AMER SPORTS 3Q EARNINGS SCRIPT

Hello everyone. Thanks for joining Amer Sports earnings call for the third quarter of fiscal year 2024. Earlier this morning we announced our financial results for the quarter ended September 30, 2024, and the release can be found on our IR website investors.amersports.com

A quick reminder to everyone that today's call will contain forward-looking statements within the meaning of the federal securities laws. These forward-looking statements reflect our current expectations and beliefs only, and are subject to certain risks and uncertainties that could cause actual results to differ materially. Please see the safe harbor statement in our earnings release and SEC filings. We will also discuss certain non-IFRS financial measures. Please refer to our earnings release for important information regarding such non-IFRS financial measures, including reconciliations to the most comparable IFRS financial measures.

We'll begin with prepared remarks from our CEO James Zheng and CFO Andrew Page, followed by a Q&A session, until approximately 9:00 am Eastern. James will cover key operational and brand highlights, then Andrew will provide a financial review at both the group and segment level, and also walk through our updated guidance. Arc'teryx CEO Stuart Haselden will join for the Q&A session.

With that, I'll turn the call over to James.

Thanks Omar. Third quarter was very strong for Amer Sports Group across operating segments, geographies, and channels. Our premium technical brands are taking market share and creating white space in sports and outdoor markets around the world. We are executing well against our largest growth opportunities in Arc'teryx and Salomon footwear, while our market-leading Ball & Racquet and Winter Sports Equipment franchises both grew faster than expected.

Amer Sports Group generated 17% sales growth in Q3 led by our flagship brand Arc'teryx. We achieved a very strong 14.4% adjusted operating margin, well above our expectations. We continue to enjoy strong gross margin expansion driven by the pricing power of our brands and a healthy mix-shift toward our highest-margin franchise, Arc'teryx. Within our Outdoor Performance Segment, Salomon Softgoods continues to grow double-digits led by footwear, while Ball & Racquet sales trends improved, reaching double-digit growth in Q3.

We believe Amer Sports is very uniquely positioned company within the global sports and outdoor space. And several factors give me confidence for the rest of this year and beyond:

First, we own and operate a unique and valuable portfolio of premium outdoor and sports brands. Each one is fueled by technical innovation and positioned at the pinnacle of its segment. Our brands have high engagement, conversion, and satisfaction with consumers, but are still relatively small players on the global stage with significant room to grow.

Second, Arc'teryx is a breakout growth story with standout growth and profitability for the outdoor industry — charting new territory with its disruptive DTC model and unique competitive position. Our growing store network, pinnacle products, and deep community connections allow us to continually attract new consumers to our brand and also have success expanding into newer categories, such as footwear and women's.

Third, we believe that Salomon, a brand born in the mountains, has a unique technical performance position and design aesthetic within the global sneaker market, but still has low market share and a long runway of growth ahead. Especially at this time when consumers are more open to new sneaker choices than ever before.

Fourth, Wilson and our Winter Sports Equipment brands have long-standing authentic heritage, premium positioning, high performance products, and leading market positions. Because they already enjoy strong equipment market share, they will deliver slower long-term growth in their core equipment businesses, but still have large Softgoods potential, especially the Wilson Tennis 360 line.

And fifth. While other consumer companies face challenges in Greater China, in Q3 we generated 56% growth there, continuing to well outperform the market. We are seeing strong momentum across all of our three big brands, including strong consumer confidence following the government stimulus actions.

I would like to highlight some of the key reasons behind our standout performance in Greater China:

Number one: Our brands compete in one of the healthiest and fastest-growing consumer segments in China: the premium sports and outdoor market. The outdoor trend in China continues to be very strong, attracting younger consumers, female consumers, and even luxury shoppers.

Additionally: The China consumer landscape today has evolved into a market of winners & losers, with some brands doing extremely well, and others underperforming. Our still small, specialized brands are known for their expertise, high quality, and technical innovation, which resonates with Chinese shoppers.

