

Amer Sports 1Q 2024

AMER SPORTS

FORWARD LOOKING STATEMENTS

This presentation includes estimates, projections, statements relating to the business plans, objectives, and expected operating results of Amer Sports Inc. ("Amer Sports" or the "Company") that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In many cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "target," "forecasts," "outlook," "believes," "intends," "estimates," "predicts," "potential" or the negative of these terms or other comparable terminology. These forward-looking statements include, without limitation, guidance and outlook statements, our long-term targets and algorithm, statements concerning our financial results, statements regarding our ability to meet environmental, social and governance goals, expectations regarding industry trends and the size and growth rates of addressable markets, and statements regarding our business plan and our growth strategies. These statements are based on management's current expectations, but they involve a number of risks and uncertainties. Actual results and the timing of events could differ materially from those anticipated in the forward-looking statements as a result of factors relating to, without limitation: the strength of our brands; changes in market trends and consumer preferences; intense competition that our products, services and experiences face; harm to our reputation that could adversely impact our ability to attract and retain consumers and wholesale partners, employees, brand ambassadors, partners, and other stakeholders; reliance on technical innovation and high-quality products; general economic and business conditions worldwide, including due to inflationary pressures; the strength of our relationships with and the financial condition of our third-party suppliers, manufacturers, wholesale partners and consumers; ability to expand our DTC channel, including our expansion and success of our owned retail stores and e-commerce platform; our plans to innovate, expand our product offerings and successfully implement our growth strategies that may not be successful, and implementation of these plans that may direct divert our operational, managerial and administrative resources; our international operations, including any related to political uncertainty and geopolitical tensions; our and our wholesale partners' ability to accurately forecast demand for our products and our ability to manage manufacturing decisions; our third party suppliers, manufacturers and other partners, including their financial stability and our ability to find suitable partners to implement our growth strategy; the cost of raw materials and our reliance on third-party manufacturers; our distribution system and ability to deliver our brands' products to our wholesale partners and consumers; climate change and sustainability or ESG-related matters, or legal, regulatory or market responses thereto; changes to trade policies, tariffs, import/export regulations, anti-competition regulations and other regulations in the United States, EU, PRC and other jurisdictions, or our failure to comply with such regulations; ability to obtain, maintain, protect and enforce our intellectual property rights in our brands, designs, technologies and proprietary information and processes; ability to defend against claims of intellectual property infringement, misappropriation, dilution or other violations made by third parties against us; security breaches or other disruptions to our IT systems; changes in government regulation and tax matters; our ability to remediate our material weakness in our internal control over financial reporting; our relationship with our significant shareholders; other factors that may affect our financial condition, liquidity and results of operations; and other risks and uncertainties set out in filings made with the SEC and are available at www.sec.gov, including, without limitation, our most recently filed annual reports on Form 20-F and our most recently filed quarterly report on Form 6-K. You are urged to consider these factors carefully in evaluating the forward-looking statements contained herein and are cautioned not to place undue reliance on such forward-looking statements, which are qualified in their entirety by these cautionary statements. The forward-looking statements made herein speak only as of the date of this presentation and the Company undertakes no obligation to publicly update such forward-looking statements to reflect subsequent events or circumstances, except as required by applicable law.

Strong Start to 2024

- First quarter revenue, adjusted operating margin, and adjusted diluted EPS above guidance
- 1Q revenues increased 13% to $1.2 billion led by Technical Apparel segment
- Strong gross margin expansion reflecting mix shift toward highest-margin brands, channels, and regions
- Flagship Arc’teryx brand continues to generate best-in-class financial performance
- Used IPO proceeds to pay down $1.4 billion of debt; ended 1Q with $1.7 billion of net debt



Note: Net debt is defined as loans from financial institutions and related parties less cash and cash equivalents

Confident in Our Future

1. Unique and valuable portfolio of premium outdoor and sports brands fueled by technical innovation. High engagement, conversion, satisfaction with consumers, but still small brands with room to grow.

2. Arc’teryx a breakout growth story with unprecedented growth and profitability for the outdoor industry, disruptive DTC model, and strong competitive position. Arc’teryx transforming financial profile of the Group.

3. Salomon, Wilson, and other brands healthy. All have authentic heritage, premium positioning, high performance products, and leading market share. Earlier in growth inflection, Amer building strong foundations for future growth for these brands across categories and geographies.

