WFSGI News Alert

Keep yourself updated on the global sporting goods industry!

Among others in this issue: WFSGI News Alert #71/August 15, 2012

Honav pinned down for Rio 2016 deal

Honav will provide pin badges for the Rio 2016 Olympic and Paralympic Games.

The Chinese company, which is also an official partner of London 2012 and performed a similar role at Beijing 2008, has agreed a deal with the Rio de Janeiro Organizing Committee for the Olympic Games which is valued by specialist website Inside the Games at US$80 million.

The contract was signed at Casa Brasil, the Rio 2016 Organising Committee's headquarters for London 2012 at Somerset House.

Jack Chen, the chairman of Honav, said the deal was "a testament to our commitment to promote the Olympic spirit", adding: "We are becoming an increasingly significant part of the Olympic community."

Rio 2016 organising committee chairman Carlos Nuzman added: "You [in China] changed the concept of the Olympic Games with the success you had four years ago. One of these successes was the Honav company, who showed to all the people in the world how they can provide and operate in the Olympic Movement. I am very honoured to sign this agreement."

While in London, the organisers of Rio 2016 have been holding events to mark four years to go before their own Olympic Games.

Source: SportsPro

Nike launches new ad featuring Mo Farah, who looks to cash in on Gold

Nike has launched an outdoor advertising campaign celebrating Great Britain distance runner Mo Farah's "remarkable" two Olympic Gold Medals. The advertising campaign is to run on digital screens across London.The ad features the lower half of a distance runner -- although "this is not thought to be Farah himself" -- with the words "Twice the Guts. Double the Glory". In London, Kevin Eason reported that Farah has "unlocked the safe to riches." Farah is now expected to be worth at least £2M ($3.1M) in endorsements and appearance fees over the next year. Farah also could find himself "at the centre of a bidding war among organisers of marathons around the world," including London. The capital city "will want to lure the biggest draw in distance running to put some Olympic gloss" on their events. The price will start at £1M ($1.5M), but Farah will be "a willing entrant" to the London Marathon after "revelling in the massive support" from the Olympic Stadium crowds.

Source: Sports Business Daily

London 2012 set to be most watched Olympics in history

London 2012 has heralded in "a new era in Olympic broadcasting", Timo Lumme, the International Olympic Committee's (IOC) marketing services director, declared.

Television viewing figures for the Games have surpassed all previous records, said Lumme, reaching a maximum potential global reach of 4.8 billion across more countries than ever before.

"The London Games will be the biggest in terms of the amount of broadcast coverage made available to fans around the world," said Lumme.

"If you take all our broadcast partners and you add up all the hours they put out, that number for Beijing was 61,000 hours.

"For London it is likely to be over 100,000 hours."

London 2012 marks another milestone in terms of digital coverage.

"This will be the first time that the digital side will exceed the traditional television coverage," said Lumme.

Incredibly, so far in the UK, more than 50 million people have watched the Games at some point, representing over 88 percent of the population.

The peak audience since the Opening Ceremony was some 20 million for the men's 100 metres – the second highest Olympic audience in the UK of all time, after Torvill and Dean's final free dance routine in Sarajevo in 1984.

For the second day running, the IOC defended NBC's decision to show many events by tape delay including the men's 100 metres.

Pointing out that NBC had their best ever viewing for an Opening Ceremony of just under 41 million – even beating Atlanta on home soil in 1996 – Lumme said the daily average viewership in the United States was higher than any previous coverage of the Olympic Games in history in that country.

Teenage viewership in the US was up 29 percent, said Lumme, and had even better ratings than the number one rated prime time show on network television.

"We have had a long-standing relationship with NBC who have shown at every edition of the Games that they are capable at not only promoting but covering the Olympic Games wonderfully.

"If you compare the first week's [tape delayed] prime-time ratings on NBC with the average audiences from Beijing, where a lot of it was live, the London ratings were actually higher.

"I think they know what they're doing."

Source: Inside the games

Association with London 2012 Olympic Games and UEFA EURO 2012 sets Adidas apart from the competition

With the closing of the London 2012 Olympic Games, adidas draws a positive conclusion of its involvement in the event. "Our presence in and around the Olympic Games was fantastic," said Herbert Hainer, CEO of the adidas Group. "It translates into record Olympic merchandise sales and a record year for the adidas Group in the UK. This clearly sets the stage for us to achieve market leadership in the UK by 2015."

Sales in the UK for the adidas brand were up 24% currency-neutral for the first half of 2012, spurred by demand for Olympic and Team GB products. Olympic licence product sales in the UK were up 250% compared to Beijing 2008. On a global level, adidas Group sales rose 11% on a currency-neutral basis or 16% in euro terms to € 7.3 billion for the first half of 2012.

As Official Sportswear Partner of London 2012, adidas led the way at the Olympic Games by outfitting more than 80,000 Games Makers with sustainable products, supplying kit for 3,000 athletes competing in 25 out of the 26 Olympic Sports and by working together with 11 National Olympic Committees, among them the most successful Team GB of all times. Herbert Hainer: "I can only admire the enthusiasm Great Britain brought to these Olympic Games. I am proud that adidas has been able to contribute to the phenomenal success of London 2012 through our support of Team GB and iconic athletes like Jessica Ennis and Sir Chris Hoy."

adidas' brand marketing efforts at and around the Games with its "Take the Stage" communication campaign, on-the-ground activations in London and events with athletes and ambassadors such as Yohan Blake, Laura Trott, Sally Pearson, the Brownlee brothers, Stefanie Graf, David Beckham and Haile Gebrselassie resulted in positive ratings in the latest report of market research firm Nielsen. According to this research, adidas is regarded as the most inspirational and most empowering brand among all Olympic Sponsors. Social media research from Sociagility confirmed that adidas created the most positive buzz in social media during the Games. According to Metrica Radar, adidas UK's #takethestage hashtag significantly outperformed all competitors during the Games.

Earlier this summer, adidas already defended its title as the most successful football brand in Europe and the world at the UEFA EURO 2012(TM) by announcing that it expects to achieve record sales of well over € 1.6 billion in the football category in 2012, surpassing even record sales from the World Cup year 2010 (€ 1.5 billion in sales). In 2008, the year of the last UEFA EURO, sales in the football category totalled € 1.3 billion.

Herbert Hainer: "Our association with major sporting events sets us apart from all the competition. Our results so far this year clearly show how successfully we leverage these events and use them to preserve and sustain our business momentum."

