

Amer Sports Corporation

HALF YEAR FINANCIAL REPORT
July 26, 2018 at 1:00 p.m.

Amer Sports Half Year Financial Report January-June 2018

NET SALES AND EBIT APRIL-JUNE 2018

(The comparative figures have been restated in accordance with IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments)

Amer Sports' net sales in April-June 2018 were EUR 483.0 million (April-June 2017: 495.8). In local currencies, net sales increased by 2%.

Net sales by operating segment

EUR million	4-6/ 2018	4-6/ 2017	Change %	Change %*)	% of sales 4-6/2018	% of sales 4-6/2017	2017
Outdoor	244.1	241.6	1	4	50	49	1,674.7
Ball Sports	159.0	169.8	-6	0	33	34	659.0
Fitness	79.9	84.4	-5	0	17	17	375.6
Total	483.0	495.8	-3	2	100	100	2,709.3

*) In local currencies

Geographic breakdown of net sales

EUR million	4-6/ 2018	4-6/ 2017	Change %	Change %*)	% of sales 4-6/2018	% of sales 4-6/2017	2017
EMEA	171.5	173.9	-1	0	36	35	1,175.0
Americas	229.0	243.4	-6	1	47	49	1,145.1
Asia Pacific	82.5	78.5	5	10	17	16	389.2
Total	483.0	495.8	-3	2	100	100	2,709.3

*) In local currencies

Gross margin was 44.1% (44.1).

EBIT excl. items affecting comparability (IAC) was EUR -25.5 million (-22.8). Items affecting comparability were EUR -4.1 million. Increased sales in local currencies had a positive impact on EBIT of approximately EUR 5 million. Operating expenses increased by approximately EUR 10 million. Other income and expenses and currencies had a positive impact on EBIT of approximately EUR 2 million. EBIT was EUR -29.6 million (-21.8).

EBIT excluding IAC by operating segment

EUR million	4-6/2018	4-6/2017	2017
Outdoor	-30.7	-29.4	178.5
Ball Sports	11.0	9.3	45.2
Fitness	0.0	2.5	20.1
Headquarters*)	-5.8	-5.2	-29.3
EBIT excluding IAC	-25.5	-22.8	214.5
IAC	-4.1	1.0	-46.7
EBIT total	-29.6	-21.8	167.8

*) The Headquarters consists of Group digital service development, administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

Reconciliation of EBIT excluding IAC

EUR million	4-6/2018	4-6/2017	2017
EBIT excl. IAC	-25.5	-22.8	214.5
Items affecting comparability			
Restructuring program 2016	-	-2.0	-8.7
Restructuring program 2016 expansion and write-downs	-4.1	-	-37.1
Acquisition related accounting adjustments	-	+3.0	-0.9
EBIT	-29.6	-21.8	167.8

Reconciliation of EBIT excluding IAC by income statement line item

EUR million	4-6/2018			4-6/2017			1-12/2017		
	IFRS	IAC	Excl. IAC	IFRS	IAC	Excl. IAC	IFRS	IAC	Excl. IAC
NET SALES	483.0	-	483.0	495.8	-	495.8	2,709.3	-	2,709.3
Cost of goods sold	-269.8	-	-269.8	-277.1	-0.1	-277.0	-1,502.9	-8.4	-1,494.5
Licence income	1.0	-	1.0	1.2	-	1.2	5.7	-	5.7
Other operating income	1.1	-	1.1	4.1	3.0	1.1	7.0	0.6	6.4
R&D expenses	-25.3	-1.5	-23.8	-25.8	-	-25.8	-120.2	-18.7	-101.5
Selling and marketing expenses	-177.8	-2.5	-175.3	-175.8	-1.7	-174.1	-744.2	-18.5	-725.7
Administrative and other expenses	-41.8	-0.1	-41.7	-44.2	-0.2	-44.0	-186.9	-1.7	-185.2
EBIT	-29.6	-4.1	-25.5	-21.8	1.0	-22.8	167.8	-46.7	214.5

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the underlying operational financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses on business disposals, acquisition and disposal-related costs, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view.

Net financial expenses totaled EUR 9.1 million (8.6), including net interest expenses of EUR 7.5 million (7.8). Net foreign exchange losses were EUR 1.1 million (1.3). Other financing expenses were EUR 0.5 million (income 0.5). Earnings before taxes totaled EUR -38.7 million (-30.4) and taxes were EUR 9.8 million (7.9). Earnings per share excl. IAC were EUR -0.22 (-0.20). Earnings per share were EUR -0.25 (-0.19).

NET SALES AND EBIT JANUARY-JUNE 2018

Amer Sports' net sales in January-June 2018 were EUR 1,106.8 million (January-June 2017: EUR 1,160.0 million), down by 5%. Net sales increased by 2% in local currencies.

Net sales by operating segment

EUR million	1-6/ 2018	1-6/ 2017	Change %	Change %*)	% of sales 1-6/2018	% of sales 1-6/2017	2017
Outdoor	625.3	636.3	-2	3	57	55	1,674.7
Ball Sports	323.2	354.8	-9	-1	29	31	659.0
Fitness	158.3	168.9	-6	2	14	14	375.6
Total	1,106.8	1,160.0	-5	2	100	100	2,709.3

*) In local currencies

Geographic breakdown of net sales

EUR million	1-6/ 2018	1-6/ 2017	Change %	Change %*)	% of sales 1-6/2018	% of sales 1-6/2017	2017
EMEA	455.1	460.1	-1	0	41	40	1,175.0
Americas	473.3	525.6	-10	0	43	45	1,145.1
Asia Pacific	178.4	174.3	2	9	16	15	389.2
Total	1,106.8	1,160.0	-5	2	100	100	2,709.3

*) In local currencies

Gross margin was 45.6% (44.4), driven by improvement in channel mix and higher share of full-price sales.

EBIT excl. IAC was EUR 14.9 million (12.7). Items affecting comparability were EUR -4.1 million. Increased sales in local currencies had a positive impact on EBIT of approximately EUR 8 million and increased gross margin of approximately EUR 16 million. Operating expenses increased by approximately EUR 13 million in local currencies, driven by investments into digital acceleration and own retail. Other income and expenses and currencies had a negative impact of approximately EUR 8 million on EBIT. EBIT was EUR 10.8 million (7.0).

EBIT excluding IAC by operating segment

EUR million	1-6/2018	1-6/2017	2017
Outdoor	3.0	-2.6	178.5
Ball Sports	25.9	25.1	45.2
Fitness	0.1	3.2	20.1
Headquarters*)	-14.1	-13.0	-29.3
EBIT excluding IAC	14.9	12.7	214.5
IAC	-4.1	-5.7	-46.7
EBIT total	10.8	7.0	167.8

*) The Headquarters consists of Group digital service development, administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

Reconciliation of EBIT excluding IAC

	1-6/2018	1-6/2017	2017
EBIT excl. IAC	14.9	12.7	214.5
Items affecting comparability			
Restructuring program 2016	-	-8.7	-8.7
Restructuring program 2016 expansion and write-downs	-4.1	-	-37.1
Acquisition related accounting adjustments	-	+3.0	-0.9
EBIT	10.8	7.0	167.8

Reconciliation of EBIT excluding IAC by income statement line item

EUR million	1-6/2018			1-6/2017			1-12/2017		
	IFRS	IAC	Excl. IAC	IFRS	IAC	Excl. IAC	IFRS	IAC	Excl. IAC
NET SALES	1,106.8	-	1,106.8	1,160.0	-	1,160.0	2,709.3	-	2,709.3
Cost of goods sold	-601.7	-	-601.7	-644.4	-0.1	-644.3	-1,502.9	-8.4	-1,494.5
Licence income	2.1	-	2.1	2.5	-	2.5	5.7	-	5.7
Other operating income	1.7	-	1.7	5.9	3.0	2.9	7.0	0.6	6.4

R&D expenses	-48.6	-1.5	-47.1	-52.6	-0.7	-51.9	-120.2	-18.7	-101.5
Selling and marketing expenses	-354.3	-2.5	-351.8	-370.8	-7.4	-363.4	-744.2	-18.5	-725.7
Administrative and other expenses	-95.2	-0.1	-95.1	-93.6	-0.5	-93.1	-186.9	-1.7	-185.2
EBIT	10.8	-4.1	14.9	7.0	-5.7	12.7	167.8	-46.7	214.5

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the underlying operational financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses on business disposals, acquisition and disposal-related costs, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view.