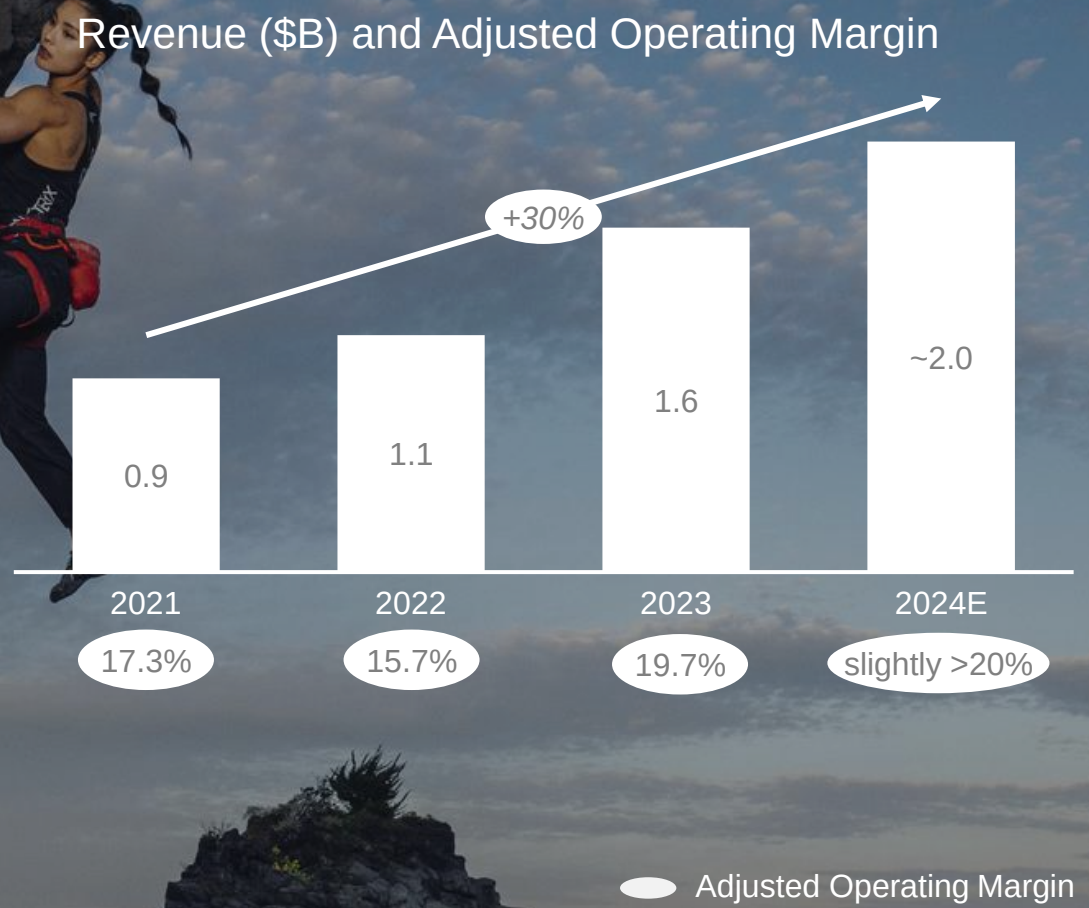
4. Deep expertise and unique, scalable operating platform in Greater China gives us a significant competitive advantage across brands in this large and important consumer market.

5. We have assembled an experienced management team with a great track record energized and motivated to drive value creation for stakeholders.



Technical Apparel

- 1Q24 revenue increased 44% to $510 million, driven by growth in both channels, with DTC up 46%, including 36% omni-comp growth, and wholesale up 40%
- DTC growth was driven by both store network expansion, with a net increase of 19 new owned retail stores, as well as strong volume growth in existing stores and e-commerce platforms
- Regionally, growth was led by Asia Pacific, followed by the Americas, Greater China, and EMEA
- Key new store locations include: the Shanghai flagship "museum", Covent Garden London, Pasadena, CA, and a shop-in-shop in Parisian luxury dept store La Samaritaine
- Adjusted operating profit margin contracted 40 basis points to 23.0% as compared to a very strong margin comparison in the first quarter of 2023. The contraction was primarily due to lower gross margins as a result of foreign currency exchange losses

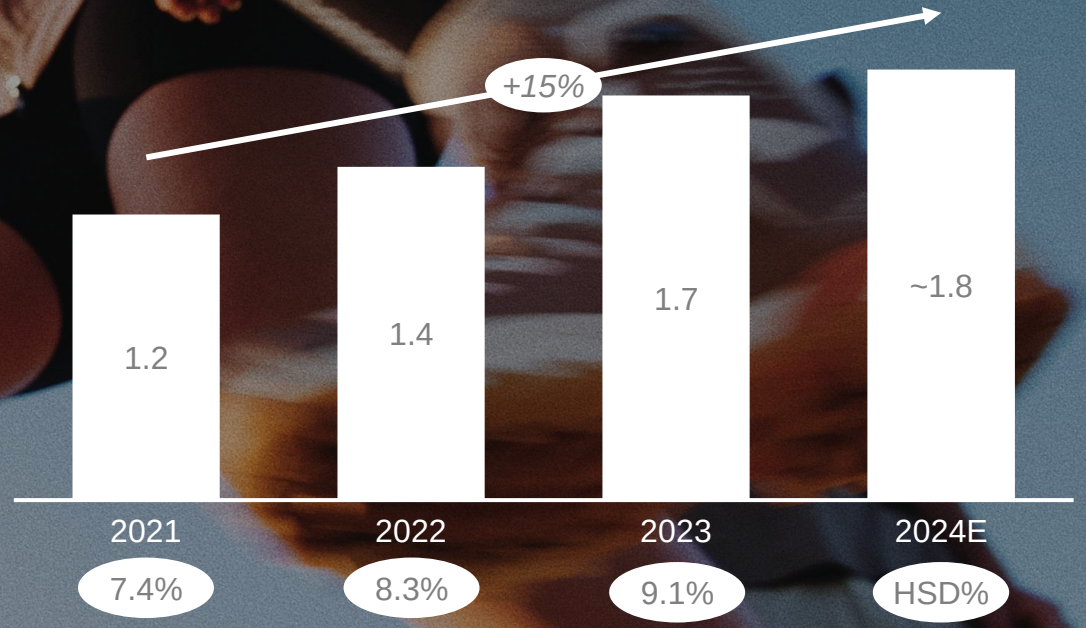


Note: Adjusted operating margin is a non-IFRS financial measure. See appendix for a reconciliation to the most directly comparable IFRS measure

