

Amer Sports Corporation
 INTERIM REPORT
 October 26, 2017 at 1:00 p.m.

Amer Sports Corporation Interim Report January-September 2017

JULY-SEPTEMBER 2017

- Net sales EUR 733.2 million (July-September 2016: 736.8). In local currencies, net sales increased by 3%. Growth was solid in EMEA and China, whilst the US market continued to be challenging.
- Gross margin 46.7% (48.0).
- EBIT excluding items affecting comparability (IAC) EUR 109.0 million (106.5). Items affecting comparability were EUR -34.3 million (-2.4), mostly related to the ongoing restructuring announced in February 2017.
- Earnings per share excl. IAC EUR 0.65 (0.62).
- Free cash flow EUR -55.8 million (-66.9).
- Outlook for 2017 unchanged.

JANUARY-SEPTEMBER 2017

- Net sales EUR 1,882.1 million (January-September 2016: 1,849.7). In local currencies, net sales increased by 2%.
- Gross margin 45.6% (46.9).
- EBIT excluding IAC EUR 122.4 million (140.4). Items affecting comparability were EUR -40.0 million (-8.7).
- Earnings per share excl. IAC EUR 0.65 (0.73).
- Free cash flow EUR 5.1 million (-88.4).

OUTLOOK

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016.

The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

KEY FIGURES

EUR million	7-9/2017	7-9/2016	1-9/2017	1-9/2016	2016
Net sales	733.2	736.8	1,882.1	1,849.7	2,622.1
Gross profit	342.1	353.3	858.5	868.4	1,213.5
Gross profit %	46.7	48.0	45.6	46.9	46.3
EBITDA excl. IAC*)	124.7	122.3	175.1	185.1	281.7
EBIT excl. IAC	109.0	106.5	122.4	140.4	221.7
EBIT % excl. IAC	14.9	14.5	6.5	7.6	8.5
IAC**)	-34.3	-2.4	-40.0	-8.7	-16.9
EBIT	74.7	104.1	82.4	131.7	204.8
EBIT %	10.2	14.1	4.4	7.1	7.8
Financing income and expenses	-6.2	-8.0	-20.0	-23.9	-31.8
Earnings before taxes	68.5	96.1	62.4	107.8	173.0
Net result	50.6	70.5	46.1	79.0	126.9
Earnings per share excl. IAC, EUR	0.65	0.62	0.65	0.73	1.18
Free cash flow***)	-55.8	-66.9	5.1	-88.4	64.4

Equity ratio, % at period end			34.7	35.3	36.9
Net debt/equity at period end			0.70	0.73	0.53
Personnel at period end			8,611	8,554	8,526
Average rates used, EUR/USD	1.17	1.12	1.11	1.12	1.11

**) EBITDA excl. IAC = EBIT excluding items affecting comparability and depreciation and amortization*

***) Items affecting comparability are material items or transactions, which are relevant for understanding the 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, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share on annual basis.

****) Cash flow from operating activities - net capital expenditures – change in restricted cash (Net capital expenditures: Total capital expenditure less proceeds from sale of assets).*

HEIKKI TAKALA, PRESIDENT AND CEO:

In the third quarter we returned to profitable growth, as expected. Growth was broad-based, and in line with our strategy, driven again by Apparel, own retail, e-commerce and China. Encouragingly, we continued to gain speed in Fitness, and we laid foundation for a rebound in Sports Instruments as we rolled out the complete Spartan product family. We made again significant progress in the company omni-channel transformation to win in the changing market place. We executed the announced restructuring, and we are already delivering significant cost efficiencies, ahead of schedule. Furthermore, we continued to drive cash flow improvement ahead of our target.

In August, we announced our new 2020 financial targets, focus on profitable growth, now with special emphasis given to profitability. We continue to capitalize on our proven growth drivers, most notably softgoods, Direct to Consumer, and China, and we are transforming the company at maximum speed to stay ahead of the game as the market place and the consumer habits are evolving rapidly. In a challenging market, we are making strong progress in executing the strategy, capitalizing on all levers of our value creation model.

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TELEPHONE CONFERENCE

A conference call for investors and analysts will be held at 3:00 p.m. Finnish time. To participate, please call +44 (0)20 7572 1187 or +49 (0)69 2222 4998, PIN 84406153#. The conference can also be followed live via <https://amersports.videosync.fi/interimreport-q3-2017/register>. A replay of the conference call and a transcript will be available later at the same internet address. The replay numbers are +44 (0)20 7075 6589, +49 (0)69 2222 33985 and +358 (0)800 914 837, conference number 681844#.

FINANCIAL STATEMENTS BULLETIN 2017

Amer Sports will publish its financial statements bulletin 2017 on Thursday, February 8, 2018 at approximately 1:00 p.m. Finnish time.

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AMER SPORTS

Amer Sports (www.amersports.com) is a sporting goods company with internationally recognized brands including Salomon, Wilson, Atomic, Arc'teryx, Mavic, Suunto, and Precor. The company's technically advanced sports equipment, footwear, and apparel improve performance and increase the enjoyment of sports and outdoor activities. The Group's business is balanced by its broad portfolio of sports and products and a presence in all major markets. Amer Sports shares are listed on the Nasdaq Helsinki stock exchange (AMEAS).

Interim Report January-September 2017

NET SALES AND EBIT JULY–SEPTEMBER 2017

Amer Sports' net sales in July-September 2017 were EUR 733.2 million (July-September 2016: 736.8), and were at previous year's level. In local currencies, net sales increased by 3%.

Net sales by operating segment

EUR million	7–9/ 2017	7–9/ 2016	Change %	Change %*)	% of sales 7–9/2017	% of sales 7–9/2016	2016
Outdoor	509.1	505.7	1	3	69	69	1,601.8
Ball Sports	139.6	147.0	-5	-1	19	20	671.1
Fitness	84.5	84.1	0	6	12	11	349.2
Total	733.2	736.8	0	3	100	100	2,622.1

*) In local currencies

Geographic breakdown of net sales

EUR million	7–9/ 2017	7–9/ 2016	Change %	Change %*)	% of sales 7–9/2017	% of sales 7–9/2016	2016
EMEA	345.2	334.7	3	4	47	46	1,133.7
Americas	290.6	304.6	-5	-1	40	41	1,116.0
Asia Pacific	97.4	97.5	0	7	13	13	372.4
Total	733.2	736.8	0	3	100	100	2,622.1

*) In local currencies

Gross margin was 46.7% (48.0). The decline was due to less favorable hedges partly offset by the increased share of own retail and e-commerce sales.