Net financial expenses totaled EUR 16.5 million (13.8), including net interest expenses of EUR 15.2 million (15.7). Net foreign exchange losses were EUR 1.0 million (0.7). Other financing expenses were EUR 0.3 million (income 2.6). Earnings before taxes totaled EUR -5.7 million (-6.8) and taxes were EUR 1.4 million (1.8). Earnings per share excluding IAC were EUR -0.01 (-0.01). Earnings per share were EUR -0.04 (-0.04).

CASH FLOW AND FINANCING

In January-June 2018, free cash flow was EUR -20.6 million (60.9). Working capital increased by EUR 11.3 million (decrease 72.4) due to inventory building for the second half pre-order deliveries. Inventories increased by EUR 137.8 million (75.0) and receivables decreased by EUR 200.9 million (190.6). Payables decreased by EUR 74.4 million (43.2).

At the end of June, the Group's net debt amounted to EUR 820.2 million (June 30, 2017: 584.4).

Amer Sports financed the acquisition of Peak Performance on June 29, 2018 by a new short-term debt of EUR 180.0 million for bridge financing and using the existing cash reserves. The short-term debt will be refinanced during 2018.

Interest-bearing liabilities amounted to EUR 973.1 million (June 30, 2017: 830.8) consisting of short-term debt of EUR 380.4 million and long-term debt of EUR 592.7 million. The average interest rate on the Group's interest-bearing liabilities was 2.1% (June 30, 2017: 2.5%).

At the end of June, Amer Sports had issued EUR 30.0 million commercial papers in the Finnish market. The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 152.9 million (June 30, 2017: 246.4).

Amer Sports had not used any of its EUR 200 million committed revolving credit facility at the end of the review period.

Net Debt/ LTM EBITDA excl. IAC was 2.88 (June 30, 2017 2.18) and net debt/equity was 0.97 (June 30, 2017: 0.69), both increased by the acquisition of Peak Performance.

CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 31.7 million (33.1). Depreciation totaled EUR 35.3 million (37.0). Capital expenditure for the whole year is expected to be approximately 3.0-3.5% of net sales.

OPERATING SEGMENT REVIEWS

OUTDOOR

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
Net sales									
Footwear	96.4	101.3	-5	-2	237.5	256.1	-7	-4	500.8
Apparel	63.5	60.4	5	10	182.8	185.1	-1	5	482.3
Winter Sports Equipment	15.6	14.4	8	13	75.1	67.5	11	16	415.2
Cycling	27.9	31.5	-11	-10	60.0	69.3	-13	-11	134.7
Sports Instruments	40.7	34.0	20	23	69.9	58.3	20	24	141.7
Net sales, total	244.1	241.6	1	4	625.3	636.3	-2	3	1,674.7
EBIT excluding IAC	-30.7	-29.4			3.0	-2.6			178.5
EBIT % excluding IAC					0.5				10.7

*) Change in local currencies

In April-June 2018, Outdoor net sales were EUR 244.1 million (241.6), an increase of 4% in local currencies. Own retail and e-commerce continued to perform well.

Apparel 10% growth was driven by Arc'teryx. In Footwear, sales declined by 2% due to the continued consolidation of the global distribution footprint with focus on reducing promotional sales. Cycling continued to be adversely impacted by lower OEM orders and low demand in wholesale channel, and sales declined by 10%. In Sports Instruments, sales increased by 23% and the product portfolio was expanded to a broader consumer base.

Winter Sports Equipment pre-orders for the coming season increased by 10% compared to the previous year.

Strong growth in Asia Pacific continued driven by China and US growth accelerated to double digits.

Geographic breakdown of net sales

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
EMEA	124.2	124.0	0	1	355.8	357.4	0	1	969.5
Americas	71.5	73.7	-3	4	154.8	173.6	-11	-2	454.6
Asia Pacific	48.4	43.9	10	15	114.7	105.3	9	16	250.6
Total	244.1	241.6	1	4	625.3	636.3	-2	3	1,674.7

*) Change in local currencies

In April-June 2018, Outdoor EBIT excl. IAC was EUR -30.7 million (-29.4). Increased sales in local currencies had a positive impact on EBIT of approximately EUR 5 million. Operating expenses increased by approximately EUR 10 million. Other income and expenses and currencies had a positive impact of EUR 5 million on EBIT.

BALL SPORTS

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
Net sales									
Individual Ball Sports	78.2	82.4	-5	0	156.0	169.9	-8	-2	296.9
Team Sports	80.8	87.4	-8	0	167.2	184.9	-10	0	362.1
Net sales, total	159.0	169.8	-6	0	323.2	354.8	-9	-1	659.0
EBIT excl. IAC	11.0	9.3	18		25.9	25.1	3		45.2
EBIT % excl. IAC	6.9	5.5			8.0	7.1			6.9

*) Change in local currencies

In April-June 2018, Ball Sports' net sales were EUR 159.0 million (169.8). In local currencies, net sales were at previous year's level. Strong growth in baseball and performance rackets was offset by the challenging US mass retail market, which had a negative impact on lower price point product sales.

Geographic breakdown of net sales

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
EMEA	31.0	32.2	-4	-2	66.6	68.6	-3	-2	117.3
Americas	110.0	118.1	-7	1	220.6	245.5	-10	0	463.6
Asia Pacific	18.0	19.5	-8	-3	36.0	40.7	-12	-5	78.1
Total	159.0	169.8	-6	0	323.2	354.8	-9	-1	659.0

*) Change in local currencies

In April-June, Ball Sports' EBIT excl. IAC was EUR 11.0 million (9.3). Increased gross margin had a positive impact of approximately EUR 2 million on EBIT. Operating expenses decreased by approximately EUR 1 million. Other income and expenses and currencies had a negative impact of approximately EUR 1 million on EBIT.

FITNESS

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
Net sales	79.9	84.4	-5	0	158.3	168.9	-6	2	375.6
EBIT excl. IAC	0.0	2.5			0.1	3.2			20.1
EBIT % excl. IAC		3.0			0.1	1.9			5.4

*) Change in local currencies

In April-June, Fitness' net sales were EUR 79.9 million (84.4). In local currencies, net sales were at previous year's level. Strong growth in China and Japan was offset by Americas and EMEA.

Geographic breakdown of net sales

EUR million	4-6/ 2018	4-6/ 2017	Ch %	Ch %*)	1-6/ 2018	1-6/ 2017	Ch %	Ch %*)	2017
EMEA	16.3	17.7	-8	-6	32.7	34.1	-4	-2	88.2
Americas	47.5	51.6	-8	-1	97.9	106.5	-8	3	226.9
Asia Pacific	16.1	15.1	7	12	27.7	28.3	-2	5	60.5
Total	79.9	84.4	-5	0	158.3	168.9	-6	2	375.6

*) Change in local currencies

In April-June, Fitness' EBIT excl. IAC was EUR 0.0 million (2.5). Decreased gross margin had a negative impact of approximately EUR 2 million on EBIT. Operating expenses increased by approximately EUR 1 million.

Fitness sales and EBIT are biased to the second half of the year. Precor has recently signed a two-year vendor agreement, which is estimated to contribute at the minimum of USD 30 million (approx.. EUR 26 million) in sales as of the fourth quarter of this year.