Thirdly and most important: We believe we have a great team in China. Our deep expertise and unique, scalable operating platform gives us a significant competitive advantage across the portfolio.

Now coming on to some key highlights from our segments in Q3.

Starting with Technical Apparel, which is led by our fastest growing, and now largest brand, Arc'teryx:

Arc'teryx delivered another very strong quarter with healthy growth across all regions, channels, and categories, especially footwear, women's, and hardshell jackets. The brand momentum was most evident in its strong omni-comp performance against a very difficult growth comparison from last year.

Arc'teryx is executing well its retail expansion plan, opening 9 net new brand stores globally in Q3, bringing the total owned brand store count to 134. Key new locations include four openings in the United States, two in Canada, two in Australia, two in China, and one in Germany.

Arc'teryx opened another brand store at the Fashion Island Mall in Newport Beach, California, bringing us to four stores in Los Angeles, an epicenter market for us. The brand is resonating well with L.A. consumers, giving us confidence that Arc'teryx has large growth potential even in warmer markets. Doubling down on our commitment to the LA community, we are hosting our first-ever Arc'teryx Backcountry Academy in Mammoth, California this winter, a reflection of the opportunity we see in this region.

In Europe we've opened net 5 new stores this year so far, and we are seeing exciting results, including strong affinity with both tourists and locals! In Paris, local consumers are embracing our store in Le Marais. Thirteen years of engaging with French and European alpinists at our climbing academy in Chamonix has generated significant brand recognition and appreciation with French consumers, even before we opened our first store there.

We also opened our a NYC flagship store at 580 Broadway in September. This new Alpha store features our most pinnacle expression of ReBIRD yet, including shoppable REGEAR in store for the first time, a large ReBIRD Service Centre facility for care and repair, and a unique in-store coffee shop.

This unique flagship delivers the brand in a slightly new way in the U.S., taking cues from the success of our retail formats in China, presenting much of the assortment by activity instead of by category, which creates a strong energy and engaging presentation of our products. The store is performing very well relative to our internal expectations in its first few months.

Shifting to product —
Innovation is at the heart of Arc'teryx DNA. Recently, we were thrilled that our MO/GO motorized hiking pant was recognized by TIME Magazine as one of the Best Inventions of 2024. Designed to support users in their outdoor recreation pursuits, MO/GO stands for “mountain goat”, and is the world’s first pair of powered hiking pants. MO/GO pants integrate robotics with carbon elements and was engineered by the Arc’teryx Advanced Concepts team alongside external partner SKIP, which is a GoogleX spin-off dedicated to tackling mobility challenges. We believe this technology has the potential to increase accessibility to outdoor sports in a meaningful and scalable way, regardless of physical ability.

Also, Arc'teryx Footwear continued its elevated trajectory since launching its first in-house line, growing strong double-digits across all regions and channels in Q3. The Kragg continues to be wildly successful, including our latest insulated version for cooler Fall and Winter temperatures. This is a great example of how we will add new dimensions to our key franchises, with ideas and inspiration coming through collaboration with our athlete teams. We also introduced a new hike shoe model called the Kopec, which has also delivered strong early results.

Overall, we are extremely pleased with consumer reception to what we believe is the best line of technical performance footwear designed for mountain terrain. And because of its unique position in the sneaker marketplace, strong sales in our DTC channel, and enthusiastic interest from key wholesale accounts, our confidence is growing that footwear will become a very sizeable and profitable growth avenue for Arc'teryx both in own retail and certain brand-relevant wholesale accounts.

Women's continues to perform extremely well, growing very strong double-digits, outpacing overall brand growth, and represented nearly one-quarter of sales in Q3. This

outperformance was driven by seasonally relevant color and newness, combined with breakout new styles like the Clarkia pant. We continue to see significant upside in the category as we add more models, color-ways, and style options that resonate with her.