EBIT excl. items affecting comparability (IAC) was EUR 109.0 million (106.5). Items affecting comparability were EUR -34.3 million. Increased sales in local currencies contributed to EBIT by approximately EUR 8 million. Declined gross margin had a negative impact of approximately EUR 10 million on EBIT. Operating expenses decreased by approximately EUR 12 million. Other income and expenses and currencies had a negative impact of approximately EUR 7 million on EBIT. EBIT was EUR 74.7 million (104.1).

The restructuring announced in February 2017 is proceeding ahead of the original schedule. Items affecting comparability include restructuring expenses of EUR 31.3 million, of which EUR 22.2 million is non-cash.

EBIT excluding IAC by operating segment

EUR million	7–9/2017	7–9/2016	2016
Outdoor	105.4	105.5	196.9
Ball Sports	5.9	5.3	44.8
Fitness	4.5	5.4	17.0
Headquarters*)	-6.8	-9.7	-37.0
EBIT excl. IAC	109.0	106.5	221.7
IAC	-34.3	-2.4	-16.9
EBIT total	74.7	104.1	204.8

*) 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	7-9/2017	7-9/2016	2016
EBIT excl. IAC	109.0	106.5	221.7

Items affecting comparability

Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	-	-6.3
Restructuring program 2016	-	-2.4	-10.6
Restructuring program 2016 expansion	-31.3	-	-
Acquisition related accounting adjustments	-3.0	-	-
EBIT	74.7	104.1	204.8

Net financial expenses totaled EUR 6.2 million (8.0), including net interest expenses of EUR 7.4 million (6.9). Net foreign exchange gains were EUR 0.9 million (losses 0.3). Other financing income were EUR 0.3 million (expenses 0.8). Earnings before taxes totaled EUR 68.5 million (96.1) and taxes were EUR 17.9 million (25.6). Earnings per share excl. IAC were EUR 0.65 (0.62). Earnings per share were EUR 0.43 (0.60).

NET SALES AND EBIT JANUARY–SEPTEMBER 2017

Amer Sports' net sales in January–September 2017 were EUR 1,882.1 million (January–September 2016: EUR 1,849.7 million), up by 2%. In local currencies, net sales increased by 2%.

Net sales by operating segment

EUR million	1–9/ 2017	1–9/ 2016	Change %	Change %*)	% of sales 1–9/2017	% of sales 1–9/2016	2016
Outdoor	1,143.6	1,111.1	3	3	61	60	1,601.8
Ball Sports	492.0	499.2	-1	-2	26	27	671.1
Fitness	246.5	239.4	3	4	13	13	349.2
Total	1,882.1	1,849.7	2	2	100	100	2,622.1

*) In local currencies

Geographic breakdown of net sales

EUR million	1–9/ 2017	1–9/ 2016	Change %	Change %*)	% of sales 1–9/2017	% of sales 1–9/2016	2016
EMEA	805.2	788.4	2	2	43	43	1,133.7
Americas	804.6	801.5	0	0	43	43	1,116.0
Asia Pacific	272.3	259.8	5	6	14	14	372.4
Total	1,882.1	1,849.7	2	2	100	100	2,622.1

*) In local currencies

Gross margin was 45.6% (46.9). The decline was due to less favorable hedges partly offset by the increased share of own retail and e-commerce sales.

EBIT excl. IAC was EUR 122.4 million (140.4). Items affecting comparability were EUR -40.0 million. Increased sales in local currencies contributed to EBIT by approximately EUR 17 million. Declined gross margin had a negative impact of approximately EUR 28 million on EBIT. Operating expenses increased by approximately EUR 2 million in local currencies. Other income and expenses and currencies had a negative impact of approximately EUR 5 million on EBIT. EBIT was EUR 82.4 million (131.7).

EBIT excluding IAC by operating segment

EUR million	1–9/2017	1–9/2016	2016
Outdoor	103.1	127.2	196.9
Ball Sports	31.4	32.0	44.8
Fitness	7.7	10.2	17.0
Headquarters*)	-19.8	-29.0	-37.0
EBIT excl. IAC	122.4	140.4	221.7
IAC	-40.0	-8.7	-16.9

EBIT total	82.4	131.7	204.8
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*) 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	1-9/2017	1-9/2016	2016
EBIT excl. IAC	122.4	140.4	221.7
Items affecting comparability			
Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	-6.3	-6.3
Restructuring program 2016	-8.7	-2.4	-10.6
Restructuring program 2016 expansion	-31.3	-	-
Acquisition related accounting adjustments	-	-	-
EBIT	82.4	131.7	204.8

Net financial expenses totaled EUR 20.0 million (23.9), including net interest expenses of EUR 23.1 million (20.6). Net foreign exchange gains were EUR 0.2 million (losses 0.4). Other financing income was EUR 2.9 million (expenses 2.9). Earnings before taxes totaled EUR 62.4 million (107.8) and taxes were EUR 16.3 million (28.8). Earnings per share excluding IAC were EUR 0.65 (0.73). Earnings per share were EUR 0.39 (0.67).

CASH FLOW AND FINANCING

Net cash flow after investing activities (free cash flow) was EUR 5.1 million in January–September (-88.4). Working capital increased by EUR 52.3 million (162.2). Inventories increased by EUR 62.8 million (72.3) and receivables increased by EUR 4.1 million (35.6). Payables increased by EUR 14.6 million (decrease 54.3).

At the end of September, the Group's net debt amounted to EUR 608.1 million (September 30, 2016: 666.9).

Interest-bearing liabilities amounted to EUR 837.4 million (September 30, 2016: 911.8) consisting of short-term debt of EUR 45.4 million and long-term debt of EUR 792.0 million. The average interest rate on the Group's interest-bearing liabilities was 2.4% (September 30, 2016: 2.0%).

Short-term debt consists mainly of term loans of EUR 30.0 million.

At the end of September, Amer Sports had not issued any commercial papers in the Finnish market (September 30, 2016: 74.9). The total size of the commercial paper program is EUR 500 million.

Cash and cash equivalents totaled EUR 229.3 million (September 30, 2016: 244.9).

Amer Sports had not used any of its EUR 150 million committed revolving credit facility at the end of the review period.

The equity ratio at the end of September was 34.7% (September 30, 2016: 35.3%) and net debt/equity was 0.70 (September 30, 2016: 0.73).

CAPITAL EXPENDITURE AND INVESTMENTS

The Group's capital expenditure totaled EUR 49.7 million (67.6). Depreciation totaled EUR 52.7 million (44.7), and write-down of intangible assets was EUR 16.7 million (0). Capital expenditure for the whole year is expected to be approximately 3.5% of net sales.