PERSONNEL

At the end of June, the number of Group employees was 9,305 (June 30, 2017: 8,680). The increase was due to the acquisition of Peak Performance.

	June 30, 2018	June 30, 2017	Change %	December 31, 2017
EMEA	4,893	4,375	12	4,259
Americas	3,501	3,431	2	3,458
Asia Pacific	911	874	4	890
Total	9,305	8,680	7	8,607

CHANGES IN GROUP STRUCTURE

In April, Amer Sports Corporation announced the acquisition of all the shares and related businesses of Peak Performance AB from the Danish fashion company IC Group. The acquisition was completed on June 29. Based in Stockholm, Sweden, Peak Performance is a leading premium sports fashion brand with net sales of approximately EUR 145 million and EBIT of approx. EUR 16.5 million in the last 12 months. The preliminary acquisition price was DKK 1,804 million (approx. EUR 242.1 million).

CHANGES IN GROUP MANAGEMENT

In June, in conjunction with the acquisition of Peak Performance, Amer Sports established a new Apparel Category structure with a dedicated leadership to enable faster growth and scale & synergy across the apparel brands Arc'teryx, Salomon, and Peak Performance. **Jon Hoerauf**, General Manager Arc'teryx, was appointed President Amer Sports Apparel Category, and member of Amer Sports Executive Board.

SHARES AND SHAREHOLDERS

In February 2018, the Board of Directors of Amer Sports Corporation resolved to cancel 2,000,000 of the company's own shares held by the company. The cancellation was registered with the Finnish Trade Register on February 20, 2018. The cancellation did not affect the company's share capital.

At the end of June 2018, the company's share capital totaled EUR 292,182,204 and the number of shares was 116,517,285 (December 31, 2017: 118,517,285).

Authorizations

The Annual General Meeting held on March 8, 2018 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the unrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

The Annual General Meeting held on March 8, 2018 authorized the Board of Directors to decide on issuing new shares and/or conveying the Company's own shares held by the Company as follows: By virtue of the authorization, the Board of Directors is entitled to decide on issuing new shares and/or on conveying the Company's own shares at the maximum amount of 10,000,000 shares in aggregate. The Board of Directors decides on all the conditions of the share issue. The issuance or conveyance of shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization includes possibility to issue shares to the Company itself without payment. The authorization is valid for two (2) years from the date of the decision of the Annual General Meeting, except that the authorization to issue new shares and/or convey the Company's own shares for purposes other than the Company's bonus schemes is valid for fourteen (14) months from the date of the decision of the Annual General Meeting.

The Annual General Meeting held on March 9, 2017 authorized the Board of Directors to decide on the repurchase of a maximum of 10,000,000 of the Company's own shares ("Repurchase Authorization"). The Company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the unrestricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the

market price prevailing at the time of acquisition. The shares shall be repurchased and paid for in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The Repurchase Authorization is valid for eighteen (18) months from the decision of the Annual General Meeting.

Apart from the above, the Board of Directors has no other authorizations to issue shares, convertible bonds or warrant programs.

Own shares

In October 2017, Amer Sports Board of Directors decided to continue to utilize the authorization given by the Annual General Meeting held on March 9, 2017 to repurchase Amer Sports shares. The repurchases started on October 30, 2017 and ended on January 9, 2018. In January, the company repurchased a total of 190,000 shares at an average price of EUR 22.61. The total number of repurchased shares corresponded to 0.16% of all shares.

In March 2018, a total of 200,071 Amer Sports shares were transferred to the personnel participating in the Performance Share Plan 2013, Performance Share Plan 2016 and Restricted Stock Plan 2016 incentive programs.

A total of 8,597 shares granted as share-based incentives were returned to Amer Sports during the review period.

At the end of June, Amer Sports held a total of 1,293,050 shares (1,888,421) of Amer Sports Corporation. The number of own shares corresponds to 1.11% (1.59) of all Amer Sports shares.

Trading in shares

A total of 46.4 million (65.2) Amer Sports shares with a value totaling EUR 1,164.3 million (1,441.2) were traded on the Nasdaq Helsinki Ltd in the review period. Share turnover was 40.3% (55.7%) (as a proportion of the average number of shares, excluding own shares). The average daily volume in January–June 2018 was 374,149 shares (526,189).

In addition to Nasdaq Helsinki, in total 35.8 million Amer Sports shares were traded on the biggest alternative exchanges (Chi-X, BATS and Turquoise) during the review period.

The closing price of the Amer Sports Corporation share on the Nasdaq Helsinki Ltd on June 30, 2018 was EUR 27.02 (21.90). Shares registered a high of EUR 28.25 (26.36) and a low of EUR 21.00 (19.81) during the review period. The average share price was EUR 25.10 (22.09). On June 30, 2018, the company had a market capitalization of EUR 3,113.4 million (2,554.2), excluding own shares.

At the end of June, Amer Sports Corporation had 22,453 registered shareholders (29,023). Ownership outside of Finland and nominee registrations represented approximately 56% (46%) of the company's shares.

NOTIFICATIONS OF CHANGE IN SHAREHOLDING UNDER THE FINNISH SECURITIES MARKET ACT

Amer Sports Corporation received a notification from AXA S.A. (city and country of residence: Paris, France) on May 24, 2018, in accordance with the Finnish Securities Markets Act Chapter 9, Section 5. According to the notification, the proportion of AXA S.A. of the total number of Amer Sports Corporation's shares and voting rights increased above five (5) per cent on May 21, 2018.

Amer Sports Corporation received a notification from AXA S.A. (city and country of residence: Paris, France) on June 6, 2018, in accordance with the Finnish Securities Markets Act Chapter 9, Section 5. According to the notification, the proportion of AXA S.A. of the number of Amer Sports Corporation's shares and voting rights decreased below five (5) per cent on June 1, 2018.

DECISIONS OF THE GENERAL MEETING OF SHAREHOLDERS

Documentation and stock exchange releases relating to the resolutions approved by the Amer Sports Corporation Annual General Meeting held on March 8, 2018 are available at www.amersports.com/investors.

RESTRUCTURING AS FURTHER ENABLER FOR TRANSFORMATION AND PRODUCTIVITY

In February 2017, Amer Sports expanded the cost restructuring program initiated in August 2016, with the objective to reduce operating expenses worth approximately 100 EBIT margin basis points by the end of 2018, with full impact of approximately EUR 30 million annually from 2019 onwards. Restructuring expenses and write-downs were EUR 41.2 million (pre-tax, reported under “Items affecting comparability”), of which EUR 37.1 million was recognized during the second half of 2017 and the remaining balance of EUR 4.1 million was recognized in April-June 2018. In 2017, the cash flow impact was EUR 14.7 million, and the impact in 2018 was EUR 3.7 million. The first part of the restructuring program announced in August 2016 has been successfully completed.

SIGNIFICANT SHORT-TERM RISKS AND UNCERTAINTIES

Amer Sports’ business is balanced by its broad portfolio of sports and brands, the increasing share of apparel and footwear in the company portfolio as well as the company’s presence in all major markets. Short-term risks for Amer Sports are particularly associated with general economic conditions and consumer demand development, the ability to compete successfully against existing or new competitors and the ability to identify and respond to constantly shifting trends, to leverage technology advancements and to develop new and appealing products.

Further information on the company’s business risks and uncertainty factors is available at www.amersports.com/investors.

NON-FINANCIAL INFORMATION STATEMENT

Amer Sports published its Non-financial information statement 2017 in April 2018. The report is available at www.amersports.com/responsibility/reports.