Source: adidas

Mizuno: Fiscal year 2012 consolidated business results (Three months from Apr. 1 to Jun. 30, 2012)

The running shoes business continued to drive overall results.
Revenue was up in an entire area.

Overview

- Revenue totaled 42.6 billion yen, up 2.6% compared with the same period of the previous fiscal year.
- Operating profit was 2.7 billion yen, down 15.5%, ordinary profit was 2.3 billion yen, down 24.8%, and net income was 1.3 billion yen, down 34.5%.
- Sales of the footwear business, including running shoes and apparel, remained strong. The golf business was back on course for a recovery in Japan and the United States, and sales increased in an entire area on a currency-neutral basis, amid a difficult market environment.
- Two major factors for the decline in operating profit were an increase in selling, general, and administrative expenses attributable to active investments in the year of the Olympics and higher purchasing costs.
- Both factors were within the scope of assumption, and Mizuno minimized the fall in profit margin by expanding sales. In the second half, the Company will boost sales and take steps to improve profits.

Main Regions

In Europe, which continued to grapple with a chain of financial crisis problems, double-digit growth in sales on a currency-neutral basis was achieved in the United Kingdom and France through efforts to boost demand for footwear and sports apparel products.

In golf, Mizuno used Luke Donald and MP-59 iron for its marketing, and orders increased in Custom Fitting. However, sales declined because of weak consumption.

In the Americas, overall revenue increased by 6% on a currency-neutral basis.

The Running was once again the lead revenue source, with high value-added products like “Wave Rider 15” running shoe performing well. The Wave Rider 15 was the champion product in the “A Brilliant Run” marketing campaign that ran during the Spring buying season. Sales increased not only in running specialty shops but also at channels of Big Box National Sporting Goods Retailers.

In golf, sales were driven by a successful “The Iron Truth” integrated marketing campaign of the MP-59 and MP-69 irons. The campaign also led to an increased higher demand for Custom Fitting, and the business saw an increase of brand value thanks to the good showing of Luke Donald and Stacy Lewis.

In Japan where consumer spending was improving, albeit modestly, sales were up 3.2%.

Running shoes for intermediate and advanced runners drove the overall footwear business. Sales of footwear and apparel products for soccer and volleyball among others remained firm, backed by the strong showing of Mizuno’s contracted players and teams in Japan. Sales of walking shoes also remained strong, reflecting growing health consciousness.

In golf, which was driven by the strong performance of Custom Fitting, profits rose significantly.

Forecast for Fiscal 2012

With Senoh Corporation being made a wholly owned subsidiary, Mizuno has revised its forecast for fiscal 2012 from revenue of 160 billion yen and net income of 3.6 billion yen to revenue of 167 billion yen and net income of 3.8 billion yen.

Source: Mizuno

Bangladesh: Garment makers work with ILO on labour issues

Bangladesh's garment makers are talking with the International Labour Organization (ILO) to try to establish better industrial relations between workers and factory managers by implementing the Better Work Programme.

Both the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) are making preparations to implement the scheme.

The move comes amid a backdrop of rising concern by leading global buyers, including Walmart and Gap, over labour unrest in Bangladeshi apparel hubs.

"We're now working with the ILO on labour issues through implementation of the Better Work Programme," Shafiul Islam Mohiuddin, president of the BGMEA, told just-style.

Mr Mohiuddin, who is also managing director of Onus Garments, said he has already discussed the issue with Lejo Sibbel, senior design adviser of the Better Work Programme.

A high-level BGMEA delegation has already visited three countries - Vietnam, Cambodia and Indonesia - to gather experience on the ILO's Better Work Programme.

"The final decision will be taken at a meeting scheduled to be held in Jakarta in September this year," the BGMEA chief said, adding that they will "pursue programmes considering the country's overall socio-economic conditions."

Source: Just Style

Asics Corp. posts weaker Q1 net on Japan, FX rate challenges

Asics Corp. reported that fiscal first quarter consolidated net sales increased 1.1 percent to ¥66,105 million ($825 mm) for the three-month period ended June 30, 2012.

Domestic net sales dropped 0.7 percent to ¥21,341 million ($276 mm) mainly due to the weak sales of baseball wear and equipment, notwithstanding the strong sales of running shoes. Overseas sales increased 2.0 percent to ¥44,764 million ($559 mm) due to the effect of foreign exchange rates notwithstanding the strong sales of running shoes in the Americas, Europe and other regions.

Fiscal first quarter gross profit declined 0.8 percent to ¥29,629 million ($370 mm), mainly due to a rise in purchasing costs. Although selling, general and administrative expenses decreased 0.4 percent to ¥21,305 million ($266 mm) primarily due to a decrease in advertising expenses, operating income fell 1.6 percent to ¥8,323 million ($104 mm). Ordinary income decreased 4.0 percent to ¥7,781 million ($1 mm) mainly as a result of recording exchange loss.

Net income for the first quarter decreased 4.6 percent to ¥4,934 million ($62 mm).

Source: SportsOneSource Media

Tennis lifts Head

Head has been enjoying a buoyant year so far, with a sales increase of 12.1 percent to €132.6 million for the first half, a jump of 8.9 percent in constant currencies. The rise was driven by sales of racquet sports products, which advanced by 15.7 percent. The Austrian company's net loss was reduced to €10.1 million, compared with a loss of €12.9 million for the first six months of 2011. However, Head confirmed the sluggishness of the winter sports equipment market, indicating that some international retailers had reduced their orders by 20 to 25 percent for the winter. The company said that its own orders of winter sports equipment had not declined that badly but still at a double-digit rate, with a sharper downturn for skis and snowboards than for boots.

Source: SGI Europe

Any questions? Contact **Stefanie Burkert**, WFSGI Project Manager
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Easton-Bell Sports, Inc. reports gross margin and EBITDA growth during second quarter 2012

Results for the Second Quarter ended June 30, 2012

The Company had net sales of $214.1 million for the second quarter of 2012, an increase of 1.0% as compared to $211.9 million of net sales for the second quarter of 2011, gross margin increased by 150 bps to 35.0% from 33.5%, and Adjusted EBITDA increased by $0.7 million or 2.7% to $25.7 million.

"Notwithstanding the uncertainty in the European markets and its impact on our Action Sports segment sales for the quarter, we were pleased with the sales growth in our Team Sports segment and our fourth consecutive quarter of margin expansion overall," said Paul Harrington, President and Chief Executive Officer.