Outdoor Performance

- Revenue increased 6% to $400 million driven by strong top-line performance in Salomon soft goods, particularly in Asia Pacific and China, partially offset by WSE weakness due to warm weather and elevated inventory levels in the market
- DTC continued to outperform, growing 42%, while wholesale declined 3%, negatively impacted by the challenging environment in the Americas
- By geography, Outdoor Performance revenue grew fastest in Greater China, followed by Asia Pacific, and EMEA, partially offset by a decline in the Americas
- Adjusted operating margin contracted 340 bps to 4.8% due to increased SG&A expenses associated with the DTC shift, partially offset by gross margin expansion due to mix shift
- Strategic priorities: new customer acquisition, amplifying footwear leadership, elevating accessibility and visibility of Salomon products

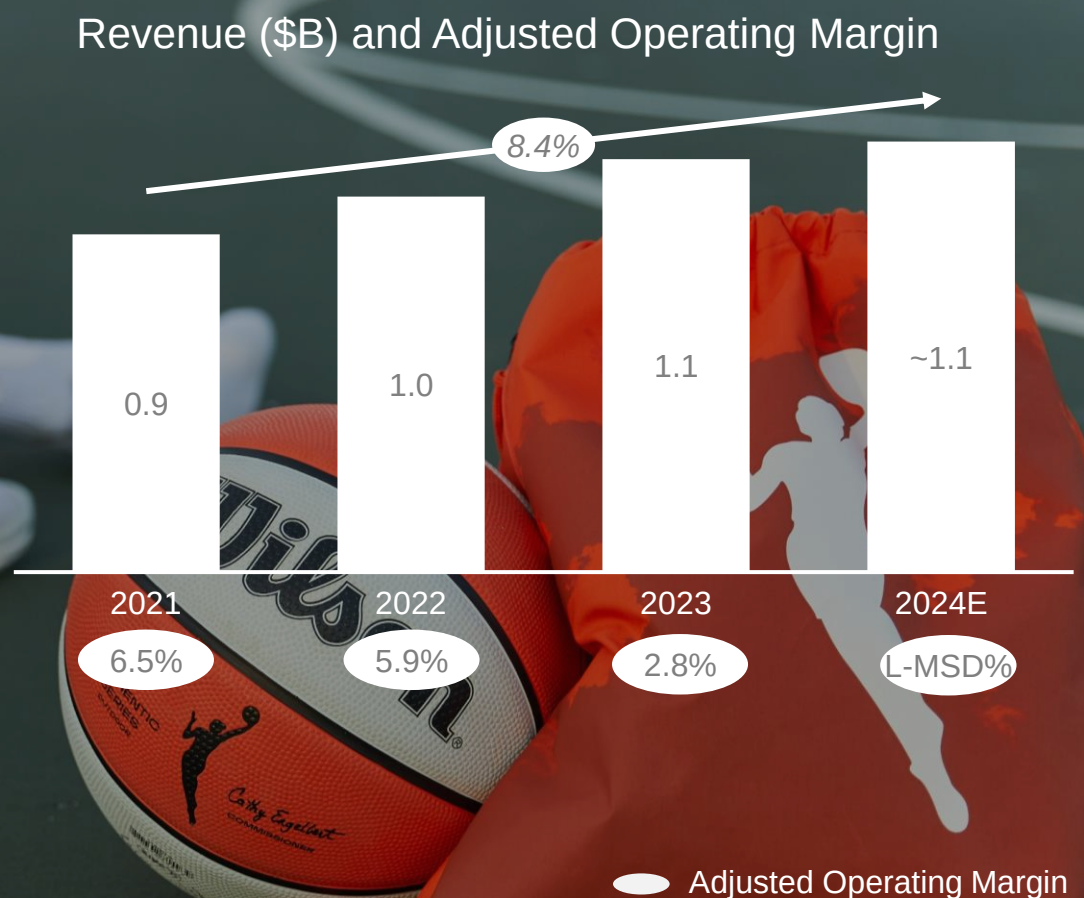
Revenue ($B) and Adjusted Operating Margin



Note: Adjusted operating margin is a non-IFRS financial measure. See appendix for a reconciliation to the most directly comparable IFRS measure