OUTLOOK FOR 2018

In 2018, Amer Sports’ net sales in local currencies as well as EBIT excl. IAC are expected to increase from 2017. Due to ongoing wholesale market uncertainties, the quarterly growth and improvement are expected to be uneven. The company will prioritize sustainable, profitable growth, focusing on its five strategic priorities (Apparel and Footwear, Direct to Consumer, China, US, and Connected Devices and Services) whilst continuing its consumer-led transformation.

TABLES

The notes are an integral part of consolidated financial information.

Unaudited

The comparative figures for 2017 have been restated in accordance with IFRS 15 Revenue from contracts with customers and IFRS 9 Financial instruments.

EUR million

CONSOLIDATED RESULTS

	4-6/ 2018	4-6/ 2017	Change %	1-6/ 2018	1-6/ 2017	Change %	2017
NET SALES	483.0	495.8	-3	1,106.8	1,160.0	-5	2,709.3
Cost of goods sold	-269.8	-277.1		-601.7	-644.4		-1,502.9
License income	1.0	1.2		2.1	2.5		5.7
Other operating income	1.1	4.1		1.7	5.9		7.0
Research and development expenses	-25.3	-25.8		-48.6	-52.6		-120.2
Selling and marketing expenses	-177.8	-175.8		-354.3	-370.8		-744.2
Administrative and other expenses	-41.8	-44.2		-95.2	-93.6		-186.9
EARNINGS BEFORE INTEREST AND TAXES	-29.6	-21.8		10.8	7.0		167.8
% of net sales				1.0	0.6		6.2
Financing income and expenses	-9.1	-8.6		-16.5	-13.8		-26.3
EARNINGS BEFORE TAXES	-38.7	-30.4		-5.7	-6.8		141.5
Taxes	9.8	7.9		1.4	1.8		-48.6
NET RESULT	-28.9	-22.5		-4.3	-5.0		92.9
Attributable to:							
Equity holders of the parent company	-28.9	-22.5		-4.3	-5.0		92.9
Earnings per share, EUR	-0.25	-0.19		-0.04	-0.04		0.80
Earnings per share, diluted, EUR	-0.25	-0.19		-0.04	-0.04		0.79
Adjusted average number of shares in issue less own shares, million				115.2	117.1		116.7
Adjusted average number of shares in issue less own shares, diluted, million				116.0	117.5		117.2
Equity per share, EUR				7.31	7.20		7.71
ROCE, % *)				12.5	13.0		11.6
ROE, %				-1.0	-1.1		9.8
Average rates used: EUR 1.00 = USD	1.1941	1.0995		1.2114	1.0820		1.1286

*) 12 months' rolling average

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Net result	-28.9	-22.5	-4.3	-5.0	92.9

Other comprehensive income

Items that will not be reclassified to profit or loss

Remeasurement effects of postemployment benefit plans	1.1	-1.5	4.4	-4.6	2.2
Income tax related to remeasurement effects	-0.1	0.5	-0.8	1.6	-0.5
Items that may be reclassified to profit or loss					
Translation differences	6.9	-26.9	8.1	-18.5	-28.0
Cash flow hedges	40.6	-33.9	39.9	-53.2	-68.4
Income tax related to cash flow hedges	-8.0	6.8	-7.9	10.6	13.6
Other comprehensive income, net of tax	40.5	-55.0	43.7	-64.1	-81.1
Total comprehensive income	11.6	-77.5	39.4	-69.1	11.8

Total comprehensive income attributable to:

Equity holders of the parent company	11.6	-77.5	39.4	-69.1	11.8
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NET SALES BY OPERATING SEGMENT

	4-6/ 2018	4-6/ 2017	Change %	1-6/ 2018	1-6/ 2017	Change %	2017
Outdoor	244.1	241.6	1	625.3	636.3	-2	1,674.7
Ball Sports	159.0	169.8	-6	323.2	354.8	-9	659.0
Fitness	79.9	84.4	-5	158.3	168.9	-6	375.6
Total	483.0	495.8	-3	1,106.8	1,160.0	-5	2,709.3

GEOGRAPHIC BREAKDOWN OF NET SALES

	4-6/ 2018	4-6/ 2017	Change %	1-6/ 2018	1-6/ 2017	Change %	2017
EMEA	171.5	173.9	-1	455.1	460.1	-1	1,175.0
Americas	229.0	243.4	-6	473.3	525.6	-10	1,145.1
Asia Pacific	82.5	78.5	5	178.4	174.3	2	389.2
Total	483.0	495.8	-3	1,106.8	1,160.0	-5	2,709.3

EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC) BY OPERATING SEGMENT

	4-6/ 2018	4-6/ 2017	Change %	1-6/ 2018	1-6/ 2017	Change %	2017
Outdoor	-30.7	-29.4		3.0	-2.6		178.5
Ball Sports	11.0	9.3	18	25.9	25.1	3	45.2
Fitness	0.0	2.5		0.1	3.2	-97	20.1
Headquarters*)	-5.8	-5.2		-14.1	-13.0		-29.3
EBIT excluding IAC	-25.5	-22.8		14.9	12.7	17	214.5
IAC	-4.1	1.0		-4.1	-5.7		-46.7
EBIT	-29.6	-21.8		10.8	7.0	54	167.8

*) The Headquarters consists of Group digital service development, administration, shared services, other non-operational income and expenses, and fair valuation of share-based compensations.

CONSOLIDATED CASH FLOW STATEMENT

	Note	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Earnings before interest and taxes		-29.6	-21.8	10.8	7.0	167.8
Adjustments to cash flow from operating activities and depreciation		16.1	12.7	40.3	32.3	84.5
Change in working capital		1.4	31.0	-11.3	72.4	46.6
Cash flow from operating activities before financing items and taxes		-12.1	21.9	39.8	111.7	298.9

Interest paid and received	-7.5	-4.3	-14.9	-10.6	-28.0
Income taxes paid and received	-5.9	-6.6	-15.9	-13.5	-29.9
Net cash flow from operating activities	-25.5	11.0	9.0	87.6	241.0
Acquired operations	-241.4	-	-241.4	-2.3	-2.3
Capital expenditure on non-current tangible and intangible assets	-19.6	-14.3	-31.7	-33.1	-83.6
Proceeds from sale of tangible non-current assets	0.2	0.8	0.3	0.8	0.8
Net cash flow from investing activities	-260.8	-13.5	-272.8	-34.6	-85.1
Repurchase of own shares	-	-7.8	-4.3	-23.5	-53.1
Capital repayment	3	-	-6.5	-80.7	-72.7
Change in debt and other financing items	174.0	-27.6	142.7	-70.9	-30.3
Net cash flow from financing activities	174.0	-41.9	57.7	-167.1	-156.1
Cash and cash equivalents on April 1/January 1	264.6	295.3	358.4	364.0	364.0
Translation differences	0.6	-4.5	0.6	-3.5	-5.4
Change in cash and cash equivalents	-112.3	-44.4	-206.1	-114.1	-0.2
Cash and cash equivalents on June 30/December 31	152.9	246.4	152.9	246.4	358.4
Free cash flow *)	-43.3	7.0	-20.6	60.9	161.3

*) Cash flow from operating activities – net capital expenditures – change in restricted cash
 Net capital expenditure = total capital expenditure less proceeds from sale of assets

CONSOLIDATED BALANCE SHEET

	Note	June 30, 2018	June 30, 2017	December 31, 2017
Assets				
Goodwill		431.0	354.0	344.3
Other intangible non-current assets		501.0	325.9	304.9
Tangible non-current assets		236.5	211.6	228.0
Other non-current assets		108.5	117.4	112.5
Inventories and work in progress		637.5	569.5	481.3
Current tax receivables		16.2	12.9	18.5
Other receivables		577.8	535.0	754.2
Cash and cash equivalents		152.9	246.4	358.4
Total assets	2	2,661.4	2,372.7	2,602.1
Shareholders' equity and liabilities				
Shareholders' equity		841.9	837.8	885.4
Long-term interest-bearing liabilities		592.7	828.9	632.8
Other long-term liabilities		172.5	136.3	135.3
Current interest-bearing liabilities		380.4	1.9	186.3
Current tax liabilities		25.7	11.9	48.0
Other current liabilities		606.4	516.7	668.3
Provisions		41.8	39.2	46.0
Total shareholders' equity and liabilities		2,661.4	2,372.7	2,602.1
EUR 1.00 = USD		1.1658	1.1412	1.1993