Team Sports net sales increased $4.1 million or 3.4% in the second quarter of 2012, as compared to the second quarter of 2011, or 3.9% on a constant currency basis. The increase resulted from continued market share gains with Riddell football helmets and apparel and the recently introduced Easton Mako hockey stick line, partially offset by a decline in sales of Easton baseball bats following the double-digit growth driven by the Power Brigade line in the first quarter as retailers now right-size BBCOR bat inventories.

Action Sports net sales decreased $1.9 million or 2.1% for the second quarter of 2012, as compared to the second quarter of 2011, or 1.6% on a constant currency basis. The decrease resulted from double-digit decreases in sales of Bell and Giro cycling helmets and Giro snow helmets in Europe due to retail skepticism surrounding the economic uncertainty in the region and the weather related softness in the snow market, substantially offset by growth in sales of Giro cycling shoes and Bell powersports helmets in North America and Asia.

The 150 bps of improvement in the Company's gross margin during the second quarter reflects enhanced focus on product development and go to market strategies. The second quarter also benefitted from the increased sales of higher margin football helmets and hockey sticks, partially offset by lower sales of high margin snow helmets and baseball bats.

The Company's operating expenses increased $3.3 million or 6.3% and 130 bps as a percentage of net sales during the second quarter from costs incurred to support the sales growth and planned spending on product innovation and brand marketing.

The Company's Adjusted EBITDA was $25.7 million for the second quarter of 2012, an increase of $0.7 million or 2.7% as compared to the second quarter of 2011. A detailed reconciliation of Adjusted EBITDA to net income, which the Company considers to be the most closely comparable GAAP financial measure, is included in the section entitled "Reconciliation of Non-GAAP Financial Measures," which appears at the end of this press release.

Balance Sheet Items

Net debt totaled $370.4 million (total debt of $398.0 million less cash of $27.6 million) as of June 30, 2012, a decrease of $17.9 million compared to net debt of $388.3 million as of July 2, 2011. The decrease in net debt relates to the generation of positive cash flow and pay down on the revolving credit facility. Working capital as of June 30, 2012 was $277.0 million, as compared to $251.9 million as of July 2, 2011 with the increase primarily related to seasonal working capital requirements, the increase in cash and reduction in the revolving credit facility.

The Company had substantial borrowing capability as of June 30, 2012, with $175.7 million of additional borrowing ability under the revolving credit facility and liquidity of $203.3 million when including the $27.6 million of cash.

Source: Easton-Bell

PE firms bidding on Cole Haan

Private equity firms TPG Capital Management and Apax Partners are among several parties interested in acquiring Cole Haan, three people familiar with the matter told Reuters. Nike had previously announced intentions to sell Cole Haan as well as Umbro by the close of its year ended June 2013.

The auction process, which began earlier this summer, is in the second round with Cole Haan likely to fetch around $500 million, two of the people told Reuters.

Nike indicated in May it would look to sell Cole Haan and Umbro to focus on its namesake brand, as well as Jordan, Converse and Hurley. Goldman Sachs has been hire to oversee the sales process.

Source: SportsOneSource Media

Columbia Sportswear Company and Swire Resources to form joint venture in China

Columbia Sportswear Company, a leading innovator in active outdoor apparel, footwear, accessories and equipment, announced that it has entered into an agreement to form a joint venture with Swire Resources Ltd. designed to expand the market-leading position of the company's Columbia brand and to further establish and grow the Mountain Hardwear brand in China.

Swire Resources Ltd., a subsidiary of Swire Pacific Limited, has operated as Columbia Sportswear's exclusive independent distributor of Columbia and Mountain Hardwear branded products in China since 2004, and in Hong Kong and Macau since 2002. In China, Swire sells to a network of wholesale dealers that, at June 30, 2012, operated approximately 530 Columbia Sportswear retail locations and 45 Mountain Hardwear retail locations in 135 cities. In addition, Swire directly operates more than 70 Columbia branded retail locations in 7 cities.

Swire Resources' 2011 Columbia sales in China totaled approximately $123 million, generating low double-digit EBITDA. Sales are on pace to achieve double digit growth in 2012 and future plans include continued expansion of dealer-operated and owned retail locations in additional cities.

The new joint venture is expected to begin operations January 1, 2014 with headquarters in Shanghai. Columbia will own 60 percent of the JV; Swire will own 40 percent, with profits and losses shared in similar proportions. The joint venture carries an initial term of 20 years and includes a provision for the purchase or sale of the minority interest any time after the fifth year.

Tim Boyle, Columbia's president and chief executive officer, said, "We are very excited about extending our relationship with Swire Resources to pursue the significant long-term growth opportunities in China. During the past eight years as our exclusive independent distributor, Swire has established Columbia Sportswear as an authentic outdoor brand in China, achieving a leading market position based on strong emotional connections with consumers and superb operational capabilities. Swire's expertise and deep understanding of Chinese consumers are vital to driving continued growth of our brands in this important market."

JB Rae-Smith, Executive Director, Trading and Industrial Division of Swire Pacific Ltd, said, "China's rapidly growing outdoor market is benefiting from an expanding economy, increasing consumer discretionary incomes, and greater interest in outdoor leisure activities. This new joint venture with Columbia Sportswear provides critical resources to capitalize on these long-term trends."

Swire Resources will continue to serve as the exclusive independent distributor of Columbia Sportswear in Hong Kong and Macau.

The joint venture transaction is subject to various conditions, including regulatory approval in China, and is expected to be completed on or about the January 1, 2014 commencement date.

Source: Columbia

Puma teams up with Mini for co-branded apparel

German sports lifestyle brand Puma has signed a two-year licensing partnership with car brand Mini and will introduce a Mini by Puma collection this September.

The fuses two fun-loving brands, each with a unique and distinct voice, according to the companies, and will combine Mini's knack for maximising deceitfully small spaces with Puma's fashionable styles, versatile technology and colourful linings. The collection will include footwear, outdoor jackets and travel bags targeting young and trend-conscious male consumers.

A Puma spokesperson told Campaign Asia-Pacific that the styling and design of the collection will balance the aestheic of both brands while offering classic design solutions with quirky twists. The quintessential British-theme in the collection is highlighted with cultural motifs like the Union Jack flag and Mini Bulldog brand logo.

“Puma has a history of fun and quirky partnerships," said Antonio Bertone, Puma’s chief marketing officer. "Puma is known for its fusion of lifestyle and sport performance, which resonates well with the Mini brand. Both brands speak to the person looking for minimal and sporty styling with fashionable functionality."

The new marketing campaign materials were all created internally in close collaboration with Mini, and shot by British photographer Ben Cook in London's Nottinghill, together with stylist Barry Kamen.