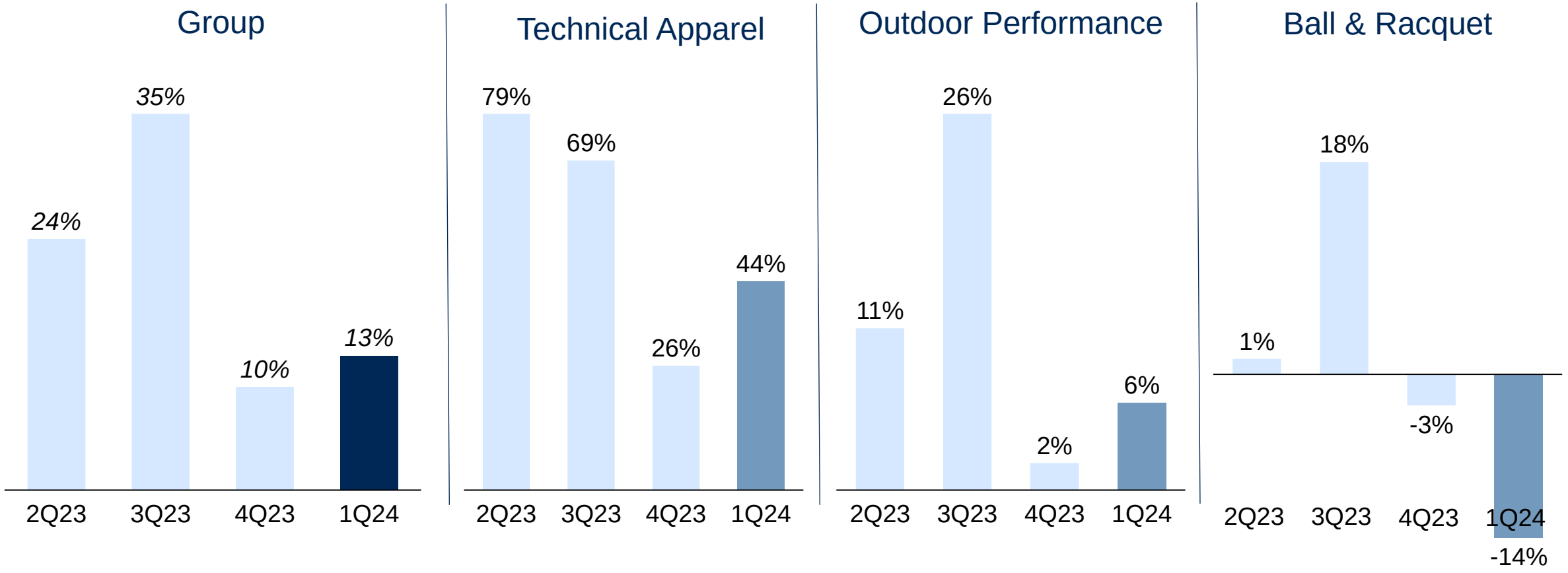
Ball & Racquet

- Revenue decreased 14% to $273 million as Wilson continues to be constrained by challenges in its core market compared to strong growth and profitability last year when the flow of inventory improved and both retailers and consumers were buying early to avoid stockouts
- Growth in Wilson Sportswear was more than offset by declines in the other sport categories
- Adjusted operating margin contracted 1040 basis points compared to the first quarter 2023 to 4.0%. The decrease was primarily due to the decrease in revenue. Additionally, gross margin was negatively impacted by increased discounts and unfavorable product mix.
- Key initiatives: Caitlin Clark, new ball glove merchandising strategy, new Blade racquet launch, NBA refresh



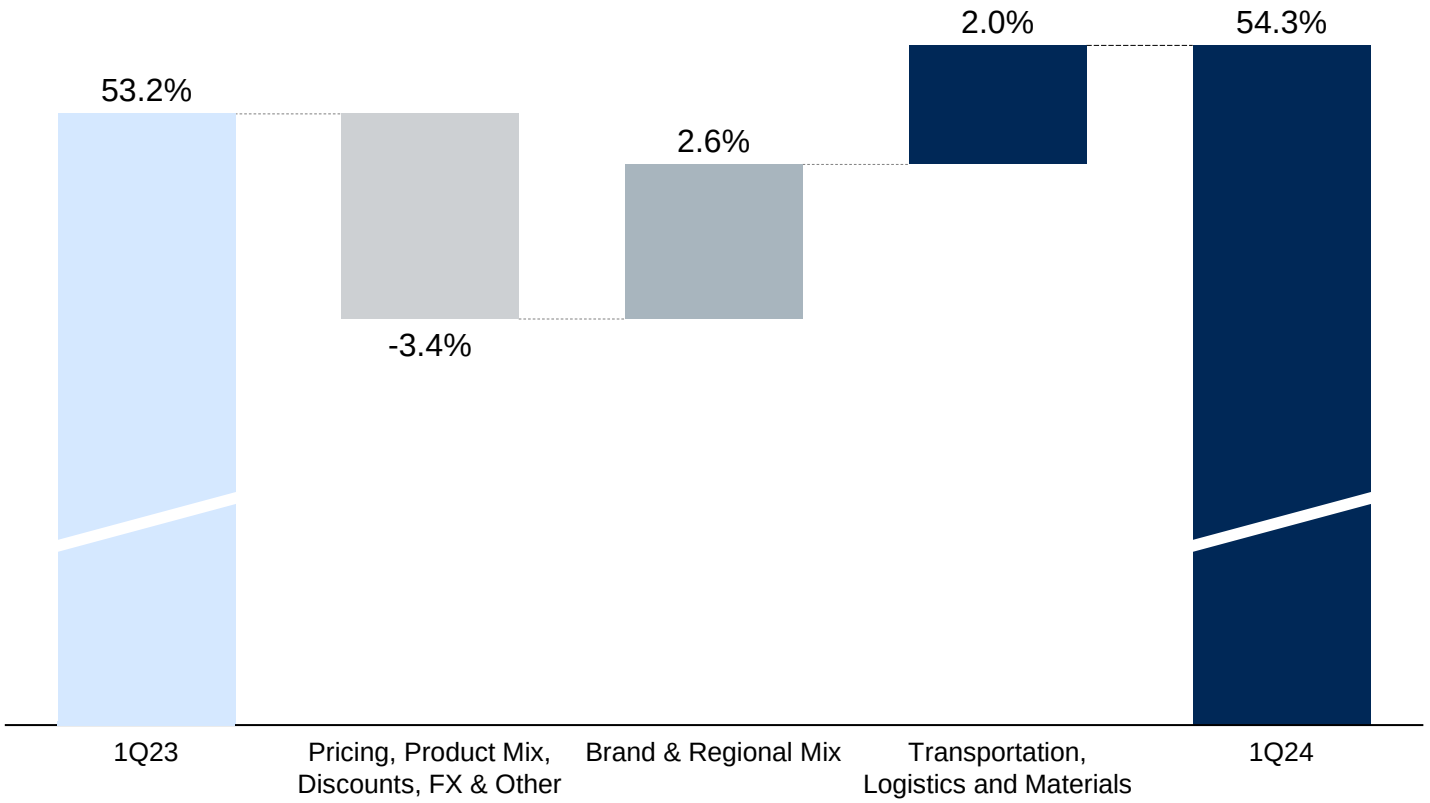
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Segment Last 4 Quarters Revenue Trends