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Other OCI items	Re-measurements	Invested unrestricted equity reserve	Retained earnings	Total
Balance at January 1, 2018		292.2	12.1	-66.8	5.1	-27.0	-0.5	-45.5	90.4	625.4	885.4
Other comprehensive income:											
Translation differences					8.1						8.1
Cash flow and fair value hedges						39.9					39.9
Income tax related to OCI						-7.9		-0.8			-8.7
Remeasurement effects of postemployment benefit plans								4.4			4.4
Net result										-4.3	-4.3
Total comprehensive income					8.1	32.0		3.6		-4.3	39.4
Transactions with owners:											
Repurchased own shares				-4.3							-4.3
Cancellation of shares				39.3						-39.3	0.0
Share-based incentive program				4.1						-2.0	2.1
Capital repayment	3								-80.7		-80.7
Balance at June 30, 2018		292.2	12.1	-27.7	13.2	5.0	-0.5	-41.9	9.7	579.8	841.9

						Restated			Restated		
	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Other OCI items	Re-measurements	Invested unrestricted equity reserve	Retained earnings	Total
Balance at January 1, 2017		292.2	12.1	-15.5	33.1	27.8	0.0	-47.2	163.1	537.5	1,003.1
Change in accounting principles (IFRS 9)							-0.8			0.8	0.0
Change in accounting principles (IFRS 15)										-2.2	-2.2
Other comprehensive income:											
Translation differences					-18.5						-18.5
Cash flow and fair value hedges						-53.2	0.6			-0.6	-53.2
Income tax related to OCI						10.6	-0.1	1.6		0.1	12.2
Remeasurement effects of postemployment benefit plans								-4.6			-4.6
Net result, restated with IFRS 15										-5.0	-5.0
Total comprehensive income					-18.5	-42.6	0.5	-3.0		-5.5	-69.1
Transactions with owners:											
Repurchased own shares				-23.5							-23.5
Share-based incentive program				2.1					1.3	-1.2	2.2
Capital repayment	3								-72.7		-72.7
Balance at June 30, 2017		292.2	12.1	-36.9	14.6	-14.8	-0.3	-50.2	91.7	529.4	837.8

						Restated			Restated		
	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Other OCI items	Re-measurements	Invested unrestricted equity reserve	Retained earnings	Total
Balance at January 1, 2017		292.2	12.1	-15.5	33.1	27.8	0.0	-47.2	163.1	537.5	1,003.1
Change in accounting principles (IFRS 9)							-0.8			0.8	0.0
Change in accounting principles (IFRS 15)										-2.2	-2.2
Other comprehensive income:											
Translation differences					-28.0						-28.0
Cash flow and fair value hedges						-68.4	0.4			-0.4	-68.4
Income tax related to OCI						13.6	-0.1	-0.5		0.1	13.1
Remeasurement effects of postemployment benefit plans								2.2			2.2
Net result, restated with IFRS 15 impact										92.9	92.9
Total comprehensive income					-28.0	-54.8	0.3	1.7		92.6	11.8
Transactions with owners:											
Repurchased own shares				-53.1							-53.1
Share-based incentive program				1.8						0.5	2.3
Capital repayment	3								-72.7		-72.7
Other										-3.8	-3.8
Balance at December 31, 2017		292.2	12.1	-66.8	5.1	-27.0	-0.5	-45.5	90.4	625.4	885.4

QUARTERLY BREAKDOWN OF NET SALES AND EBIT EXCLUDING IAC

	Q2/ 2018	Q1/ 2018	Q4/ 2017	Q3/ 2017	Q2/ 2017	Q1/ 2017	Q4/ 2016*)	Q3/ 2016*)
NET SALES								
Outdoor	244.1	381.2	537.9	500.5	241.6	394.7	490.7	505.7
Ball Sports	159.0	164.2	163.0	141.2	169.8	185.0	171.9	147.0
Fitness	79.9	78.4	118.9	87.8	84.4	84.5	109.8	84.1
Total	483.0	623.8	819.8	729.5	495.8	664.2	772.4	736.8
EBIT								
Outdoor	-30.7	33.7	81.0	100.1	-29.4	26.8	69.7	105.5
Ball Sports	11.0	14.9	13.8	6.3	9.3	15.8	12.8	5.3
Fitness	0.0	0.1	12.4	4.5	2.5	0.7	6.8	5.4
Headquarters	-5.8	-8.3	-9.5	-6.8	-5.2	-7.8	-8.0	-9.7
EBIT excluding IAC	-25.5	40.4	97.7	104.1	-22.8	35.5	81.3	106.5
IAC	-4.1	-	-6.7	-34.3	1.0	-6.7	-8.2	-2.4
EBIT	-29.6	40.4	91.0	69.8	-21.8	28.8	73.1	104.1

*) Not restated in accordance with IFRS 15

THE NOTES TO THE FINANCIAL STATEMENTS
1. ACCOUNTING POLICIES

The interim financial information has been prepared in accordance with IAS 34 Interim Financial Reporting and in compliance with IFRS standards and interpretations in force as at January 1, 2018 as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2017 have also been applied in the preparation of the interim financial information.

From January 1, 2018 Amer Sports has adopted the new standards IFRS 9 'Financial instruments' and IFRS 15 'Revenue from Contracts with Customers'.

The new standard **IFRS 9 Financial instruments** gives guidance on the classification, measurement and impairment of the financial assets as well as general hedge accounting and derecognition of financial instruments. IFRS 9 replaces the standard IAS 39. Amer Sports has adopted the new standard by applying it retrospectively from January 1, 2018. The key impacts arising from the adoption of the new standard are:

(I) Changes in the classification of financial assets and liabilities

Amer Sports has reclassified its non-current and current financial assets under IFRS 9. The non-current financial assets, which have been previously classified as 'Available-for-sale financial assets', have been reclassified to 'Financial assets at fair value through OCI'. The other non-current financial assets have been reclassified as 'Financial assets measured at amortised cost' replacing the previous classification 'Loans and other receivables'. The hold-to-collect accounts receivables, other non-interest yielding receivables, cash and cash equivalents, commercial papers and deposits have been classified as 'Financial assets measured at amortised cost' instead of the previous classification of 'Loans and other receivables'. The available-for-sale factoring receivables, promissory notes and investments on money market funds have been classified as 'Financial assets at fair value through OCI', previously classified as 'Loans and other receivables'. The changes in the classification did not have any impact on the recognition or measurements of Amer Sports financial assets.

IFRS 9 did not bring any changes to Amer Sports previous classification and measurement of financial liabilities.

The table of the classifications under IFRS 9 versus IAS 39 is disclosed in the Note 10 in this interim report.

(II) Impairment of financial assets

The new impairment model under IFRS 9 requires the recognition of the impairment provisions based on ECLs (Expected Credit Losses) instead of on the incurred credit losses under IAS 39. Amer Sports has applied the provision matrix as a practical expedient for measuring ECLs on trade receivables, contract assets and lease receivables with no significant financing component. The credit loss allowance is measured at an amount equal to the lifetime expected credit losses. The ECL model is forward-looking and the expected default rates are based on the realized credit losses in the past. The lifetime ECL allowances are calculated using the gross carrying amounts of the outstanding trade receivables and the expected default rates. The change in the impairment model under IFRS 9 did not have any impact on Amer Sports financial statements.