The global campaign, including above-the-line, digital, OOH, PR, and retail will kick off in September. Key markets in Asia-Pacific include Korea, China and Taiwan.

For more than 10 years Puma has had a strong presence in the world of motorsport, with brands like Ferrari, BMW and Mercedes-Benz. PUMA has been designing and creating footwear and apparel for top teams and drivers since 1999.

Puma’s spokesperson said this initial collection does not include cars. Puma's competitor Adidas created a line with iconic Italian scooter brand Vespa in 2009.

Puma also has ongoing collaborations with Alexander McQueen, Hussein Chalayan and Yasuhiro Mihara.

Source: Campaign Asia

Dorel reports solid second quarter 2012

Dorel Industries Inc. announced results for the second quarter and six months ended June 30, 2012. Total revenue for the period was US$633.7 million, up 2.4% from US$619.0 million for the same quarter last year. Net income increased by 32.0% to US$30.3 million or US$0.95 per diluted share compared with US$23.0 million or US$0.70 per diluted share for the corresponding quarter of 2011.

Year-to-date revenue rose 2.3% to US$1.25 billion from to US$1.23 billion last year with net income for the six months increasing by 9.9% to US$59.5 million or US$1.85 per diluted share. This compares to net income of US$54.2 million or US$1.65 per diluted share for the first half of 2011.

The Board of Directors of Dorel has declared an increase in the Company's quarterly dividend to US$0.30 from US$0.15 on the Class A Multiple Voting Shares, Class B Subordinate Voting Shares and Deferred Share Units (DSU) of the Company. The first increased dividend amount of US$0.30 per share and DSU will be payable on September 6th, 2012 to shareholders of record at the close of business on August 23rd, 2012. The dividend policy was originally instituted in March 2007. Shareholders will now receive a total of US$1.20 per share per annum.

"Dorel has a proven track record of earnings and cash flow. We are optimistic about our long-term future earnings and are confident in our ability to sustain an increased dividend, thereby enhancing total return to our shareholders," stated Dorel President and CEO Martin Schwartz.

"Dorel performed well in our various business segments, despite a stubborn and unstable economy in the majority of our geographic markets. We have maintained the positive momentum established in the final quarter of 2011 through a combination of strong marketing and judicious cost containment.

"Operating profit in the Juvenile segment grew 15% over the same quarter a year ago, despite a strengthening U.S. dollar which reduced earnings by approximately US$3.5 million in the quarter compared to the prior year. Dorel Juvenile Group (DJG) USA improved as the tactical plan put in place last year has started to bring the needed results. Europe as a whole is very challenging, yet Dorel Europe maintained its profitability with solid results in Northern Europe and the positive contribution of the newly acquired Dorel Polska, based in Poland. Another positive is Dorel Chile which saw growth in both its wholesale and retail businesses.

"Recreational/Leisure's top line grew once again, though it was tempered by adverse foreign exchange rates. Profits in the quarter were flat as the negative impact of currency reduced earnings by approximately US$2.5 million. Intense branding of the Cannondale line continues to drive results. The Liquigas Cannondale Pro-Cycling Team has performed well this year with various victories. In the recently completed Tour de France, Peter Sagan won the prestigious green jersey as well as three stages in the overall tour and Vincenzo Nibali placed third overall. We are pleased with the sponsorship of the team and intend to maintain Dorel's commitment to the promotion of our brands. As well, we continue to invest in R&D, driving expansion and distribution across the globe. Operating profit for the quarter grew in Home Furnishings and Internet sales were up considerably," commented Mr. Schwartz.

Juvenile Segment

After adjusting for the impact of varying exchange rates and new businesses acquired, the second quarter organic revenue increase was approximately 1%, reversing a trend of declining organic sales growth. Year-to-date, organic revenues declined by approximately 2%.

For the quarter, the largest factor in the earnings improvement was in operating profit at Dorel Juvenile Group (DJG) USA where sales increased by approximately 5% and gross margins benefitted from more stable costs. Dorel Chile also contributed to the profit increase. The recent weakening of most currencies against the US dollar had a negative impact on earnings for the quarter of approximately US$3.5 million versus last year. As such, the earnings increase would have been almost 40% if currencies were consistent year-over-year. At Dorel Europe, the Southern markets continue to endure difficult economic conditions, yet the division as a whole delivered improved earnings when expressed in Euros.

Recreational/Leisure Segment

Organic sales growth, excluding the impact of foreign exchange variations on the segment's non-US based businesses was approximately 7% year-to-date. The increases are in the IBD channel in most of the segment's markets and are being driven by improved sales in several bike categories. The decline in the value of the Euro versus the US dollar negatively impacted revenues by approximately 2% and as a result the reported revenue increase in the quarter was only 1.1%. Sales in June were also lower as certain mass market customers reduced orders in an attempt to reduce their in-stock inventory levels.

Earnings were negatively impacted by the decline in the value of the Euro and certain other currencies against the US dollar. Specifically, compared to the prior year, Cycling Sports Group's (CSG) gross margin dollars were reduced by approximately US$2.5 million in the quarter. Approximately 50% of CSG's revenues are from markets outside of the United States and as such are affected by foreign currency more than the segment's mass market business which is mostly comprise of US-based customers. Progress continued to be made in returning to profitability at the segment's apparel division, which markets the SUGOI brand.

Home Furnishings Segment

For the quarter, Home Furnishings revenues increased slightly versus the prior year as sales to the Internet sales channel offset declines in the segment's other major channels of distribution. Operating profit for the quarter increased versus both the prior year and this year's first quarter, as profitability was aided by a more stable cost environment. Partially offsetting this was a less profitable sales mix at several of the segment's divisions.

Continue reading:
http://www.dorel.com/press/2012/DII_Q2release_ENG_VF.pdf

Source: Dorel

Shimano records stagnant sales in EU

During the first half of 2012 Shimano Inc. saw its sales in Europe remain at the same level as a year earlier. In all other countries and continents (except for its home market Japan) the world's biggest bike component maker recorded 'buoyant to brisk' sales.

Shimano Inc. had a good first half of 2012 to say the least! The company's net income more than doubled! It increased with 120% to JPY15,247 million (€157 mn) Consolidated net sales increased by 15.3% to JPY123,559 million (€ 1,270 mn) while operating income was up 43.5%.

European retail sales

On its financial performance per region Shimano stated: "In Europe retail sales remained at virtually the same level as last year despite unsettled weather since the spring. In North America sales were more buoyant thanks to the mild winter and stable spring weather. In emerging markets like China, South East Asia and South America sales continued to grow briskly in the first half of 2012. Here demand for sports bicycles is rising rapidly."