OPERATING SEGMENT REVIEWS

OUTDOOR

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
Net sales									
Footwear	144.6	144.6	0	2	401.3	394.1	2	2	490.5
Apparel	153.1	146.3	5	7	336.7	299.6	12	12	431.1
Winter Sports Equipment	142.1	140.5	1	3	208.4	200.0	4	5	388.5
Cycling	31.5	34.3	-8	-7	100.6	112.0	-10	-10	150.2
Sports Instruments	37.8	40.0	-6	-3	96.6	105.4	-8	-8	141.5
Net sales, total	509.1	505.7	1	3	1,143.6	1,111.1	3	3	1,601.8
EBIT excl. IAC	105.4	105.5	0		103.1	127.2	-19		196.9
EBIT % excl. IAC	20.7	20.9			9.0	11.4			12.3
Personnel at period end					5,885	5,639	4		5,619

*) Change in local currencies

Outdoor net sales in July-September were EUR 509.1 million (505.7), an increase of 3% in local currencies. The wholesale market, especially in the US, continued to be challenging. At the same time, own retail and e-commerce continued to perform well.

Apparel 7% growth was driven by Arc'teryx. In Footwear, sales grew by 2%, as wholesale customers remain reluctant to take inventory positions, and rather rely on in-season orders. Footwear sales were also adversely impacted by global distribution consolidation, and volatility in Latin America. Winter Sports Equipment sales grew by 3%. As announced in the January-June 2017 half-year report, pre-orders for the second half of the year are up by 5% compared to the previous year. In Cycling, sales were still adversely impacted by high OEM and retail inventories. In Sports Instruments, the demand for new Spartan product family continued to be strong, but the sales were below last year's level due to significant pipeline filling shipments in September 2016.

Geographic breakdown of net sales

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
EMEA	297.0	291.7	2	2	654.1	642.6	2	2	935.5
Americas	146.6	149.4	-2	1	318.1	306.3	4	4	429.6
Asia Pacific	65.5	64.6	1	9	171.4	162.2	6	8	236.7
Total	509.1	505.7	1	3	1,143.6	1,111.1	3	3	1,601.8

*) Change in local currencies

In July-September, Outdoor EBIT excluding IAC was EUR 105.4 million (105.5). Increased sales in local currencies contributed to EBIT by approximately EUR 7 million while lower gross margin had a negative impact of approximately EUR 5 million on EBIT. Operating expenses decreased by approximately EUR 2 million. Other income and expenses and currencies had a negative impact of EUR 4 million on EBIT.

BALL SPORTS

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
Net sales									
Individual Ball Sports	63.6	63.2	1	5	233.1	231.9	1	1	299.8
Team Sports	76.0	83.8	-9	-5	258.9	267.3	-3	-4	371.3
Net sales, total	139.6	147.0	-5	-1	492.0	499.2	-1	-2	671.1
EBIT excl. IAC	5.9	5.3	11		31.4	32.0	-2		44.8
EBIT % excl. IAC	4.2	3.6			6.4	6.4			6.7
Personnel at period end					1,634	1,743	-6		1,770

*) *Change in local currencies*

In July-September, Ball Sports net sales were EUR 139.6 million (147.0). In local currencies, net sales declined by 1%. Individual Ball Sports grew by 5% due to good momentum in tennis. In Team Sports, sales were adversely impacted by the challenging US wholesale market and baseball de-stocking ahead of changes in bat regulations in early 2018.

Geographic breakdown of net sales

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
EMEA	24.3	22.5	8	9	93.5	93.4	0	1	118.2
Americas	98.9	106.7	-7	-3	341.4	350.9	-3	-3	476.2
Asia Pacific	16.4	17.8	-8	-2	57.1	54.9	4	4	76.7
Total	139.6	147.0	-5	-1	492.0	499.2	-1	-2	671.1

*) *Change in local currencies*

In July-September, Ball Sports EBIT excluding IAC was EUR 5.9 million (5.3). Decreased sales in local currencies had a negative impact of approximately EUR 1 million on EBIT and declined gross margin of approximately EUR 2 million. Operating expenses decreased by approximately EUR 4 million.

FITNESS

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
Net sales	84.5	84.1	0	6	246.5	239.4	3	4	349.2
EBIT excl. IAC	4.5	5.4	-17		7.7	10.2	-25		17.0
EBIT % excl. IAC	5.3	6.4			3.1	4.3			4.9
Personnel at period end					883	935	-6		908

*) *Change in local currencies*

In July-September, Fitness net sales were EUR 84.5 million (84.1). In local currencies, net sales increased by 6%.

Geographic breakdown of net sales

EUR million	7-9/ 2017	7-9/ 2016	Ch %	Ch %*)	1-9/ 2017	1-9/ 2016	Ch %	Ch %*)	2016
EMEA	23.9	20.5	17	20	57.6	52.4	10	13	80.0
Americas	45.1	48.5	-7	-2	145.1	144.3	1	0	210.2
Asia Pacific	15.5	15.1	3	9	43.8	42.7	3	5	59.0
Total	84.5	84.1	0	6	246.5	239.4	3	4	349.2

*) *Change in local currencies*

In July-September, Fitness EBIT excluding IAC was EUR 4.5 million (5.4). The decline was due to lower gross margin related to seasonal mix variances. Declined gross margin had a negative impact of approximately EUR 3 million on EBIT. Increased sales 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 EUR 1 million on EBIT.

PERSONNEL

At the end of September, the number of Group employees was 8,611 (September 30, 2016: 8,554). The increase was driven by own retail expansion and higher number of seasonal factory workers, partially offset by targeted reductions in other areas.

	September 30, 2017	September 30, 2016	Change %	December 31, 2016
Outdoor	5,885	5,639	4	5,619
Ball Sports	1,634	1,743	-6	1,770
Fitness	883	935	-6	908
Headquarters and shared services	209	237	-12	229
Total	8,611	8,554	1	8,526

	September 30, 2017	September 30, 2016	Change %	December 31, 2016
EMEA	4,306	4,310	0	4,205
Americas	3,426	3,359	2	3,442
Asia Pacific	879	885	-1	879
Total	8,611	8,554	1	8,526

CHANGES IN GROUP MANAGEMENT

In September 2017, Bernard Millaud, President of Cycling and a member of Amer Sports Executive Board, stepped down from his current role and was appointed into a Special Advisory role reporting to Amer Sports President and CEO Heikki Takala. The Cycling category, which includes the Mavic and Enve brands, is led by General Manager Gary Bryant, reporting to the President and CEO. The role is not an Executive Board position, in line with the recent simplification of Amer Sports Executive Board structure.

SHARES AND SHAREHOLDERS

The company's share capital totaled EUR 292,182,204 on September 30, 2017 and the number of shares was 118,517,285.

Authorizations

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.