Lastly, an update on our cutting edge community engagement programs. This summer, Arc'teryx launched gym residencies in climbing gyms from New York to Paris to San Francisco, as part of the brand's "Summer of Climb". Investments in brand awareness and activations that feed off the global excitement and popularity of climbing are driving awareness, cultural relevancy, and positioning Arc'teryx at the heart of this phenomenon.

Our academies continue to generate strong buzz and affinity for the brand, including our largest ever academy in the French Alps, in Chamonix, with 650+ participants, ranging from beginners to world class climbers.

Moving to the Outdoor Performance segment, which also delivered a solid quarter and outperformed our expectations led by Salomon Softgoods and Atomic, partially offset by softer trends in Salomon Winter Sports Equipment.

The higher margin, faster growing Salomon footwear franchises still represent a very low share of the global sneaker market. Today Salomon Softgoods represents approximately two-thirds of the Outdoor Performance segment, up significantly from 54% in 2022. We believe Salomon sneakers have an authentic and unique market position with technical features designed for the mountain, but also great for everyday use. Our unique style and technical attributes are resonating with consumers at a time when they are more receptive than ever to wearing new sneaker brands. Long-term we expect Salomon Softgoods to grow double-digits annually.

In Q3, Salomon footwear continued to show strong traction in Greater China and APAC, where consumers love our Sportstyle offerings that combine a distinct trendy look with highly technical features. In China, we have created a new category, called Outdoor sneakers, which especially resonates with young consumers.

Our Salomon "compact shop" format in China is also working very well. Profitable starting day one and 4 times more productive per square foot than industry average. We are continuing to expand Salomon shops in Greater China, opening 29 net new Salomon shops in Q3, including both owned stores and partner stores, bringing our total count to 165 in Greater China. We expect to end 2024 with approximately 200 Salomon stores in China, with the opportunity to grow to several hundred locations over time in just tier 1 and 2 cities.

We have also begun testing the Salomon compact shop format outside of China, rolling out a new locations in APAC and EMEA, including Tokyo, Singapore, and the Le Marais shop in Paris.

We recently opened our first Salomon flagship in Shanghai, a 5,400 square foot pinnacle brand expression in the affluent shopping district Xin Tian Di, which combines both footwear and apparel in a comprehensive offering and highly immersive brand experience.

We are also excited to share that we opened a pop-up shop in the heart of New York City in Soho in October. This is our first brand store in the U.S., and comes ahead of plans to open 1-2 permanent New York stores in 2025. Residing in the old Arc'teryx Soho location, the Salomon store is performing very well so far, with strong response from both tourists and locals.

Globally, we plan to end the year with 404 Salomon shops, including both owned and partner stores, doubling the count from last year.

In Europe, Salomon footwear and apparel are performing well especially driven by strong re-orders. And because Salomon is selling through well, this is also driving our higher pre-order rates.

In both EMEA and North America, Salomon Sportstyle is still early in its long-term development. We have evolved our go-to-market organization in both markets, more clearly segregating the Winter Sports Equipment sales team from the Salomon footwear team, which should help us reach our potential in both categories given their unique end markets. We continue to be very excited about the opportunity to translate our strong brand heat into broader commercial success in the U.S., the largest sneaker market in the world.

As we evolve as a company, we are announcing two leadership changes to the Amer Sports executive structure, effective January 1, 2025. First we are pleased to announce that Guillaume Meyzenq, currently Chief Product Officer for Salomon, has been appointed President and CEO for Salomon. Additionally, Michael Hauge Sørensen, Chief Operating Officer and Executive Officer for Amer Sports, has decided to step down from his current position and will return to his former role as Advisor to the Board of Directors of Amer Sports.

We conducted a comprehensive search for the next Salomon CEO, including both internal and external candidates, and concluded that Guillaume is the right person to take Salomon to the next level. I have worked closely with Guillaume the last 7 months as interim CEO. He has built a strong reputation during his 28 years at Salomon, and is extremely well respected throughout the company and the industry. Born and raised in the French Alps, an avid skier and outdoorsman, Guillaume embodies the core values of Salomon.