Shimano financial report for the first six months of 2012 continues with: "Retail sales in Japan were lackluster, caught in a downward trend owing to the harsh winter. Distributor inventories in Europe, the US and China remained at appropriate levels."

Forecast for whole of 2012

In its forecast for the whole year Shimano is pessimistic because of the spread of the European debt crisis where the company sees no clear path to recovery. "Consequently, business sentiment in Europe is deteriorating and, as the European economic malaise casts as shadow across the world, the tempo of growth is slowing in emerging-market economies."

Source: Bike Europe

ISPO Bike revolves around urban cycling

ISPO Bike – that opens its doors this week - is jumping on the trend of a rejuvenating cycling cult in cities around the world. The Munich show will presents the latest trends of this movement in its Urban & Innovation hall.

Urban Life, the market place in the Urban & Innovation Hall, hosts innovations from the segments apparel, bicycles, accessories and components. For example Biceco, Georgia in Dublin, mtb Trachten, Nice One, Ripcap, Solowheel and Totem Bikes present their latest models at the Urban Life market place.

Retro elements

"Velochic" is en vogue. The trend is robust, low-maintenance bikes which distinguish themselves due to a purist design or retro elements. The Central Park area on the show provides more details on the urban sub-culture that considers biking not just a method of transportation but a lifestyle. This is where relatively unknown brands like Chrome Shoes, Nutcase, Polo & Bike, Realflex, Retro Image Apparel, Used and Velosophie present their products.

These niche suppliers can also be found at the booths of bike apparel exhibitors like Bikesuit, Platzangst, rh+ / zero rh+ and Zimtstern Cycle Chic is completed by the appropriate accessories, such as presented by Uvex, Alpina, Abus and other exhibitors.

ISPO Bike will start off next week from August 16th to 19th at Messe München.

Source: Bike Europe

Europe lifts anti-dumping on Chinese saddles

The anti-dumping duty on saddles made in China has been dropped by the European Union. An announcement in the Official Journal of the European Union was published on 21 June, 2012. The dumping duties were imposed in mid-June 2007 for a period of five years.

The anti-dumping measure was not prolonged as the European Saddle Manufacturers Association (ESMA) did not apply for a renewal of the duties and the European Commission did not initiate a review investigation.

No fierce price competition

As Bike Europe reported earlier European saddle manufacturers do not expect a fierce price battle for their products now the dumping duties are lifted. One of them said that, compared to five ears ago, there are now regulations to which saddles imported into Europe have to comply such as REACH.

Also the Chinese made saddles have to meet these stringent regulations and due to that this Europe based saddle maker did not expect the EU markets to be flooded with cheap products from China.

Source: Bike Europe

Any questions? Contact **Stefanie Burkert**, WFSGI Project Manager
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E-Bikes for 8 years out of EU RoHS II-Directive

The latest European Directive for regulations on the use of certain hazardous substances in electrical and electronic equipment will not yet apply to e-bikes for the next eight years.

As Bike Europe published on this website electric bikes are not excluded of the RoHS II-Directive. However, there's an extra rule for e-bikes. Siegfried Neuberger, GM of the German industry association ZIV as well as expert on EU rules and regulations for bicycles and e-bikes informed Bike Europe on this rule.

Transitional period

According to Neuberger electric bicycles do not have to comply with the RoHS II-Directive as per January 2, 2013. "There is a transitional period of eight years for electrical two-wheel vehicles which are not type-approved. This was the result of lots of lobby work from the ZIV in 2010."

In the Directive 2011/65 of the EU Parliament and of the Council article 2 says that e-bikes which are not type approved do not apply to this European regulation until 22 July 2019.

The European RoHS II-Directive 2011/65 implies that manufacturers have to ensure and, if asked, prove that no Lead, Cadmium, Hexavalent Chromium, Polybrominated biphenyls (PBB) and Polybrominated diphenyl ethers (PBDE) have been used, not only in the electrical and electronic components but also in no other vehicle component.

"In 2010 have we tried to get EPAC's excluded from the scope of the Directive", said Siegfried Neuberger, GM of the German Industry organization ZIV. "This was not accepted by the European Commission. Nevertheless we have been successful by asking for a long transitional period of 8 years, which makes it easier for the industry to fulfill the requirements."

The EU Directive 2011/65 has to be adopted and published by the member states by 2 January 2013.

Source: Bike Europe

Children call on adults to get physically active for Jam World Record 2012 with Let's Move in School

The country's first national movement led by children to get everyone moving, JAM World Record 2012 with Let's Move in School, will take place on Thursday, September 27 at 10 am local time. This inaugural national initiative has been created to raise awareness about the importance of everyone making good health choices and physical activity a daily habit. People of all ages and abilities are invited to pause and join in, wherever you are at 10 am your local time, to do a fun, easy one-minute fitness routine and participate in creating a world record. In the spirit of friendly fun, there is a state competition and the state that recruits the most people to participate will be awarded the National JAM Title. To be counted in your state's totals and learn the easy routine, go to www.jamworldrecord.org.

JAM World Record 2012 with Let's Move in School also urges everyone to support our schools where every student has the opportunity to learn healthy habits and participate in a quality physical education program. The National Association for Sport and Physical Education (NASPE) recommends that elementary school students have 150 minutes of instructional physical education while middle and high school students have 225 minutes per week of instructional physical education.

According to Patti Howell, founder of healthetips.com, "JAM Record 2012 is designed to be a creative way for all of us to take just a minute of our day to join in as a nation and recognize the importance of daily physical activity and the need for our kids to learn healthy habits at a young age. The success of most public health campaigns comes through educators to kids. So, I am thrilled to partner with AAHPERD's Let's Move in School initiative which is dedicated to helping every school increase physical activity for children and staff before, during and after the school day."

Cindy Sisson Hensley, founder of ConnectTIVITY, says, "This is more than a school event. This is a rare opportunity for all adults – no matter where they work – to take a break from their tasks and join their colleagues in a short 60-second fitness activity. It will feel good to stand up and get-the-blood flowing. But it is even better knowing they are supporting schools and our youth!"

"Through the network of the American Alliance for Health, Physical Education, Recreation & Dance (AAHPERD), we want to get all states participating in the JAM World Record 2012," says AAHPERD President Irene Cucina, Ed.D., of Plymouth State University, NH. "Although it has been established by research that a minimum of 60 minutes of physical activity a day is essential for student health and academic performance, we are challenged with how to offer adequate physical education and physical activity in the face of other education demands. Let's Move in School provides a cohesive message along with tools and resources to implement a comprehensive school physical activity program."