(III) Hedge accounting

A new hedge accounting model to simplify the hedge accounting and align the hedge accounting more closely with the risk management strategy and objectives has been introduced in IFRS 9. IFRS 9 allows derivatives that hedge non-financial components of a price risk and are separately identifiable and measurable to be designated in a hedge relationship for that risk component only. Under IAS 39 non-financial components were prohibited from being designated as hedged items. Amer Sports has not used these options. IFRS 9 allows the time value of options to be excluded from the designation of a hedging instrument and accounted for as a cost of hedging. The fair value changes in the time value of options are recognized in Other comprehensive income. They are reclassified from equity to profit and loss in the same period or periods during which the expected future cash flows impact the profit and loss. This reduces the volatility in the income statements compared to IAS 39. As a result of this reclassification, the opening balance of retained earnings 1.1.2017 increased by EUR 0.8 million being fully offset by the adjustment of the new equity class 'Other OCI items' leaving no impact on the total shareholders' equity. Under IFRS 9 the retrospective effectiveness testing under IAS 39 is removed. The ineffectiveness of the hedges previously used by Amer Sports was very minor or non-existent.

The impact from the reclassification of the time value of options from the profit and loss to the Other OCI items is included in the restated 2017 figures in this interim report.

The new standard **IFRS 15 Revenue from contracts with customers** outlines the accounting requirements for when and how much to recognize revenue from the sale of goods and rendering of services based on a new five-step framework. Revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer when the control transfers to the customer either over time or at a point in time. IFRS 15 replaces the existing revenue standards and interpretations including e.g. IAS 11 Construction contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programs. Amer Sports has adopted the standard using the full retrospective approach. The accumulated effect of the retrospective application is recognized by adjusting the opening balance of the retained earnings for the earliest comparative period presented, which for Amer Sports is the financial period beginning on January 1, 2017. The key impacts arising from the adoption of the new standard are:

(I) Principal vs. agent consideration

Amer Sports provides freight services in all its operating segments and installation services in its Fitness segment. Previously the revenue from both the freight and installation services have been netted against the related expenses. As Amer Sports has the primary responsibility of providing the freight and/or installation service towards the customer, choosing the pricing of the service, and using third party service providers only to deliver the services, Amer Sports acts as a principal. As a result, both freight and installation revenue as well as the related expenses are recognized as gross amounts. This leads to increased net sales fully offset by increased cost of goods sold leaving no impact on EBIT.

(II) Transfer of control

As a result of more detailed requirements from IFRS 15 with respect to the transfer of control, Amer Sports has harmonized and sharpened its accounting principles and practices. The impact of this harmonization in the consolidated financial statements is not material.

III) Other IFRS 15 areas

The other identified IFRS 15 areas that are applicable to Amer Sports business are trade discounts, customer sales with right of return, customer loyalty campaigns, gift card breakage and extended payment terms. The impact of these adjustments on the consolidated income statement is not material.

Amer Sports has restated the 2017 figures and disclosed them in a separate transition document (stock exchange release dated April 13, 2018), which is available on www.amersports.com. The restated figures for the financial year 2017 are used in this interim report.

The new standard **IFRS 16 Leases** will have significant implications on the recognition of the lease expenses, non-current assets, interest-bearing liabilities as well as on the key financial ratios. Due to the great volume of the lease contracts and related liabilities Amer Sports expects to report significant increases in leasing assets and leasing liabilities. The off-balance sheet operating lease commitments as of June 30, 2018 were EUR 240.9 million (EUR 231.9 million as of December 31, 2017). The number of agreements recognized in the balance sheet under IFRS 16 may differ from the number of agreements recognized as operating lease commitments as the concept of agreements disclosed as lease commitments is somewhat different from the concept used in IFRS 16. In 2017 Amer Sports started to collect data of the existing lease contracts, evaluated potential tools for creating the journal entries according to IFRS 16 and created account structures in the ERP systems and continues the development work in 2018. Amer Sports will adopt the new standard from the annual period beginning on January 1, 2019.

Other new and revised IFRS and IAS standards, amendments and interpretations that are issued but not yet effective are not expected to have any material impact in the Group's financial statements.

2. SEGMENT INFORMATION

Amer Sports has three operating segments: Outdoor, Ball Sports and Fitness.

The accounting policies for segment reporting do not differ from the Group's accounting policies. However, the decisions concerning assessing the performance of segments and allocation of resources to the segments are based on segments' net sales and earnings before interest and taxes excluding items affecting comparability (EBIT excluding IAC). The chief operating decision maker of Amer Sports is President and CEO, who is assisted by the Executive Board.

There were no intersegment business operations during the reported periods.

	Net sales	EBIT	Financing income and expenses	Earnings before taxes	Assets
1-6/2018					
Outdoor	625.3	3.0			1,463.7
Ball Sports	323.2	25.9			502.1
Fitness	158.3	0.1			343.5
Segments, total	1,106.8	29.0			2,309.3
IAC		-4.1			
Headquarters		-14.1	-16.5		352.1
Group total	1,106.8	10.8	-16.5	-5.7	2,661.4
1-6/2017					
Outdoor	636.3	-2.6			1,109.0
Ball Sports	354.8	25.1			476.4
Fitness	168.9	3.2			334.7
Segments, total	1,160.0	25.7			1,920.1
IAC		-5.7			
Headquarters		-13.0	-13.8		452.6
Group total	1,160.0	7.0	-13.8	-6.8	2,372.7

1-12/2017					
Outdoor	1,674.7	178.5			1,193.9
Ball Sports	659.0	45.2			489.8
Fitness	375.6	20.1			351.1
Segments, total	2,709.3	243.8			2,034.8
IAC		-46.7			
Headquarters		-29.3	-26.3		567.3
Group total	2,709.3	167.8	-26.3	141.5	2,602.1

NET SALES

	1-6/2018	1-6/2017	2017
Footwear	237.5	256.1	500.8
Apparel	182.8	185.1	482.3
Winter Sports Equipment	75.1	67.5	415.2
Cycling	60.0	69.3	134.7
Sports Instruments	69.9	58.3	141.7
Outdoor	625.3	636.3	1,674.7
Individual Ball Sports	156.0	169.9	296.9
Team Sports	167.2	184.9	362.1
Ball Sports	323.2	354.8	659.0
Fitness	158.3	168.9	375.6
Total	1,106.8	1,160.0	2,709.3

GEOGRAPHIC BREAKDOWN OF NET SALES

	1-6/2018	1-6/2017	2017
EMEA	455.1	460.1	1,175.0
Americas	473.3	525.6	1,145.1
Asia Pacific	178.4	174.3	389.2
Total	1,106.8	1,160.0	2,709.3

REVENUE STREAMS

	1-6/2018	1-6/2017	2017
Sale of products and services	1,106.8	1,160.0	2,709.3
Licence income	2.1	2.5	5.7
Other operating income	1.7	5.9	7.0
Total	1,110.6	1,168.4	2,722.0

3. CAPITAL REPAYMENT

Relating to the year ending on December 31, 2017, the capital repayment distributed to the shareholders of Amer Sports Corporation was EUR 0.70 per share and amounted in total to EUR 80.7 million (2017: capital repayment 0.62 per share, in total 72.7 million). The capital repayment was paid out in March 2018.

4. CONTINGENT LIABILITIES AND SECURED ASSETS

	June 30, 2018	June 30, 2017	December 31, 2017
Guarantees	44.3	32.9	35.8
Liabilities for leasing and rental agreements	240.9	234.1	231.9
Other liabilities	69.5	57.7	72.5

There are no guarantees or contingencies given for the management of the company, the shareholders or the associated companies.

5. ONGOING LITIGATIONS

The Group has extensive international operations and is involved in a number of legal proceedings, including product liability suits. The Group does not expect the outcome of any legal proceedings currently pending to have materially adverse effect upon its consolidated results or financial position.

