion, with Salomon being included in the figures during the entire year (pro forma 2005: EUR 1,732 million).
- Earnings per share in 2006 are expected to come in at EUR 0.90–1.05. The tax rate will return to its ordinary level in 2006.
- 2006 is a transitional year. Substantial earnings improvements are expected in 2007 and 2008.



The No. 1 sports equipment company  
in the world