Source: Jam World Record/ Let's move in school

Moving toward omni-channel in the fashion industry

Fashion brands and retailers need to start now if they are to integrate and evolve their online, mobile and multi-channel activities into a coherent "omni-channel" strategy, advises Bob McKee, fashion industry strategy director at Infor.
The rapid evolution of multi-channel challenges armed with a smartphone, iPad or even just a mobile phone, consumers can now cross channels with ease. For example, 70% of shoppers now check websites actually in the store. They can look up a friend's Facebook page, product reviews or a fashion blog to find out more about what they are looking at, or looking for. This can drastically change buying behaviour.

Some consumers now browse and buy online, picking up the item at a shop, while others use traditional shopping (albeit augmented with a smartphone and QR scanning codes) to browse and identify what they like, then access apps to compare prices and find the cheapest local stockist.

Alternatively they may simply head home and use a PC to visit more price comparison sites and order based on price.
The pay-off for adapting to this new environment is not just survival, it is healthy growth. Because while it is undoubtedly more challenging to fish in these cross-channel waters, in Europe, for example, a multichannel shopper is - on average - likely to spend 15-30% more than someone who only uses just one channel.
Integrating e-commerce and ERP to evolve But the issues of multi-channel are not confined to the front end of the experience. An equally pressing concern is that fashion businesses need to develop digital commerce that can not only deliver a great customer experience, regardless of platform, but also link to back-end systems.

One of the truisms of the fashion industry is that businesses cannot sell what they cannot get, so the e-commerce system has to have accurate, up-to-date product choice, availability and pricing information. That brings it into the realms of ERP.

By integrating the e-commerce system that takes an order with the ERP solution that satisfies it, fashion businesses can solve one of the biggest issues to threaten profitability: the inability to deliver on an order.
Accurate information on the inventory available - specifically quantity and location - is the critical building block of the "capability to promise" an accurate delivery date. At a more sophisticated level, this needs to include the time needed for transit and a range of other factors.

However, none of these factors can be experimented with in the real world, so the capability to accurately model and simulate a supply chain, and then apply the lessons to its "real world" equivalent is critical. Again, in order to do this, businesses systems must use the data and workflows of an ERP solution that governs the manufacture and movement of goods and resources, and feed it into the e-commerce system.

This integration also provides visibility over an entire supply chain inventory, which can help reduce total inventory levels, minimise stock-out situations and shorten delivery lead times.
One of the lessons of the European market is that if an e-commerce application is integrated with inventory applications or ERP, it is much easier to create, maintain and exploit profitable links with customers.
The end game here would be a process with so few steps that products are sent directly from manufacturing to customer, with no one in the chain any the wiser.
But such integration systems must still be agile. Fashion retailers and brands need a flexible framework and product catalogue that can be easily customised to change with collections and seasons.

Why? To reflect the second truism of fashion: that fashion businesses cannot sell what people don't want. The number one source of profit dilution in the fashion industry is unwanted inventory and the largest source of that, is unplanned markdowns.

It is a basic but often overlooked point that every markdown to make a sale is less profit. In a retail consumer environment this is a matter of a few less profitable sales (though those losses per sale soon add up). In a B2B context, this can mean thousands of pounds difference, with profound impact upon cash flow.
Another key consideration is the cash drain on a business from customer returns. Around 30% of all online fashion sales are simply returned by a customer, so ensuring the exact right product is shipped in the first place will help to minimise this cost, especially as returns often have to be free to the consumer.
So if an e-commerce system can relay WHAT a customer is more likely to buy (in terms of preferences of size, fabric, colour, quantity etc) and also HOW they are more likely to buy (via which channel) then a fashion brand, manufacturer or retailer is in a stronger position. They can exploit not only the burgeoning opportunities of the mobile internet and apps, but also avenues such as interactive television. Multi-channel becomes omni-channel.

Omni-channel retail: opportunity throughout the supply chain There is however, one further evolution. If this customer information is available at any point throughout the entire supply chain - made possible by integrated systems spanning retailers, distributors and manufacturers - then an accurate capability to promise can be made more easily.

Essentially, it's possible to capitalise on what that customer wants at the point where and when they want it the most.
What lies ahead is an "always on" world with a universal remote control device for commerce - probably a smartphone - in the hands of half the world's population. There's a world of opportunity; there's a world of threat. And it will be the most agile, integrated fashion businesses that seize the opportunity.
Other channels are rising quickly. In an interview at CES, Steve Koenig of the Consumer Electronics Association said that by 2013, 55% of shipped televisions will be Internet-ready (by contrast, as of April 2010, this figure was only 18%), so it is pretty clear interactive TV will need some consideration.

As a result it is time to get strategic about cross-channel targeting and marketing. The diligent use of analytics to mine business intelligence and truly understand customers and segments will be critical.
Omni-channel retail offers this incredible detail and the agility to capitalise on the possible transactions.
Whilst mobile will likely be the dominant technology platform for this "ownership", fashion brands and retailers need to start now by looking at evolving their online, mobile and multi-channel activities into a coherent "omni-channel" strategy.

Source: Just-Style

Team GB rocks to Queen as Adidas pulls off marketing coup

And the gold medal for an Olympics-themed marketing campaign goes to … Adidas! The London 2012 official partner has pulled off a perfectly timed bit of brand placement in a two-and-a-half minute clip featuring a host of Team GB members rocking out to Queen.

To the jubilant sounds of Don't Stop Me Now, we see Jessica Ennis strumming a ping pong paddle, Victoria Pendleton dressed as a coquettish tiger, and gymnast Louis Smith where he belongs, smouldering into the camera and feeling for all the world like he's back on X Factor. Also in the mix are boxing champion Nicola Adams, double gold medallist Sir Chris Hoy, rower Pete Reed, high jumper Robert Grabarz, the playfighting Brownlee brothers, and a whole host of other Olympians engaged in some form of lip-synching or percussion. David Beckham finds himself relegated to a mere supporting role as director.

In a statement, Adidas said it had made the video "to bring the curtain down on what has been a great Games for the brand". It described it as "a unique video toasting the success of the team and capturing the mood of the nation".

Steve Marks, a senior PR manager at Adidas, said filming for the clip had started on a terrace above the Westfield centre's car park on Friday morning and finished at 7.30pm on Saturday. Cue cards were a big part of the production, he added, as some of the athletes did not know the words. "What's interesting about athletes is they spend so much time dedicated to their sport they don't necessarily spend so much time listening to music," he said. Smith, he added, needed no help but Alistair and Jonny Brownlee needed rather more assistance.