6. SEASONALITY

Although Amer Sports operates in a number of sporting goods segments during all four seasons, its business is subject to seasonal fluctuations. Historically, the third and fourth quarters of a financial year have been the strongest quarters for Amer Sports in terms of both net sales and profitability, mainly because sales of winter sports equipment ahead of the winter season typically take place during the third and fourth quarters. The summer season for ball sports balances seasonality to a certain extent, as the strongest quarters for the Ball Sports segment are the first and second quarters. Usually the net cash flow from operating activities is very strong in the first quarter when the cash inflows from the sales of winter sports equipment realize. Especially during the third quarter, the net cash flow from operating activities is tied up in working capital.

7. DERIVATIVE FINANCIAL INSTRUMENTS AND FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI MEASURED AT FAIR VALUE

The fair values of financial assets and liabilities whose fair value is recognized through income statement and derivative financial instruments used in hedge accounting are presented in the following table. All derivatives are classified as Level 2 instruments whose fair value is determined by using valuation techniques from observable market data. Financial assets at fair value through OCI are classified as Level 3 instruments and valued by using valuation techniques without any observable market data.

The company’s derivative financial instruments may include foreign exchange forward contracts and options, interest rate swaps and interest rate options and cross-currency swaps. Foreign exchange forward contracts and options are used to hedge against changes in the value of receivables, liabilities and future cash flows denominated in a foreign currency and interest rate swaps and interest rate options to hedge against the interest rate risk. Cross-currency swaps are used to hedge against changes in value of foreign currency denominated receivables and liabilities and against the interest rate risk.

Derivative financial instruments are initially and subsequently recognized at fair value. Fair values of foreign currency denominated derivatives are measured by recognizing the exchange rate difference by using the closing rates quoted by the European Central Bank on the reporting date. The future cash flows related to forward contract’s interest rate differential are discounted with the relevant market interest rate yield curves on the reporting date and compared with initial interest rate differential. The time value of foreign exchange options is measured using commonly known option pricing models. The expected future cash flows of the interest rate swaps and cross currency swaps are discounted with the market interest yield curves of the currencies concerned. Interest rate options are valued by using commonly known option pricing models. The accrued interest of forward contracts, interest rate swaps and cross currency swaps are periodized over the duration of the instruments on a net basis.

The counterparty risk of the company hasn’t materially changed and hence has no material effect on the valuation of the company’s derivative instruments.

Financial assets at fair value through OCI are Level 3 instruments whose exact fair values can’t be reliably measured. The fair values of financial assets at fair value through OCI are presented at bookkeeping value or a lower value if they are impaired. The fair values do not materially deviate from the bookkeeping value.

June 30, 2018	Financial assets/liabilities at fair value through profit and loss	Derivative financial instruments used in hedge accounting	Financial assets at fair value through OCI
Non-current financial assets			
Other non-current financial assets			0.6

Foreign exchange derivatives		3.9
Interest rate derivatives and cross currency swaps	7.4	1.3
Current financial assets		
Foreign exchange derivatives	6.0	19.0
Interest rate derivatives and cross currency swaps	2.6	
Long-term financial liabilities		
Foreign exchange derivatives		0.9
Interest rate derivatives and cross currency swaps	6.8	0.4
Current financial liabilities		
Foreign exchange derivatives	14.0	16.7
Interest rate derivatives and cross currency swaps	17.8	0.7
Nominal value of foreign exchange derivatives	759.2	1,277.0
Nominal value of interest rate derivatives	165.0	300.1
Nominal value of cross currency swaps		71.7

	Financial assets/liabilities at fair value through profit and loss	Derivative financial instruments used in hedge accounting	Financial assets at fair value through OCI
June 30, 2017			
Non-current financial assets			
Other non-current financial assets			0.6
Foreign exchange derivatives		1.5	
Interest rate derivatives and cross currency swaps	7.5	0.0	
Current financial assets			
Foreign exchange derivatives	13.4	12.2	
Long-term financial liabilities			
Foreign exchange derivatives		8.9	
Interest rate derivatives and cross currency swaps	18.0	3.6	

Current financial liabilities

Foreign exchange derivatives	1.7	19.6
Interest rate derivatives and cross currency swaps		0.4
Nominal value of foreign exchange derivatives	540.0	1,276.4
Nominal value of interest rate derivatives	135.0	232.7
Nominal value of cross currency swaps		77.8

December 31, 2017	Financial assets/liabilities at fair value through profit and loss	Derivative financial instruments used in hedge accounting	Financial assets at fair value through OCI
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives		1.6	
Interest rate derivatives and cross currency swaps	10.1		
Current financial assets			
Foreign exchange derivatives	11.0	14.4	
Interest rate derivatives and cross currency swaps	2.2		
Long-term financial liabilities			
Foreign exchange derivatives		3.8	
Interest rate derivatives and cross currency swaps	9.6	1.6	
Current financial liabilities			
Foreign exchange derivatives	2.3	44.3	
Interest rate derivatives and cross currency swaps	13.5	0.7	
Nominal value of foreign exchange derivatives	764.8	1,358.1	
Nominal value of interest rate derivatives	185.0	226.7	
Nominal value of cross currency swaps		76.2	

8. ACQUIRED AND DIVESTED BUSINESSES

2018

In April 2018, Amer Sports Corporation announced the acquisition of all the shares and related businesses of Peak Performance AB from the Danish fashion company IC Group. The acquisition was completed on June 29, 2018. Based in Stockholm, Sweden, Peak Performance is a leading premium sports fashion brand with net sales of approximately EUR 145 million and EBIT of approx. EUR 16.5 million in the last 12 months. The preliminary acquisition price was DKK 1,804 million (EUR 242.1 million), which was paid in June. The acquisition will have a minor positive impact on Amer Sports' 2018 financial results.

Peak Performance has a strong presence in the North and Central European markets, and the brand is also highly recognized outside of Europe. The acquisition accelerates Amer Sports' Softgoods business and enables faster growth and scale & synergy across the apparel brands Arc'teryx, Salomon and Peak Performance.

The fair value of the acquired net assets of Peak Performance was EUR 242.1 million. EUR 191.9 million of the fair value was allocated to the non-current intangible assets including customer relationships and marketing related intangibles. EUR 80.1 million of the fair value was allocated to goodwill.

The following fair values of the assets and liabilities of Peak Performance have been consolidated into Amer Sports balance sheet from the acquisition date. The calculation of the purchase price allocation is preliminary and will be finalized during 2018.

EUR million	Fair value
Intangible non-current assets	191.9
Goodwill	80.1
Other non-current assets	9.6
Inventories	15.4
Accounts receivables and other current assets	22.5
Cash	0.7
TOTAL ASSETS	320.2
Interest-free liabilities	78.1
NET ASSETS	242.1
Purchase price	242.1

Analysis of the cash flows on the acquisition

EUR million	Fair value
Purchase price	242.1
Peak Performance cash	-0.7
Transaction costs	0.1
Net cash flow on acquisition	241.5

2017

On March 29, 2017 Amer Sports acquired the iconic US ski brand Armada with annual net sales of approximately USD 10 million. The acquisition included the Armada brand, Armada-branded products, as well as intellectual property and distribution rights. The transaction value was USD 4.1 million, of which USD 2.5 million was settled with cash. Armada has been integrated into Amer Sports Winter Sports Equipment business unit. According to the purchase price allocation the fair value of acquired net assets was EUR 4.4 million resulting in a gain of EUR 0.6 million. EUR 2.2 million of the fair value was allocated to Armada trademark, which is amortized in 10 years.

The acquisition had no material impact on Amer Sports 2017 financial results.