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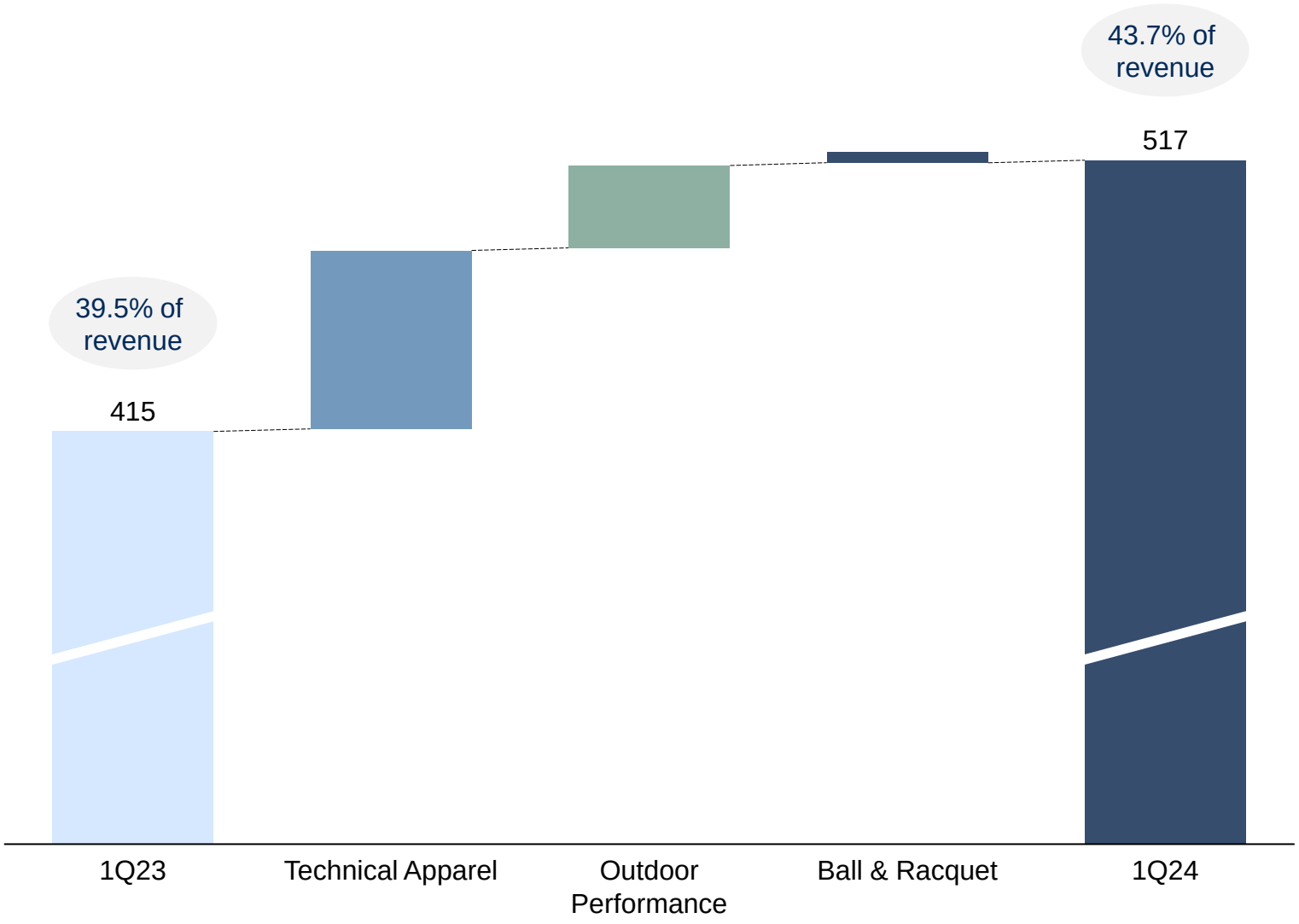
Adjusted Gross Profit Margin bridge