Some lines had been fitted to suit certain athletes, said Marks. Hoy, for instance, was a shoo-in for "I wanna make a supersonic man out of you."

Nick Craggs, UK marketing director, said: "Adidas is the Olympic brand and this video is a great demonstration of how we have supported Team GB and captured the mood of the nation. London 2012 will be remembered as the best Olympic Games ever and this is a celebration of Adidas's Take The Stage campaign and the amazing achievements Team GB athletes have accomplished."

Source: The Guardian

The University of Texas at Austin, EA Sports, NIKE USA Inc. and Kentucky Wholesale Inc. lead CLC's year-end rankings

Collegiate Licensing Company (CLC), a division of IMG College, announced its annual list of top-selling institutions and manufacturers. These rankings represent royalties reported July 1, 2011 through June 30, 2012 on all collegiate merchandise sold on behalf of CLC-represented institutions.

The retail marketplace for college licensed merchandise in 2011 was estimated at $4.6 billion. Royalties generated from the sale of officially licensed collegiate products go back to the institutions to support various student and campus endeavors, therefore it is important for consumers to ensure the merchandise they purchase is officially licensed.

"As the leader in the collegiate licensing industry, we help connect the more than 173 million passionate college fans to the brands they love and follow," said Cory Moss, VP and Managing Director of CLC. "We look forward to continuing to help our partner institutions develop brand management, protection, and development strategies to continue to grow the collegiate licensed segment of the marketplace in conjunction with collegiate licensees and retailers.

Notes of interest:

- This marked the seventh consecutive year The University of Texas at Austin ranked No. 1 in CLC's fiscal year-end rankings.
- The University of Kentucky moved from No. 7 to No. 3 due in part to the success of its basketball National Championship licensing program.
- NIKE USA Inc. has become the No. 1 collegiate apparel licensee. Excluding the 2009-10 and 2010-11 fiscal years, NIKE USA Inc. has held the position of top apparel licensee since 1999.
- EA Sports has maintained its No.1 status among non-apparel licensees since Q3 of 2003.
- Top local licensee Kentucky Wholesale Inc., an apparel manufacturer, produces officially licensed product for the University of Kentucky and the University of Louisville.
- Non-apparel royalties were up 14 percent for CLC's 2011-12 fiscal year-end taking this sector of the business to a record high. Top royalty producing non-apparel categories included video games, domestics, housewares, and miscellaneous gifts and novelties.
- Top apparel categories for 2011-12 included T-shirts, women's apparel, fleece and headwear.

For the rankings click here.

Source: CLC

HEAD NV and HTM Sport GmbH announce the unaudited results for the three and six months ended 30th June 2012

Sales for the first six months of 2012 were up 12.1% compared to the first six months of the prior year driven by Racquet Sports, especially in North America, and compounded by favorable exchange rate movements and positive results from the other divisions. At constant currency the sales for the first six months of 2012 were up 8.9% compared to the first six months of 2011.

Winter Sports sales for the first six months where ahead of the comparable period in 2011 by 2.6%. This, however, is not a key delivery period for the division and consists mainly of close out sales and some deliveries of bindings under contract manufacturing agreements for the next season.

Due to the very mild winter and late snow in both Europe and North America in 2011/12, sell out at retail was considerably down and some International retail chains are therefore reducing pre-season orders by 20% to 25%. We have now collected a majority of our pre-season orders and whilst our declines are not as dramatic, we still have a double-digit deterioration co pared to the prior year, with skis and snowboards having suffered more than boots.

The racquet sports market started the year positively in North America where we had record sales, but the worldwide growth we achieved in the first quarter of 21.3% slowed in the second to 9.9% as poor weather and lower consumer demand dampened racquet sales in Europe. The overall growth for the first six months of the year of 15.7% compared to the prior year has been achieved through higher volumes and favourable product mix in both racquets and balls, supported by positive exchange rate movements. A number of new products were introduced in the first quarter of the year, and we would not expect the current growth to continue throughout the year.

Our diving sales for the first six months of 2012 grew by 6.7% due to market growth in North America and Asia and our strong product lines in computers and regulators. Sportswear sales for the six months improved by €1.0m, or 42.4% due to higher sales of Summer Sportswear.

Gross margins for the six months to 30th June 2012 have declined from 41.0% to 39.9% due to higher cost of sales driven in part by lower utilization of our Alpine production facilities, increased labour rates and further investment in our sportswear division.

Adjusted operating loss for the six months to 30th June 2012 increased by €0.3m. The increase in the loss was due to the higher sales being more than offset by lower gross margins and higher selling and marketing costs.

The buy back and redemption of the Sen or Secured Notes in 2011 has substantially decreased our interest and other financial expenses due to the lower interest rates achieved. For the six months to 30th June 2012 interest and other financial costs decreased by €1.8m.

The non-cash disagio costs incurred in 2011 were due to the buy back of the Senior Secured Notes in March of that year which led to the acceleration of the amortization of the non-cash Disagio costs.

As a result of the foregoing factors, for the six months ended June 30, 2012 we had a net loss of €10.1m compared to €13.0m in the comparable 2011 period.

Net cash provided by operating activities improved by €4.6m in the first six months mainly due to lower cash outflow for i ventories and lower interest costs in 2012 compared to 2011.

Net debt increased by €9.3m from 30th June 2011 to 30th June 2012 due mainly to higher working capital needs.

Overall 2012 appears to have started well, but will be marred by the warm weather at the beginning of the 2011/12 ski season and weak consumer demand. We continue to expect to see a slow down in our sales in the third and fourth quarters of the year and anticipate that this will cause operating results for 2012 to deteriorate compared to 2011.

Our interim financial statements for the per od ended 30th of June 2012 can be found on our website at http://www.head.com/corporate/investors/news.php?id=2460

Source: Head

Spyder on the selling block

Spyder Active Sports Inc., which is owned by private-equity firm Apax Partners, is being put up for sale with hopes to fetch as much as $150 million, the New York Post reported Friday.

Apax Partners reportedly retained Blackstone Group to look for a potential buyer, the Post said.

Spyder didn't respond to the Post's requests for comments, and Apax has not commented.

Apax paid $100 million for Spyder in 2004. The Post reported Apax tried once before to find a buyer.