He brings a strong track record of operational excellence and strategic innovation in diverse leadership roles across Salomon, including Sales, Product, Innovation, and both Softgoods and Winter Sports Equipment. Most importantly, Guillaume was instrumental in the doubling of Salomon footwear sales over the last five years, including creating and developing our key Sportstyle category, which is now approaching 1/3 of Salomon sneaker sales. We have the right team and strategy in place, and I have full confidence in Guillaume to lead Salomon for the next stage of its growth journey.

Moving on to Ball and Racquet highlights. We are pleased that Ball & Racquet growth trends continued to improve in Q3. Double-digit growth was driven by strong trends in racquet sports, especially performance tennis, boosted by our Roger Federer racquet line, and growing tennis popularity in China following Zheng Qinwen's Olympic gold medal. While still in its early stages, our tennis 360 strategy is proving to be a key driver for the Wilson franchise led by apparel and footwear growth, and accelerating expansion of tennis-360 shops in China.

We saw record sales at our U.S. Open shop earlier this fall, and our new line of Roger Federer premium performance racquets, bags and accessories launched in August has been extremely successful in the first months, driving the strong growth in our key performance racquet segment.

Inflatables returned to growth in Q3 as retail inventories normalized and retailers began accelerating replenishment orders. Our Caitlin Clark collaboration continues to drive brand heat and strong sell-through.

With that, I'll turn it over to Andrew.

Thanks James.

I'm excited to discuss our strong Q3 performance and the positive revisions to our full year 2024 guidance as well as first look at our outlook for 2025. Before diving in, I'll quickly address a couple housekeeping items.

First, in Q3 we updated the presentation of credit card processing fees, which were previously recorded as contra-revenues and have now been reclassified as selling, general and administrative expenses. The reclass has no impact on operating profit. We have included a slide in our earnings deck with a schedule of the annual impact since 2021 and quarterly impact since 2023.

Second, Q3 adjusted operating margin benefited by approximately 100 basis points from $14 million of government subsidies that we received in the third quarter which we previously expected to receive in Q4.

We are thrilled with the underlying sales and margin performance of our brand portfolio. The fast growth of our high-margin Arc'teryx franchise is elevating the financial profile of Amer Sports in total. And this dynamic allows us to deliver strong profitable growth for shareholders while reinvesting in the many long-term growth opportunities across our portfolio.

Amer Sports grew sales 17% in Q3, on both a reported and constant currency basis. The strong Group sales performance was led by Technical Apparel, while Outdoor Performance and Ball & Racquet Sports also delivered very solid growth.

By channel, the Group continues to be led by DTC, which grew 41% led by Arc'teryx and Salomon footwear. But also in Q3, we saw wholesale trends improve, growing 8% year-over-year, led by Arc'teryx and Wilson.

Regional growth was led by Greater China, which increased 56%, followed by Asia Pacific, which grew 47%. Importantly, growth in Americas and EMEA accelerated from 1% each in Q2 to 7% and 4%, respectively in Q3.

Turning to profitability, adjusted gross margin increased 410 basis points to 55.5% in Q3, primarily driven by positive segment, product, regional, and channel mix shift combined with lower discounting actions. Going forward, we expect our highest gross margin franchise Arc'teryx, to continue to grow significantly faster than the rest of the portfolio and continue to be the biggest underlying driver of our ongoing gross margin expansion.

Adjusted SG&A expenses as a percentage of revenues increased 210 basis points and represented 42.3% of revenues in Q3, mainly driven by SG&A deleverage at Outdoor Performance due to Greater China and Asia Pacific growth plan investments. Also, Technical Apparel slightly delevered due to investments in store openings. We will open net 30 new Arc'teryx stores in 2024, the highest ever in one year. At this time, we do not expect to significantly increase the number of annual Arc'teryx openings from this run rate.

We generated a 280 basis point increase in our adjusted operating margin from 11.6% last year to 14.4% in Q3 2024, above our guidance of approximately 11-12%. As mentioned above, our adjusted operating margin benefited by the $14 million early receipt of government subsidy payments.