The Annual General Meeting held on March 9, 2017 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 8, 2016 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 non-restricted 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 was 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 February, Amer Sports Board of Directors decided to utilize the authorization given by the Annual General Meeting held on March 8, 2016 to repurchase Amer Sports shares. The repurchases started on February 13, 2017. In February-September, the company repurchased a total of 1,070,000 shares at an average price of EUR 21.92. The number of repurchased shares corresponds to 0.90% of all shares.

Time	Amount	Total value, EUR	Purchase price (average), EUR	Purchase price (high and low), EUR
Feb 13 – Mar 31, 2017	700,000	15,739,308	22.48	22.77 and 22.12
Apr 1 – Jun 30, 2017	370,000	7,716,324	20.85	22.20 and 20.31
Jul 1 – Sep 30, 2017	0	0		
Total	1,070,000	23,455,632	21.92	22.77 and 20.31

At the end of September, Amer Sports held a total of 1,896,260 shares (968,028) of Amer Sports Corporation. The number of own shares corresponds to 1.60% (0.82) of all Amer Sports shares.

In March, a total of 175,230 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 29,772 shares granted as share-based incentives were returned to Amer Sports during the review period.

Trading in shares

A total of 89.5 million (58.5) Amer Sports shares with a value totaling EUR 1,997.2 million (1,490.1) were traded on the Nasdaq Helsinki Ltd in the review period. Share turnover was 76.5% (49.8) (as a proportion of the average number of shares, excluding own shares). The average daily volume in January–September 2017 was 474,331 shares (307,929).

In addition to Nasdaq Helsinki, in total approximately 19 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 stock exchange on September 29, 2017 was EUR 22.44 (27.22). Shares registered a high of EUR 26.36 (28.75) and a low of EUR 19.81 (22.78) during the review period. The average share price was EUR 22.32 (25.47). On September 30, 2017, the company had a market capitalization of EUR 2,617.0 million (3,199.7), excluding own shares.

At the end of September, Amer Sports Corporation had 26,988 registered shareholders (20,197). Ownership outside of Finland and nominee registrations represented 48% (51%) of the company's shares.

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 9, 2017 are available at www.amersports.com/investors.

CHANGES IN GROUP STRUCTURE

In March, Amer Sports acquired Armada, the iconic US ski brand, with annual net sales of approximately USD 10 million. The acquisition includes 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 is being integrated into Amer Sports Winter Sports Equipment business unit. The acquisition has no material impact on Amer Sports 2017 financial results.

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 will be approximately EUR 45 million (pre-tax, reported under “Items affecting comparability”), recognized in the second half of 2017 and first half of 2018. The cash flow impact will be approximately EUR 25 million. The first part of the restructuring program announced in August 2016 has been successfully completed.

2020 GROWTH TARGET UPDATED, PRIORITIZING SUSTAINABLE PROFITABLE GROWTH

In August, Amer Sports updated its 2020 growth target, prioritizing sustainable, profitable growth. The company targets annual mid-single digit organic, currency-neutral growth instead of the previous target of EUR 3.5 billion by 2020. The change reflects the challenging wholesale market in the US. The company will continue to focus on its five strategic priorities (Apparel and Footwear, Business to Consumer, China, US, and Connected Devices and Services) whilst accelerating its consumer-led transformation.

Amer Sports’ updated financial targets are:

- Net sales: mid-single digit organic, currency-neutral annual growth
- Profit (unchanged): Annual EBIT growth (excl. items affecting comparability, IAC) ahead of net sales growth
- Cash flow conversion (unchanged): Free cash flow / net profit at least 80%
- Net debt / EBITDA (unchanged): Year-end net debt / EBITDA ratio max 3x

Compared to the previous financial targets set in 2016, the updated targets focus on profitable growth, with priority on profitability. The previous growth target was to reach a net sales of EUR 3.5 billion by 2020, with minimum mid-single digit organic, currency-neutral annual growth. Other financial targets are unchanged.

ADJUSTMENTS TO THE PERFORMANCE SHARE PLAN 2016

To align the Company incentive programs to the updated financial targets and strategic glidepath, Amer Sports Board of Directors decided on adjustments to the Performance Share Plan 2016 for the Company’s key personnel. The updated long term incentive program ensures that the performance of the company management is tied to the strategy and targets, and that strategic continuity and retention of key management is further safeguarded.

The Plan comprises a three-year performance period covering the period of 2018-2020, instead of one-year performance periods. The performance targets will be net sales growth and EBIT margin for the earning period 2018-2020. The potential share reward payable based on the plan will be paid in the spring 2021, provided that the performance targets for the plan are achieved. The potential reward will be paid in listed shares of Amer Sports Corporation, added with a cash portion to cover the taxes and tax-like items payable by the participants on the reward.

The Plan is directed to key personnel of approximately 340 persons, including the members of the Group Executive Board. If the performance targets set for the period 2018-2020 are fully achieved, the aggregate maximum number of shares to be paid under the plan is 650,000 shares.

The Board of Directors anticipates that no new shares need to be issued based on the plan and that the plan will, therefore, have no dilutive effect on the registered number of the company’s shares.

Further information about the Performance Share Plan 2016 and the related adjustments is available at <https://www.amersports.com/investors/governance/remuneration/long-term-incentives/>.

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, changes in the wholesale channel, 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.

OUTLOOK FOR 2017

In 2017, Amer Sports' net sales in local currencies are expected to increase from 2016, despite short-term market softness. EBIT excl. IAC is expected to be approximately at the level of 2016.

The growth in 2017 is expected to be biased to the second half of the year. EBIT excl. IAC includes further accelerated investment into the company's transformation toward omni-channel and digital to win in the fast changing market place. The company will continue to focus on growing the core business and the five prioritized areas: Apparel and Footwear, US, China, Business to Consumer, as well as digitally connected devices and services.

TABLES

The notes are an integral part of consolidated interim financial information.