- Adjusted gross profit margin rose 110 basis points primarily driven by favorable segment revenue mix shift towards Technical Apparel, which is the highest gross margin segment in the Group
- Lower logistics costs also drove gross margin expansion, which were partially offset by unfavorable Fx impact in Technical Apparel and inventory adjustments in Outdoor Performance and Ball & Racquet

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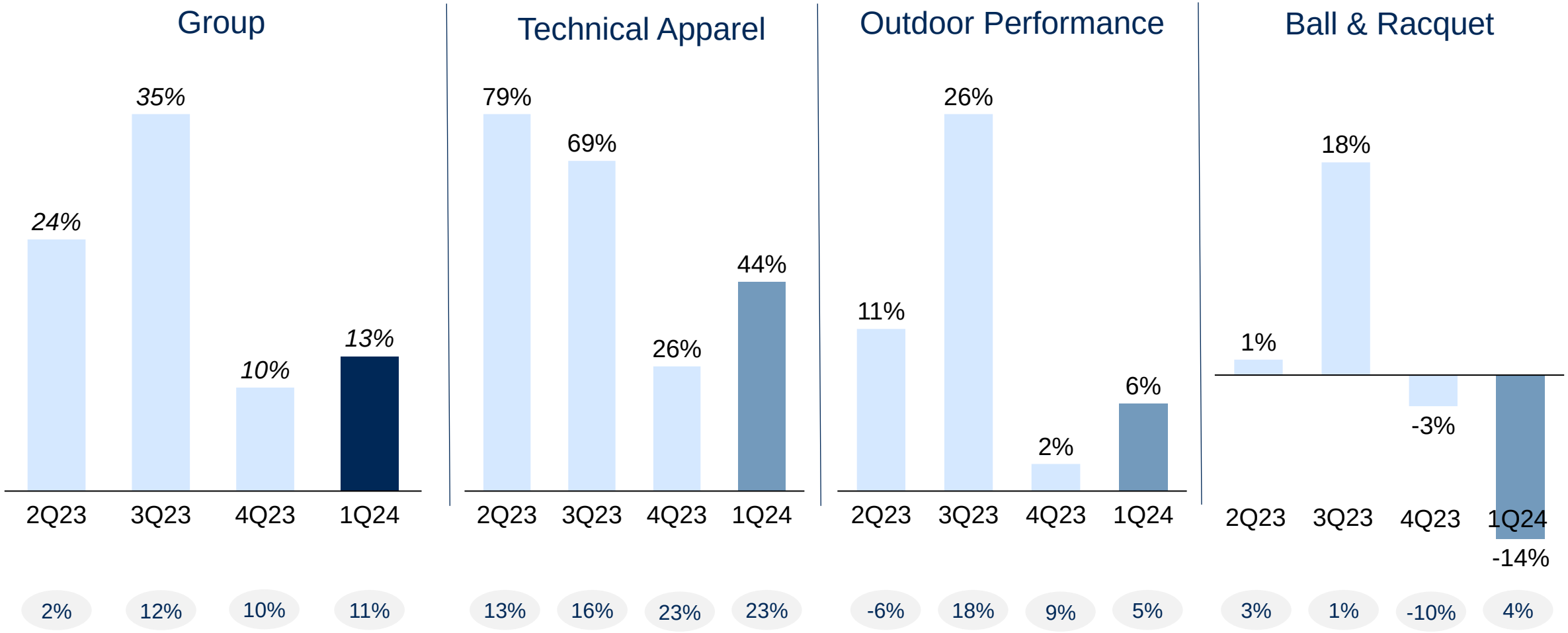
Adjusted SG&A Bridge



- As expected, adjusted SG&A expenses as a percentage of revenues increased 420 basis points on slower sales growth and represented 43.7% of revenues for the first quarter 2024
- The increase was due to higher selling and marketing costs attributed to a higher mix of DTC sales, IT infrastructure investments, and costs to support new store openings