Adjusted corporate expenses were $26 million, vs $23 million in Q3 of last year driven by higher personnel costs. D&A was $71 million which includes $32 million of ROU depreciation.

Adjusted net finance cost in the quarter was $45 million, at the low end of the $45-50 million range we guided to on our last call.

In the quarter our adjusted income tax expense was $78 million, which equates to an adjusted effective tax rate of 52%, in line with our guidance of 50-55%.

Adjusted net income was $71 million in Q3, compared to an adjusted net loss of $(13) million in the prior year period. Adjusted diluted earnings per share was 14 cents compared to adjusted diluted loss per share of 3 cents last year.

Turning to segment results:

Technical Apparel revenues increased 34% to $520 million led by Arc'teryx. Growth was fueled by 40% DTC expansion, including a 20% omni-comp, a great result comparing against an 68% omni-comp in the third quarter of last year. Arc'teryx DTC momentum was fueled by both new and existing consumers across all regions and channels.

The Arc’teryx brand continues to experience broad-based strength, and is outperforming across every region, channel, and category. DTC remains the core growth engine, but we also experienced strength in the wholesale channel, which grew 26% for the segment. US wholesale was a standout especially for Arc'teryx.

Regionally, Technical Apparel growth was led by Asia Pacific, followed by Greater China, and the Americas. Additionally, EMEA returned to growth, driven by a strong DTC performance. Consumer love for Arc'teryx in China continues to grow, and the brand's very strong performance in APAC continued into Q3.

Technical Apparel adjusted operating margin expanded 370 basis points to 20.0%, driven by higher gross margin from favorable product, channel and regional mix. The Technical Apparel segment operating margin also benefited 200 bps from the Q3 receipt of government subsidy payments that were expected in Q4.

Outdoor Performance Segment revenues increased 8% to $534 million driven by double-digit top-line performance in Salomon footwear & apparel and strong DTC channel growth, especially in Asia Pacific and Greater China. This was partially offset by a decline in Salomon Winter Sports Equipment and the wholesale channel.

By channel, Outdoor Performance DTC grew by more than 50%, while wholesale declined slightly, driven by continued soft wholesale market conditions in EMEA and North America for Salomon Winter Sports Equipment.

By region, very strong growth in Greater China and APAC was partially offset by slower sales in EMEA and North America. North America was a tale of two businesses: strong double-digit growth in Softgoods offset by more challenging environment for Winter Sports Equipment.

As we said last quarter, 2024 will be a slightly softer year for Winter Sports Equipment due to slower trends in North America where ski equipment sales are rebasing after a strong run through and beyond COVID. This is in addition to cautious orders in EMEA after two tough snow seasons in Europe. However, given our great brands and scale advantages, we are taking market share, as our businesses are down less than the market.

Longer term, although we expect Winter Sports Equipment to be a slower growth business, the industry remains healthy, and the consumer demand for ski vacations remains consistent and strong irrespective of weather, especially as resorts have become adept at making their own snow.

Winter Sports Equipment now represents one-third of Outdoor Performance, and long-term we expect this business to grow low-single digits annually.

Outdoor Performance adjusted operating profit margin contracted 40 basis points from last year's record performance to 17.5% this year. This was driven by higher SG&A due to store and team investments to drive regional acceleration for Salomon in China and APAC, offsetting gross margin gains, which were mainly driven by a favorable region, channel, brand and product mix.

Moving to Ball & Racquet. Revenue increased 11% to $300 million as inventories normalized in the market and replenishment orders accelerated. Our constant innovation and top quality products have allowed Wilson to take share during these past few quarters of inventory rebalancing. We are very pleased with the strong rebound, and continue to expect Ball & Racquet to grow low-to-mid single digits long term.

By category, the return to double-digit growth was led by our marquee Racquet sports franchise as well as our small but fast-growing Softgoods segment. Inflatable balls and golf also returned to growth in Q3.