Unaudited

EUR million

CONSOLIDATED RESULTS

	7-9/ 2017	7-9/ 2016	Change %	1-9/ 2017	1-9/ 2016	Change %	2016
NET SALES	733.2	736.8	0	1,882.1	1,849.7	2	2,622.1
Cost of goods sold	-398.2	-383.9		-1,030.8	-981.7		-1,409.7
License income	1.6	1.4		4.1	4.8		6.8
Other operating income	-1.9	4.1		4.0	6.3		8.8
Research and development expenses	-40.4	-22.5		-93.0	-67.4		-97.5
Selling and marketing expenses	-177.9	-183.6		-548.7	-531.7		-731.1
Administrative and other expenses	-41.7	-48.2		-135.3	-148.3		-194.6
EARNINGS BEFORE INTEREST AND TAXES	74.7	104.1		82.4	131.7		204.8
% of net sales	10.2	14.1		4.4	7.1		7.8
Financing income and expenses	-6.2	-8.0		-20.0	-23.9		-31.8
EARNINGS BEFORE TAXES	68.5	96.1		62.4	107.8		173.0
Taxes	-17.9	-25.6		-16.3	-28.8		-46.1
NET RESULT	50.6	70.5		46.1	79.0		126.9
Attributable to:							
Equity holders of the parent company	50.6	70.5		46.1	79.0		126.9
Earnings per share, EUR	0.43	0.60		0.39	0.67		1.08
Earnings per share, diluted, EUR	0.43	0.60		0.39	0.67		1.07
Adjusted average number of shares in issue less own shares, million				116.9	117.5		117.5
Adjusted average number of shares in issue less own shares, diluted, million				117.4	118.0		118.1
Equity per share, EUR				7.43	7.77		8.53
ROCE, % *)				11.0	15.3		14.8
ROE, %				6.6	11.3		13.0
Average rates used: EUR 1.00 = USD	1.1732	1.1164		1.1124	1.1160		1.1071

*) 12 months' rolling average

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Net result	50.6	70.5	46.1	79.0	126.9
Other comprehensive income					
Items that will not be reclassified to profit or loss					
Remeasurement effects of postemployment benefit plans	-1.7	-7.1	-6.3	-22.8	-8.9
Income tax related to remeasurement effects	0.6	2.3	2.2	7.1	-3.2

Items that may be reclassified to profit or loss					
Translation differences	-10.9	-4.8	-29.4	-1.9	16.1
Cash flow hedges	-14.9	-6.4	-68.1	-43.7	-20.0
Income tax related to cash flow hedges	3.0	1.3	13.6	8.7	4.0
Other comprehensive income, net of tax	-23.9	-14.7	-88.0	-52.6	-12.0
Total comprehensive income	26.7	55.8	-41.9	26.4	114.9

Total comprehensive income attributable to:

Equity holders of the parent company	26.7	55.8	-41.9	26.4	114.9
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NET SALES BY OPERATING SEGMENT

	7-9/ 2017	7-9/ 2016	Change %	1-9/ 2017	1-9/ 2016	Change %	2016
Outdoor	509.1	505.7	1	1,143.6	1,111.1	3	1,601.8
Ball Sports	139.6	147.0	-5	492.0	499.2	-1	671.1
Fitness	84.5	84.1	0	246.5	239.4	3	349.2
Total	733.2	736.8	0	1,822.1	1,849.7	2	2,622.1

GEOGRAPHIC BREAKDOWN OF NET SALES

	7-9/ 2017	7-9/ 2016	Change %	1-9/ 2017	1-9/ 2016	Change %	2016
EMEA	345.2	334.7	3	805.2	788.4	2	1,133.7
Americas	290.6	304.6	-5	804.6	801.5	0	1,116.0
Asia Pacific	97.4	97.5	0	272.3	259.8	5	372.4
Total	733.2	736.8	0	1,822.1	1,849.7	2	2,622.1

EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (IAC) BY OPERATING SEGMENT

	7-9/ 2017	7-9/ 2016	Change %	1-9/ 2017	1-9/ 2016	Change %	2016
Outdoor	105.4	105.5	0	103.1	127.2	-19	196.9
Ball Sports	5.9	5.3	11	31.4	32.0	-2	44.8
Fitness	4.5	5.4	-17	7.7	10.2	-25	17.0
Headquarters*)	-6.8	-9.7		-19.8	-29.0		-37.0
EBIT excluding IAC	109.0	106.5	2	122.4	140.4	-13	221.7
IAC	-34.3	-2.4		-40.0	-8.7		-16.9
EBIT	74.7	104.1	-28	82.4	131.7	-37	204.8

*) 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	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Earnings before interest and taxes		74.7	104.1	82.4	131.7	204.8
Adjustments to cash flow from operating activities and depreciation		35.8	15.3	68.1	45.0	63.2
Change in working capital		-124.0	-148.4	-52.3	-162.2	-57.5
Cash flow from operating activities before financing items and taxes		-13.5	-29.0	98.2	14.5	210.5
Interest paid and received		-9.9	-6.6	-20.5	-21.1	-27.3
Income taxes paid and received		-7.5	-8.6	-21.0	-27.9	-32.9
Net cash flow from operating activities		-30.9	-44.2	56.7	-34.5	150.3
						-56.8

Acquired operations	-	-	-2.3	-42.4	
Capital expenditure on non-current tangible and intangible assets	-16.6	-22.9	-49.7	-67.6	-91.7
Proceeds from sale of tangible non-current assets	0.1	0.2	0.9	0.6	0.6
Net cash flow from investing activities	-16.5	-22.7	-51.1	-109.4	-147.9
Repurchase of own shares	-	-	-23.5	-	-
Capital repayment/dividends paid	3	-	-72.7	-64.7	-64.7
Change in debt and other financing items	32.1	81.3	-38.8	118.8	92.8
Net cash flow from financing activities	32.1	81.3	-135.0	54.3	28.1
Cash and cash equivalents on July 1/January 1	246.4	230.0	364.0	331.4	331.4
Translation differences	-1.8	0.5	-5.3	3.1	2.1
Change in cash and cash equivalents	-15.3	14.4	-129.4	-89.6	30.5
Cash and cash equivalents on September 30/December 31	229.3	244.9	229.3	244.9	364.0
Free cash flow *)	-55.8	-66.9	5.1	-88.4	64.4

*) 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	September 30, 2017	September 30, 2016	December 31, 2016
Assets				
Goodwill		344.9	355.8	373.4
Other intangible non-current assets		301.7	313.8	332.3
Tangible non-current assets		213.3	213.0	226.0
Other non-current assets		118.9	129.5	119.8
Inventories and work in progress		551.4	558.0	513.6
Current tax receivables		10.8	2.7	17.4
Other receivables		729.0	769.3	768.6
Cash and cash equivalents		229.3	244.9	364.0
Total assets	2	2,499.3	2,587.0	2,715.1
Shareholders' equity and liabilities				
Shareholders' equity		866.5	913.7	1,003.1
Long-term interest-bearing liabilities		792.0	834.9	846.2
Other long-term liabilities		130.6	136.8	136.7
Current interest-bearing liabilities		45.4	76.9	53.7
Current tax liabilities		25.8	28.6	32.1
Other current liabilities		595.9	560.9	603.6
Provisions		43.1	35.2	39.7
Total shareholders' equity and liabilities		2,499.3	2,587.0	2,715.1
Equity ratio, %		34.7	35.3	36.9
Gearing, %		70	73	53
EUR 1.00 = USD		1.1806	1.1161	1.0541



CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Note	Share capital	Premium fund	Fund for own shares	Translation differences	Fair value and other reserves	Remeasurements	Invested unrestricted equity reserve	Retained earnings	Total
Balance at Jan. 1, 2016		292.2	12.1	-18.1	17.0	43.8	-35.1	163.1	474.6	949.6
Other comprehensive income:										
Translation differences					-1.9					-1.9
Cash flow and fair value hedges						-43.7				-43.7
Income tax related to OCI						8.7	7.1			15.8
Remeasurement effects of postemployment benefit plans							-22.8			-22.8
Net result									79.0	79.0
Total comprehensive income					-1.9	-35.0	-15.7		79.0	26.4
Transactions with owners:										
Share-based incentive program				2.7					-0.3	2.4
Dividend distribution	3								-64.7	-64.7
Balance at Sept. 30, 2016		292.2	12.1	-15.4	15.1	8.8	-50.8	163.1	488.6	913.7
Balance at Jan. 1, 2017		292.2	12.1	-15.5	33.1	27.8	-47.2	163.1	537.5	1,003.1
Other comprehensive income:										
Translation differences					-29.4					-29.4
Cash flow and fair value hedges						-68.1				-68.1
Income tax related to OCI						13.6	2.2			15.8
Remeasurement effects of postemployment benefit plans							-6.3			-6.3
Net result									46.1	46.1
Total comprehensive income					-29.4	-54.5	-4.1		46.1	-41.9
Transactions with owners:										
Repurchased own shares				-23.5						-23.5
Share-based incentive program				2.0					-0.5	1.5
Capital repayment	3							-72.7		-72.7
Balance at Sept. 30, 2017		292.2	12.1	-37.0	3.7	-26.7	-51.3	90.4	583.1	866.5

QUARTERLY BREAKDOWN OF NET SALES AND EBIT EXCLUDING IAC

	Q3/ 2017	Q2/ 2017	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016	Q4/ 2015
NET SALES								
Outdoor	509.1	238.3	396.2	490.7	505.7	231.0	374.4	501.9
Ball Sports	139.6	167.5	184.9	171.9	147.0	165.5	186.7	165.7
Fitness	84.5	81.5	80.5	109.8	84.1	80.9	74.4	116.1
Total	733.2	487.3	661.6	772.4	736.8	477.4	635.5	783.7
	Q3/ 2017	Q2/ 2017	Q1/ 2017	Q4/ 2016	Q3/ 2016	Q2/ 2016	Q1/ 2016	Q4/ 2015
EBIT								
Outdoor	105.4	-31.1	28.8	69.7	105.5	-16.0	37.7	65.6
Ball Sports	5.9	9.0	16.5	12.8	5.3	7.7	19.0	8.2
Fitness	4.5	2.5	0.7	6.8	5.4	4.5	0.3	15.7
Headquarters	-6.8	-5.2	-7.8	-8.0	-9.7	-8.3	-11.0	-5.5
EBIT excluding IAC	109.0	-24.8	38.2	81.3	106.5	-12.1	46.0	84.0
IAC	-34.3	1.0	-6.7	-8.2	-2.4	-	-6.3	-
EBIT	74.7	-23.8	31.5	73.1	104.1	-12.1	39.7	84.0

THE NOTES TO THE FINANCIAL STATEMENTS
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, 2017 as adopted by the EU. The IFRS recognition and measurement principles as described in the annual financial statements for 2016 have also been applied in the preparation of the interim financial information.

From January 1, 2018 Amer Sports will adopt IFRS 9 and IFRS 15.

IFRS 9 Financial Instruments: During 2017 Amer Sports will assess the effect of IFRS 9 on its consolidated financial statements and expects that changes will arise from the expected credit loss model.

IFRS 15 Revenue from Contracts with Customers: During 2016 Amer Sports performed a preliminary assessment of the implications of IFRS 15. Amer Sports continues to assess individual contracts to determine IFRS 15 related changes during 2017 and will adopt IFRS 15 using the full retrospective method.

Some contracts that Amer Sports has with its customers provide a right of return and trade discounts and give rise to variable consideration under IFRS 15. The current provisions for deferred revenue give rise to variable consideration, and will be required to be estimated at contract inception. Amer Sports expects more revenue being deferred under IFRS 15 than is under current IFRS.

The customer loyalty programmes offered within Amer Sports B2C business are expected to give rise to a separate performance obligation as they generally provide a material right to the consumer. Amer Sports will allocate a portion of the transaction price to the loyalty programme points based on relative stand-alone selling prices instead of the allocation using the fair value of points issued. At the current level of activity of the customer loyalty programmes, no material change is expected on the revenue recognition.

Amer Sports provides installation services in its Fitness segment. Currently the revenue from the installation services has been netted against the related expenses. As Amer Sports acts as the principal in rendering the installation services, netting of the revenue and expenses is no longer applicable according to IFRS 15. Amer Sports has assessed that the services are satisfied over time and will continue to recognize revenue for these service contracts over time rather than at a point of time. Amer Sports expects to report more service related revenue and expenses under IFRS 15, whereas no impact is expected on the EBIT.

In 2016 Amer Sports has developed account structures, accounting policies and procedures and planned ERP changes to collect and disclose the required information according to IFRS 15. During the first half-year in 2017 Amer Sports has implemented changes into ERP systems, created accounts and reports to collect comparison information and actual data from the date of adoption, organized group wide training sessions and communicated the revenue accounting policy changes. The customer contracts have been collected and contract analysis continued during the third quarter.

IFRS 16 Leases: Amer Sports will adopt IFRS 16 from January 1, 2019 provided that the standard is approved by the EU. IFRS 16 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 number of 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 September 30, 2017 were EUR 226.2 million. 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 and 2018 Amer Sports assesses the effect of IFRS 16 on its consolidated financial statements on a more detailed level.