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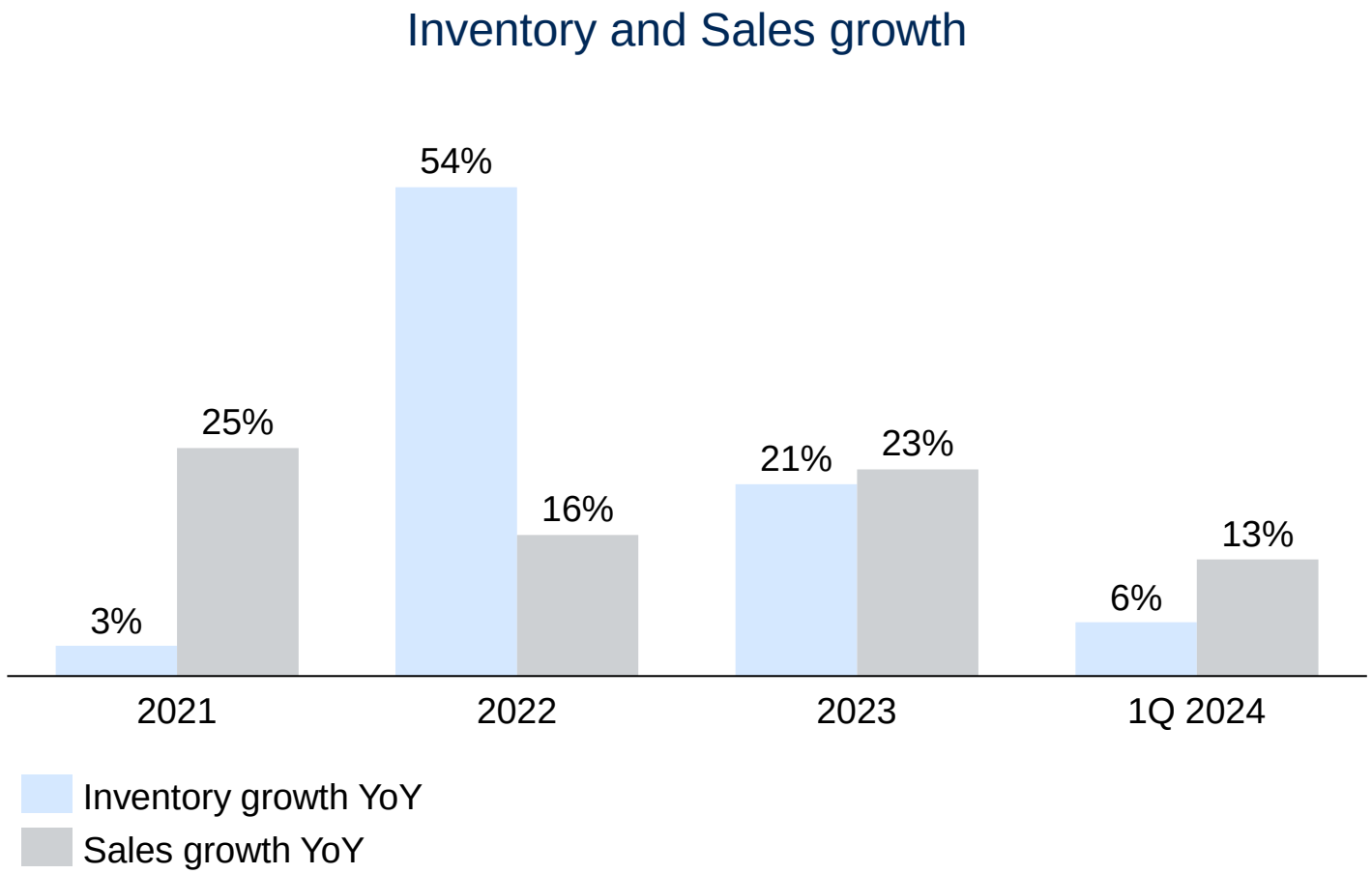
Segment Revenue Growth and Margin Trends



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Inventory

Yearly and quarterly revenue and inventory change (in %)



- Inventories rose 6% year-over-year, below 13% revenue growth, finishing 1Q24 in healthy position

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Balance sheet transformation underway

	3/31/2024 ($B)
Cash	0.3
Term loans	2.0**
Third party loans	0
Revolver	0
Total Debt to 3rd party	2.0
Net Debt	**1.7**

** €700M EUR term loan, $500M USD term loan, $800M Secured notes

- IPO proceeds of ~$1.5B including fully exercised green shoe option
- Significantly deleveraged the balance sheet

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Outlook: Full Year 2024

All guidance figures reference adjusted amounts

- Reported revenue growth: Mid-teens %
- Gross margin: approximately 54.0%
- Operating margin: 10.5-11.0%
- D&A: approx. $250 million (including approx. $110 million of ROU depreciation)
- Net finance cost: $215-225 million, including approximately $30 million of finance costs in 1Q24 that won’t be recurring
- Effective tax rate on pre-tax income: approx. 38%
- Fully diluted share count: 500 million
- Fully diluted EPS: toward the high end of the prev. guidance range of $0.30-$0.40, which includes a $0.03-0.04 negative impact to EPS from non-recurring finance costs in 1Q
- Technical Apparel: >25% revenue growth; segment operating margin slightly >20%
- Outdoor Performance: mid-to-high-single-digit revenue growth; segment operating margin high-single digit %
- Ball & Racquet: low-to-mid single-digit revenue growth; low-to-mid single-digit segment operating margin



Outlook: Second Quarter 2024

All guidance figures reference adjusted amounts

- Reported revenue growth: approximately 10%
- Gross margin: approximately 54.0%
- Operating margin: approx. 0.0%
- Net finance cost: $45-50 million
- Effective tax rate on pre-tax income: approx. 38%
- Fully diluted share count: 510 million
- Fully diluted EPS: $(0.04) to $(0.08)




Q&A
GORE-TEX PRO
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SALOMON

Wilson

PeakPerformance















Appendix

1. Adjusted gross profit reconciliation
2. Adjusted SG&A reconciliation
3. Adjusted operating profit reconciliation
4. EBITDA, adjusted EBITDA and adjusted EBITDA margin reconciliation



ADJUSTED GROSS PROFIT RECONCILIATION

For the Three Months Ended March 31, 2024 and 2023
(Unaudited; $ in millions)

($ in millions)	Three Months Ended 2024	2023
Gross profit	**$ 638**	**$ 555**
PPA	4	4
Restructuring expenses	-	-
Adjusted gross profit	**$ 642**	**$ 559**

ADJUSTED SG&A RECONCILIATION

For the Three Months Ended March 31, 2024 and 2023
(Unaudited; $ in millions)