Our Tennis 360 strategy continues to be a key driver for the Wilson franchise led by footwear & apparel growth, performance racquets, accelerating expansion of Wilson tennis-360 shops in China, as well as Padel and Pickle Ball growth.

Ball & Racquet segment adjusted operating profit margin increased 600 basis points compared to the third quarter of 2023 to 6.9% primarily driven by an increase in new product launches this year which carry higher gross margins, and supported by lower discounting given the inventory clearance that began last year in Q3.

Looking ahead, we are confident that our market share and flow of innovative products; positions Ball & Racquet well in Q4, when we face our easiest comparison and also have our strongest pipeline of new products.

Turning to the balance sheet. We ended the quarter with $2.0 billion of net debt, up from Q2 as we typically draw on our revolver in Q3 to fund inventory build ahead of our key Winter season. Using the midpoint of our 2024 implied adjusted operating profit guidance, our net-debt-to-adjusted-non-IFRS-EBITDA ratio was approximately 2.8x at the end of Q3. Deleveraging our balance sheet remains a priority, and our goal is to reduce our leverage ratio to 1.5x or better over the next few years through both EBITDA expansion AND debt pay down.

Also, our focus on inventory discipline is paying off as inventories finished Q3 up only 12% year-over-year vs. 17% sales growth.

Also I would like to provide a quick update on our regional sourcing exposures given the increased market focus on potential U.S. import tariffs. Greater China represents less than 30% of Amer Sports global sourcing. And looking at Amer Sports group in totality, sourcing from China to the US market represents only 10-12% of total group revenues. Similar to the last period of rising China tariffs, our Ball & Racquet segment would be most impacted, predominantly tennis racquets, baseball bats, and basketballs. We have some degree of flexibility to adjust our supply chain, but price increases will be the primary tool we utilize, should tariffs occur.

NOW TURNING TO GUIDANCE

Given our strong third quarter results and confidence in our brands and their financial outlook, we are raising our full-year guidance for sales, adjusted gross margin, and adjusted diluted EPS. As we've said on previous earnings calls, should strong trends continue and better-than-anticipated demand materialize, we will be well positioned to deliver financial performance ahead of our expectations.

FOR THE FULL YEAR, we are raising our revenue guidance to 16-17% growth, despite greater currency headwinds as a result of the strengthening of the US dollar since the election. This incorporates approximately 34% growth in Technical Apparel, roughly 8% revenue growth in Outdoor Performance, and 4% in Ball & Racquet.

We are increasing our full-year adjusted gross profit margin guidance from approximately 54.5% to 55.3 to 55.5%. However, we are maintaining our full-year adjusted operating margin guidance towards high-end of 10.5 – 11.0%. Given the strength in our brands we are choosing to opportunistically accelerate high-return investments to support our key growth opportunities, including marketing and store build-out.

Our net finance costs for the year will be $200 - $210 million, including approximately $15 million of finance costs in the first quarter 2024 that won’t be recurring. We expect to have an effective tax rate on adjusted pretax income of approximately 37% for the full year 2024.

We now expect to achieve full-year adjusted diluted EPS in the range of 43 to 45 cents per share vs. our previous guidance of 40 to 44 cents per share.

Looking at the segment margins, we expect a 2024 adjusted operating profit margin slightly above 20% for Technical Apparel, high-single digit % for Outdoor Performance, and a low-to-mid single-digit for Ball & Racquet.

Lastly, as we begin to look beyond this year, we are confident in our initial 2025 outlook and expect to deliver results consistent with our long-term financial algorithm of low-double-digit to mid-teens annual revenue growth, and 30-70+ basis points of annual adjusted operating margin expansion driven by gross margin expansion.

We would also highlight two below-operating-income items to consider for 2025: our effective tax rate will be approximately 37%; and we expect net finance cost of $180-190 million.

With that, I'll turn it back to the operator for Q&A.

Q&A – OPERATOR