9. FORMULAS AND BRIDGE CALCULATIONS OF KEY INDICATORS

Amer Sports uses Alternative Performance Measures (APMs) in accordance with the guidelines issued by the European Securities and Markets Authority (ESMA). APMs are reported in addition to, but not substituting, the performance measures reported in accordance with IFRS. APMs are derived from the performance measures reported in accordance with IFRS by adjusting them by Items Affecting Comparability (IAC). Amer Sports presents APMs to reflect the underlying business performance and to enhance comparability between financial periods.

For Amer Sports the key financial ratios to monitor and manage capital structure of the company are Net debt/LTM EBITDA and Net debt/Equity. These will be reported on quarterly basis and reporting of Equity ratio and Gearing will be discontinued.

EBIT excluding IAC:

EBIT + IAC

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
EBIT	-29.6	-21.8	10.8	7.0	167.8
IAC	4.1	-1.0	4.1	5.7	46.7
EBIT excluding IAC	-25.5	-22.8	14.9	12.7	214.5

EBIT % excluding IAC:

100 x $\frac{\text{EBIT + IAC}}{\text{Net Sales}}$

ITEMS AFFECTING COMPARABILITY (IAC) are material items or transactions, which are relevant for understanding the underlying operational financial performance of Amer Sports when comparing profit of the current period with previous periods. These items can include, but are not limited to, capital gains and losses on business disposals, acquisition and disposal related costs, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view.

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Restructuring program 2016	-	2.0	-	8.7	8.7
Restructuring program 2016 expansion and write-downs	4.1	-	4.1	-	37.1
Acquisition related accounting adjustments	-	-3.0	-	-3.0	0.9
Items affecting comparability total	4.1	-1.0	4.1	5.7	46.7

EARNINGS PER SHARE excluding IAC:

Net result excluding IAC attributable to equity holders of the parent company
Average number of shares adjusted for the bonus element of share issues

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Net result	-28.9	-22.5	-4.3	-5.0	92.9
IAC	4.1	-1.0	4.1	5.7	46.7
Tax effect of IAC	-1.0	0.3	-1.0	-1.5	-12.2
Write-down of deferred tax assets due to US federal tax rate reduction	-	-	-	-	10.4
Net result excluding IAC	-25.8	-23.2	-1.2	-0.8	137.8

EBITDA:

EBIT + Depreciations and amortizations

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
EBIT	-29.6	-21.8	10.8	7.0	167.8
Depreciations and amortizations	17.7	17.8	35.3	37.0	69.4
EBITDA	-11.9	-4.0	46.1	44.0	237.2

EBITDA excluding IAC:

EBIT excluding IAC + Depreciations and amortizations

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
EBIT	-29.6	-21.8	10.8	7.0	167.8
IAC	4.1	-1.0	4.1	5.7	46.7
Depreciations and amortization	17.7	17.8	35.3	37.0	69.4
EBITDA excl. IAC	-7.8	-5.0	50.2	49.7	283.9

NET DEBT:

Long-term and current Interest-bearing liabilities – cash and cash equivalents

	June 30, 2018	June 30, 2017	December 31, 2017
Long-term interest-bearing liabilities	592.7	828.9	632.8
Current interest-bearing liabilities	380.4	1.9	186.3
Cash and cash equivalents	-152.9	-246.4	-358.4
NET DEBT	820.2	584.4	460.7

NET DEBT/ LTM EBITDA excl. IAC:

$$100 \times \frac{\text{Net Debt}}{12 \text{ months' rolling EBIT excl. IAC} + 12 \text{ months' rolling depreciations and amortizations}}$$
NET DEBT/EQUITY:

$$\frac{\text{Long-term and current Interest-bearing liabilities – cash and cash equivalents}}{\text{Shareholders' equity}}$$
FREE CASH FLOW:

Cash flow from operating activities – net capital expenditures – change in restricted cash

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Cash flow from operating activities	-25.5	11.0	9.0	87.6	241.0
Net capital expenditures	-19.4	-13.5	-31.4	-32.3	-82.8
Restricted cash	1.6	9.5	1.8	5.6	3.1
FREE CASH FLOW	-43.3	7.0	-20.6	60.9	161.3

NET CAPITAL EXPENDITURE:

Total capital expenditure on non-current tangible and intangible assets - proceeds from sale of assets

	4-6/ 2018	4-6/ 2017	1-6/ 2018	1-6/ 2017	2017
Total capital expenditure on non-current tangible and intangible assets	-19.6	-14.3	-31.7	-33.1	-83.6
Proceeds from sale of assets	0.2	0.8	0.3	0.8	0.8
NET CAPITAL EXPENDITURE	-19.4	-13.5	-31.4	-32.3	-82.8

10. CLASSIFICATIONS UNDER IAS 39 AND IFRS 9

EUR million	Classification under IAS 39	Classification under IFRS 9	Carrying amount by category at 1.1.2018 under IAS 39	Carrying amount by category at 1.1.2018 under IFRS 9
NON-CURRENT FINANCIAL ASSETS				
Other non-current financial assets	Loans and other receivables	Financial assets measured at amortized cost	4.5	4.5
Other non-current financial assets	Available for sale financial assets	Financial assets at fair value through OCI	0.4	0.4
Derivative financial instruments				
Foreign exchange derivatives	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	-	-
Foreign exchange derivatives	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	1.6	1.6
Interest rate derivatives and cross currency swaps	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	10.1	10.1
Interest rate derivatives and cross currency swaps	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	-	-
CURRENT FINANCIAL ASSETS				
Accounts receivable	Loans and other receivables	Financial assets measured at amortized cost	557.8	557.8
Accounts receivable - hold to collect and sell	Loans and other receivables	Financial assets at fair value through OCI	37.7	37.7
Other non-interest yielding receivables	Loans and other receivables	Financial assets measured at	93.5	93.5



28 (30)

Other non-interest yielding receivables	Loans and other receivables	amortized cost Financial assets at fair value through OCI	4.2	4.2
Derivative financial instruments				
Foreign exchange derivatives	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	11.0	11.0
Foreign exchange derivatives	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	14.4	14.4
Interest rate derivatives and cross currency swaps	Financial assets at fair value through profit and loss	Financial assets at fair value through profit and loss	2.2	2.2
Interest rate derivatives and cross currency swaps	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	-	-
Cash in hand and short term deposits	Loans and other receivables	Financial assets measured at amortized cost	328.4	328.4
Money market funds	Loans and other receivables	Financial assets at fair value through OCI	30.0	30.0
LONG-TERM FINANCIAL LIABILITIES				
Long-term interest-bearing liabilities	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	632.8	632.8
Other long-term liabilities	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	28.6	28.6
Derivative financial instruments				
Foreign exchange derivatives	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through profit and loss	-	-
Foreign exchange derivatives	Derivative financial	Derivative financial	3.8	3.8



29 (30)

	instruments used in hedge accounting	instruments used in hedge accounting		
Interest rate derivatives and cross currency swaps	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through profit and loss	9.6	9.6
Interest rate derivatives and cross currency swaps	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	1.6	1.6
CURRENT FINANCIAL LIABILITIES				
Current interest-bearing liabilities	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	186.3	186.3
Accounts payable	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	315.0	315.0
Other current liabilities	Financial liabilities measured at amortized cost	Financial liabilities measured at amortized cost	244.6	244.6
Derivative financial instruments				
Foreign exchange derivatives	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through profit and loss	2.3	2.3
Foreign exchange derivatives	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	44.3	44.3
Interest rate derivatives and cross currency swaps	Financial liabilities at fair value through profit and loss	Financial liabilities at fair value through profit and loss	13.5	13.5
Interest rate derivatives and cross currency swaps	Derivative financial instruments used in hedge accounting	Derivative financial instruments used in hedge accounting	0.7	0.7

All forecasts and estimates presented in this report are based on the management's current judgment of the economic environment. The actual results may differ significantly.

AMER SPORTS CORPORATION

Board of Directors