($ in millions)	Three Months Ended 2024	2023
Selling, general and administrative expenses	**$ 534**	**$ 422**
Restructuring expenses	1	-
PPA	7	7
Expenses related to transaction activities	6	0
Expenses related to certain legal proceedings	-	-
Share-based payments	3	-
Adjusted SG&A expenses	**$ 517**	**$ 415**

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ADJUSTED OPERATING PROFIT RECONCILIATION[(1)]

For the Three Months Ended March 31, 2024 and 2023

(Unaudited; $ in millions)

($ in millions)	Three Months Ended 2024	2023
Income before tax	**$ 15**	**$ 46**
PPA	11	11
Restructuring expenses	1	-
Impairment related to goodwill and intangible assets	-	-
Expenses related to transaction activities (2)	24	0
Expenses related to certain legal proceedings	-	-
Share-based payments	3	-
Finance costs	65	86
Loss on debt extinguishment	14	-
Finance income	(3)	(1)
Adjusted operating profit	**$ 130**	**$ 141**

(1) The presented figures and percentages are subject to rounding adjustments, which may cause discrepancies between the sum of the individual figures and the presented aggregated column and row totals.

(2) Includes approximately $18 million of foreign currency exchange losses related to contract costs incurred in association with our IPO, which are classified as Finance costs on the Consolidated Statement of Income.

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EBITDA, ADJUSTED EBITDA, AND ADJUSTED EBITDA MARGIN RECONCILIATION[(1)]

For the Three Months Ended March 31, 2024 and 2023
(Unaudited; $ in millions)

($ in millions)	Three Months Ended 2024	2023
Revenue	**$ 1,183**	**$ 1,050**
Net income attributable to equity holders	**$ 5**	**$ 19**
Net income attributable to non-controlling interests	2	-
Income tax expense	8	27
Finance cost (2)	82	86
Loss on debt extinguishment	14	-
Depreciation and amortization (3)	63	52
Finance income	(3)	(1)
EBITDA	**$ 171**	**$ 182**
Restructuring expenses	1	-
Impairment losses on goodwill and intangible assets	-	-
Expenses related to transaction activities	6	0
Expenses related to certain legal proceedings	-	-
Share-based payments	3	-
Adjusted EBITDA	**$ 182**	**$ 183**
Net income margin	0.4%	1.8%
Adjusted EBITDA Margin	15.3%	17.4%

(1) The presented figures and percentages are subject to rounding adjustments, which may cause discrepancies between the sum of the individual figures and the presented aggregated column and row totals.

(2)Total interest expense on lease liabilities under IFRS 16, Leases was $4.3 and $2.0 for the three month period ended March 31, 2024, and 2023, respectively.

(3) Depreciation and amortization includes amortization expense for right-of-use assets capitalized under IFRS 16, Leases of $26.5 million and $18.8 million for the three months ended March 31, 2024 and 2023, respectively.

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NON-IFRS DISCLAIMER

Adjusted gross profit margin, adjusted SG&A expenses, adjusted operating profit margin, adjusted EBITDA, adjusted net (loss) income, and adjusted diluted (loss) income per share are financial measures that are not defined under IFRS. Adjusted gross profit margin is calculated as adjusted gross profit divided by revenue. Adjusted gross profit is calculated as gross profit excluding amortization related to certain purchase price adjustments (PPA) in connection with the acquisition and delisting of Amer Sports in 2019 and restructuring expenses. Adjusted SG&A also excludes PPA amortization, as well as adjustments to exclude restructuring expenses, expenses related to transaction activities, expenses related to certain legal proceedings, and certain share-based payments. Adjusted operating profit margin is calculated as adjusted operating profit divided by revenue. Adjusted operating profit is calculated as loss before tax with adjustments to exclude PPA amortization, restructuring expenses, impairment losses on goodwill and intangible assets, expenses related to transaction activities, expenses related to certain legal proceedings, certain share-based payments, finance costs, and finance income. Adjusted EBITDA is calculated as EBITDA with adjustments to exclude results from discontinued operations, restructuring expenses, impairment losses on goodwill and intangible assets, expenses related to transaction activities, expenses related to certain legal proceedings and share-based payments. Adjusted net (loss) income is calculated as net (loss) income with adjustments to exclude PPA amortization, loss from discontinued operations, restructuring expenses, impairment losses on goodwill and intangible assets, expenses related to transaction activities, expenses related to certain legal proceedings, share-based payments and related income tax expense. “Omni comp” is defined as year over year revenue growth from owned retail stores and e-commerce sites that have been open at least 13 months.

The Company believes that these non IFRS measures, when taken together with its financial results presented in accordance with IFRS, provide meaningful supplemental information regarding its operating performance and facilitate internal comparisons of its historical operating performance on a more consistent basis by excluding certain items that may not be indicative of our business, results of operations or outlook. In particular, adjusted EBITDA and adjusted net income (loss) are helpful to investors as they are measures used by management in assessing the health of the business and evaluating operating performance, as well as for internal planning and forecasting purposes. Non-IFRS financial measures however are subject to inherent limitations, may not be comparable to similarly titled measures used by other companies and should not be considered in isolation or as an alternative to IFRS measures. The supplemental tables in the annex provide reconciliations of each non-IFRS financial measure presented to its most directly comparable IFRS financial measure.