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
1-9/2017					
Outdoor	1,143.6	103.1			1,270.5
Ball Sports	492.0	31.4			450.1
Fitness	246.5	7.7			337.2
Segments, total	1,882.1	142.2			2,057.8
IAC		-40.0			
Headquarters		-19.8	-20.0		441.5
Group total	1,822.1	82.4	-20.0	62.4	2,499.3
1-9/2016					
Outdoor	1,111.1	127.2			1,286.5
Ball Sports	499.2	32.0			469.6
Fitness	239.4	10.2			359.2
Segments, total	1,849.7	169.4			2,115.3
IAC		-8.7			
Headquarters		-29.0	-23.9		471.7
Group total	1,849.7	131.7	-23.9	107.8	2,587.0
1-12/2016					
Outdoor	1,601.8	196.9			1,224.4
Ball Sports	671.1	44.8			524.6
Fitness	349.2	17.0			377.4
Segments, total	2,622.1	258.7			2,126.4
IAC		-16.9			
Headquarters		-37.0	-31.8		588.7

Group total	2,622.1	204.8	-31.8	173.0	2,715.1
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GEOGRAPHIC BREAKDOWN OF NET SALES

	1-9/ 2017	1-9/ 2016	2016
EMEA	805.2	788.4	1,133.7
Americas	804.6	801.5	1,116.0
Asia Pacific	272.3	259.8	372.4
Total	1,822.1	1,849.7	2,622.1

3. CAPITAL REPAYMENT/DIVIDENDS

Relating to the year ending on December 31, 2016, the capital repayment distributed to the shareholders of Amer Sports Corporation was EUR 0.62 per share and amounted in total to EUR 72.7 million (2015: dividend 0.55 per share, in total 64.7 million). The capital repayment was paid out in March-April 2017.

4. CONTINGENT LIABILITIES AND SECURED ASSETS

	September 30, 2017	September 30, 2016	December 31, 2016
Guarantees	35.9	28.2	30.2
Liabilities for leasing and rental agreements	226.2	193.8	239.4
Other liabilities	76.8	67.0	74.2

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 AVAILABLE-FOR-SALE FINANCIAL ASSETS 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. Available-for-sale financial assets 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.

Available-for-sale financial assets are Level 3 instruments whose exact fair values can't be reliably measured. The fair values of available-for-sale assets are presented at bookkeeping value or a lower value if they are impaired. The fair values do not materially deviate from the bookkeeping value.

September 30, 2017	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available- for-sale financial assets
Non-current financial assets			
Other non-current financial assets			0.6
Foreign exchange derivatives		2.1	
Interest rate derivatives and cross currency swaps	10.5	0.0	
Current financial assets			
Foreign exchange derivatives	11.9	13.6	
Long-term financial liabilities			
Foreign exchange derivatives		5.5	
Interest rate derivatives and cross currency swaps	20.6	2.9	
Current financial liabilities			
Foreign exchange derivatives	1.6	40.7	
Interest rate derivatives and cross currency swaps		0.2	
Nominal value of foreign exchange derivatives	602.1	1,251.7	
Nominal value of interest rate derivatives	135.0	228.6	
Nominal value of cross currency swaps		77.7	

September 30, 2016	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available-for-sale financial assets
Non-current financial assets			
Other non-current financial assets			0.5
Foreign exchange derivatives		1.4	
Interest rate derivatives and cross currency swaps	5.6	0.0	
Current financial assets			
Foreign exchange derivatives	25.4	23.2	
Long-term financial liabilities			
Foreign exchange derivatives		0.7	
Interest rate derivatives and cross currency swaps	17.0	5.2	
Current financial liabilities			
Foreign exchange derivatives	26.9	7.8	
Interest rate derivatives and cross currency swaps		1.5	
Nominal value of foreign exchange derivatives	574.4	1,010.7	
Nominal value of interest rate derivatives	135.0	235.4	
Nominal value of cross currency swaps		78.0	
December 31, 2016	Financial assets/liabilities at fair value through income statement	Derivative financial instruments used in hedge accounting	Available-for-sale financial assets
Non-current financial assets			
Other non-current financial assets			0.4
Foreign exchange derivatives		4.5	
Interest rate derivatives and cross currency swaps	8.6	0.1	
Current financial assets			
Foreign exchange	4.2	38.6	

derivatives

Long-term financial liabilities

Foreign exchange derivatives		0.4
Interest rate derivatives and cross currency swaps	21.4	3.5

Current financial liabilities

Foreign exchange derivatives	10.4	4.5
Interest rate derivatives and cross currency swaps		1.0

Nominal value of foreign exchange derivatives	549.6	1,145.5
Nominal value of interest rate derivatives	135.0	242.8
Nominal value of cross currency swaps		78.5

8. ACQUIRED AND DIVESTED BUSINESSES

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 is being integrated into Amer Sports Winter Sports Equipment business unit. The identifiable acquired net assets were EUR 4.4 million resulting in a gain of EUR 0.6 million.

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

2016:

On March 8, 2016 Amer Sports acquired 100% of the shares in the company ENVE Composites LLC. ENVE is a fast-growing brand in high-end carbon wheels, components, and accessories for road and mountain biking with annual sales of approximately USD 30 million. The acquisition accelerates Amer Sports Cycling business especially in the United States and provides further expansion opportunities internationally. ENVE brings capabilities in carbon technology, and it offers operational scale and synergy benefits complementing Amer Sports' cycling category.

The net cash acquisition price was USD 50 million in an all-cash transaction and was paid in March 2016. According to the purchase price allocation, the fair value of the acquired net assets was EUR 48.0 million. EUR 18.9 million of the fair value was allocated to the ENVE intangible assets including trademarks, customer relationships and technology. These assets are amortized over 10-15 years. EUR 18.5 million of the fair value was allocated to goodwill. Purchase of ENVE was treated as asset purchase in taxation and no deferred taxes were recognized.

The following fair values of the assets and liabilities of ENVE Composites LLC have been consolidated into Amer Sports' result from the acquisition date. Transaction costs of EUR 0.3 million are included in the administrative expenses of the consolidated income statement.

<u>EUR million</u>	<u>Fair value</u>
Intangible non-current assets	18.9

Goodwill	18.5
Other non-current assets	1.2
Inventories	5.7
Accounts receivables and other current assets	2.9
Cash	3.3
TOTAL ASSETS	50.5
Interest-free liabilities	2.5
TOTAL LIABILITIES	2.5
NET ASSETS	48.0
Purchase price	48.0

Analysis of the cash flows on the acquisition

EUR million	Fair value
Purchase price	48.0
ENVE cash	-3.3
Transaction costs	0.3
Net cash flow on acquisition	45.0

Fair value of accounts receivables was equal to book value at the date of transaction.

The ENVE sales in 2016 from the date of acquisition were EUR 20 million. The ENVE transaction including one time integration costs and amortization of intangible assets had slightly negative impact on Amer Sports' 2016 financial results.

On November 17, 2016 Amer Sports acquired EvoShield, the leading protective gear brand for baseball and softball.

EvoShield is the leading brand of protective gear for baseball and softball athletes and teams in the U.S., and the Official Protective Gear of Major League Baseball® (MLB). The annual net sales of EvoShield are approximately EUR 10 million.

The price of this selective asset acquisition was USD 9.3 million and it included the EvoShield brand, all EvoShield branded products as well as intellectual property and distribution rights. Based on preliminary purchase price allocation the fair value of acquired intangible assets such as EvoShield trademark was USD 7.3 million. The purchase accounting will be completed during 2017.

EvoShield has been integrated into Amer Sports Ball Sports business segment, which already includes the brands Wilson, Louisville Slugger, DeMarini and ATEC.

The EvoShield acquisition had no material impact on Amer Sports 2016 financial results.

9. RECONCILIATION BETWEEN REPORTED EARNINGS BEFORE INTEREST AND TAXES (EBIT) AND EBIT EXCLUDING ITEMS AFFECTING COMPARABILITY (EBIT EXCLUDING IAC) COMMENTED IN THIS FINANCIAL REVIEW

The income statement under IFRS has been adjusted by the following adjustments when reporting and commenting earnings before interest and taxes excluding items affecting comparability in this financial review.

	7-9/2017			1-9/2017		
	IFRS	IAC	Income statement excl. IAC	IFRS	IAC	Income statement excl. IAC
NET SALES	733.2	-	733.2	1,882.1	-	1,882.1
Cost of goods sold	-398.2	7.1	-391.1	-1,030.8	7.2	-1,023.6
Licence income	1.6	-	1.6	4.1	-	4.1
Other operating income	-1.9	2.4	0.5	4.0	-0.6	3.4
Research and development expenses	-40.4	17.6	-22.8	-93.0	18.3	-74.7
Selling and marketing expenses	-177.9	6.6	-171.3	-548.7	14.0	-534.7
Administrative and other expenses	-41.7	0.6	-41.1	-135.3	1.1	-134.2
EBIT	74.7	34.3	109.0	82.4	40.0	122.4

	7-9/2016			1-9/2016		
	IFRS	IAC	Income statement excl. IAC	IFRS	IAC	Income statement excl. IAC
NET SALES	736.8	-	736.8	1,849.7	-	1,849.7
Cost of goods sold	-383.9	0.4	-383.5	-981.7	0.4	-981.3
Licence income	1.4	-	1.4	4.8	-	4.8
Other operating income	4.1	-	4.1	6.3	-	6.3
Research and development expenses	-22.5	-	-22.5	-67.4	-	-67.4
Selling and marketing expenses	-183.6	1.7	-181.9	-531.7	8.0	-523.7
Administrative and other expenses	-48.2	0.3	-47.9	-148.3	0.3	-148.0
EBIT	104.1	2.4	106.5	131.7	8.7	140.4

1-12/2016	IFRS	IAC	Income statement excl. IAC
NET SALES	2,622.1	-	2,622.1
Cost of goods sold	-1,409.7	1.1	-1,408.6
Licence income	6.8	-	6.8
Other operating income	8.8	-	8.8
Research and development expenses	-97.5	2.3	-95.2
Selling and marketing expenses	-731.1	13.1	-718.0
Administrative and other expenses	-194.6	0.4	-194.2
EBIT	204.8	16.9	221.7

Items affecting comparability (IAC) are material items or transactions, which are relevant for understanding the 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, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

10. FORMULAS AND BRIDGE CALCULATIONS OF KEY INDICATORS

ESMA (European Securities and Markets Authority) guidelines on Alternative Performance Measures (APMs) are effective from the financial year 2016. Amer Sports presents APMs to reflect the underlying business

performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS. As of Q1 2016, Amer Sports relabeled the previously referenced "excluding non-recurring items" with "excluding items affecting comparability" (IAC). Operating segments' EBIT is reported excluding IAC. Items affecting comparability and APMs used by Amer Sports are defined in this note.

EBIT excluding IAC:

EBIT + IAC	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
EBIT	74.7	104.1	82.4	131.7	204.8
IAC	34.3	2.4	40.0	8.7	16.9
EBIT excluding IAC	109.0	106.5	122.4	140.4	221.7

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 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, significant write-downs, provisions for planned restructuring and other items that are not related to normal business operations from Amer Sports' management view. A single item affecting comparability has to represent more than one cent per share.

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Significant write-down of the receivable balance from a U.S. sporting goods retailer	-	-	-	6.3	6.3
Restructuring program 2016	-	2.4	8.7	2.4	10.6
Restructuring program 2016 expansion	31.3	-	31.3	-	-
Acquisition related accounting adjustments	3.0	-	-	-	-
Items affecting comparability total	34.3	2.4	40.0	8.7	16.9

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

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Net result	50.6	70.5	46.1	79.0	126.9
IAC	34.3	2.4	40.0	8.7	16.9
Tax effect	-8.9	-0.6	-10.4	-2.3	-4.5
Net result excl. IAC	76.0	72.3	75.7	85.4	139.3

EBITDA:

EBIT + Depreciations and amortizations

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
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EBIT	74.7	104.1	82.4	131.7	204.8
Depreciations and amortizations	15.7	15.8	52.7	44.7	60.0
EBITDA	90.4	119.9	135.1	176.4	264.8

EBITDA excluding IAC:

EBIT excluding IAC + Depreciations and amortizations

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
EBIT	74.7	104.1	82.4	131.7	204.8
IAC	34.3	2.4	40.0	8.7	16.9
Depreciations and amortization	15.7	15.8	52.7	44.7	60.0
EBITDA excl. IAC	124.7	122.3	175.1	185.1	281.7

NET DEBT:

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

	September 30, 2017	September 30, 2016	December 31, 2016
Long-term interest-bearing liabilities	792.0	834.9	846.2
Current interest-bearing liabilities	45.4	76.9	53.7
Cash and cash equivalents	-229.3	-244.9	-364.0
NET DEBT	608.1	666.9	535.9

NET DEBT/EBITDA:

$$100 \times \frac{\text{Net Debt}}{\text{EBIT} + \text{Depreciations and amortizations}}$$

NET DEBT/EBITDA excl. IAC:

$$100 \times \frac{\text{Net Debt}}{\text{EBIT excluding IAC} + \text{Depreciations and amortizations}}$$

FREE CASH FLOW:

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

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Cash flow from operating activities	-30.9	-44.2	56.7	-34.5	150.3
Net capital expenditures	-16.5	-22.7	-48.8	-67.0	-91.1
Restricted cash	-8.4	-	-2.8	13.1	5.2
FREE CASH FLOW	-55.8	-66.9	5.1	-88.4	64.4

NET CAPITAL EXPENDITURE:

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

	7-9/ 2017	7-9/ 2016	1-9/ 2017	1-9/ 2016	2016
Total capital expenditure on non-current tangible and intangible assets	-16.6	-22.9	-49.7	-67.6	-91.7
Proceeds from sale of assets	0.1	0.2	0.9	0.6	0.6
NET CAPITAL EXPENDITURE	-16.5	-22.7	-48.8	-67.0	-91.1

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