Source: SportsOneSource Media

Any questions? Contact **Stefanie Burkert**, WFSGI Project Manager
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IOC will not budge on its strict sponsorship rules

The International Olympic Committee (IOC) launched a strong defence of its strict sponsorship rules after several athletes, mainly from the United States, questioned why they could not mention their individual commercial backers, on whom they rely for funding, on social networking sites or identify them on their uniforms.

Rule 40 of the Olympic Charter says only official Games sponsors can be named and Timo Lumme, the IOC's director in charge of marketing services, says that is how it should remain.

"One of the pillars as regards to the funding of the Olympic Movement are the sponsors, both globally and locally," he told a briefing here.

"At the end of the day we have to make sure their commercial rights are protected - but in a measured way."

Athletes who break the rules can be fined or potentially disqualified depending on severity.

Lumme explained that if the law was changed to allow rival companies to be marketed and promoted by their individual clients, it could affect the entire Olympic Movement.

"For the funding model to survive you need a level of exclusivity...and the athletes, in some way, are asked to respect that," he said.

The debate over individual sponsorship during the Olympics mirrors, in some way, the question of compensation for football clubs who release players for the World Cup and European Championship.

Athletes including Dawn Harper (pictured), gold medal winner in the 100 metre hurdles in Beijing four years ago, used the social networking site to call for the restrictions to be relaxed.

"I am proud to be an Olympian but #wedemandchange #rule 40," Harper tweeted.

Another leading voice in the protest has been Sanya Richards-Ross, who won the 400m gold medal here.

Several German athletes also got on board as did American middle distance runner Nick Symmonds who tweeted: "#Rule40 can kiss my temporarily tattooed butt. I wouldn't be in London today without my sponsors!"

While they may not be allowed to showcase their own commercial backers, Lumme argues that the very taking part in the Olympics enhances athletes' profiles.

"You are only talking about two weeks in four years," he said.

"I think that you will often see that those athletes that are lucky enough to have sponsors are also able to profit and prosper from the exposure that they get at the Olympic Games," he said.

"So it is in some ways a fragile ecosystem that requires a level of solidarity and cooperation."

Source: Inside the Games

UFC champion Jon Jones signs new deal with Nike

The Ultimate Fighting Championship's (UFC) light heavyweight champion Jon 'Bones' Jones has signed a new personal endorsement agreement with Nike.

Specific terms of the agreement are yet to be released, however, Jones confirmed the sponsorship agreement via Twitter, on 8th August posting: 'Blessed to be signed by the biggest sports apparel company in the world #NIKE Dreams do come true'.

Prior to Jones' announcement, the 25-year-old had been wearing official UFC apparel after his previous apparel sponsor Form Athletics folded.

According to mmafighting.com, who first reported the agreement, 'As a part of the deal, Jones will be featured on worldwide Nike advertising and receive his own signature line'.

Nike's sponsorship of Jones represents the first time that the company has signed a global agreement with a mixed martial artist. UFC middleweight champion Anderson Silva and Japanese fighter Yoshihiro Akiyama both maintain a personal endorsement agreements with the company, however, their deals are only on a regional basis.

Jones will debut Nike apparel in the UFC's octagon during his upcoming title defence against Dan Henderson at UFC 151 on 1st September.

Source: SportsPro

Warnaco reports second quarter fiscal 2012 results

The Warnaco Group, Inc. reported results for the second quarter ended June 30, 2012.

For the second quarter:

- Net revenues decreased 5%, to $563.9 million, compared to the prior year quarter.
- Net revenues, in constant currency, were flat compared to the prior year quarter.
- The Company incurred a $12.0 million impairment charge pertaining to the note receivable related to its 2008 sale of Lejaby®to Palmers Textil AG, referred to as the Lejaby impairment charge.
- Income per diluted share from continuing operations was $0.23, compared to $1.01 in the prior year quarter.
- Income per diluted share from continuing operations on an adjusted, non-GAAP basis was $0.72 compared to $0.82 in the prior year quarter (which excludes restructuring expense, pension expense, tax-related items and, for the current quarter, the Lejaby impairment charge).

The Company believes it is valuable for users of the Company's financial statements to be made aware of the adjusted financial information, as such measures are used by management to evaluate the operating performance of the Company's continuing businesses on a comparable basis and to make operating and strategic decisions. In addition, the Company uses performance targets based, in part, on non-GAAP income from continuing operations and non-GAAP operating income as a component of the measurement of certain employee incentive compensation.

"Our second quarter results were in line with our projections. As expected, a positive performance in Asia and Latin America during the quarter offset softness in Europe and the U.S. Despite a decline in comparable store sales, reflecting challenging macroeconomic conditions, our Calvin Klein direct-to-consumer business was up 6% in constant currency, further validating our core international and retail expansion strategies. Speedo had a great quarter reflecting the benefit of our Olympic initiatives as well as the kickoff of our segmentation strategy, which will drive future growth for the brand. In addition, we continued to exercise disciplined control over our expenses while continuing to invest in our direct-to-consumer expansion. We took further action in Europe, as we previously announced, to position the business for improved operating performance over time," commented Helen McCluskey, Warnaco's President and Chief Executive Officer.

"We are making progress in reshaping our organization to reflect the consumer-centric vision I outlined earlier in the year. We are very excited about the caliber of talent we are attracting to our design and merchandising teams as we consolidate the group into New York. We are confident that we are taking the appropriate actions to ensure that these changes will have a significant benefit for the business over the long term."

"In the near term, looking ahead to the second half, with good visibility to forward bookings and more favorable product costs, we expect second half net revenue and gross margin to increase and to meet our projections for the balance of 2012," concluded McCluskey.

Adjusted Fiscal 2012 Outlook

For fiscal 2012, primarily based on the adverse effect of recent foreign currency exchange rates, the Company now anticipates:

- Net revenues, on a reported basis, will be down 2% to flat (up approximately 2% - 4% based on constant currency) compared to fiscal 2011; and
- Adjusted, non-GAAP, diluted earnings per share from continuing operations (excluding restructuring expense, pension expense and the Lejaby impairment charge) in the range of $4.00 - $4.15.

Schedule 7 of the accompanying tables provides a reconciliation of anticipated diluted earnings per share from continuing operations, on a GAAP basis of $2.94-$3.00 per diluted share (assuming minimal pension expense), to the adjusted, non-GAAP fiscal 2012 outlook above.

Prior guidance was for net revenue growth in the range of 0%-2% (and 2%-4% based on constant currency) compared to fiscal 2011 and adjusted, non-GAAP diluted earnings per share from continuing operations (excluding restructuring expense and pension expense) in the range of $4.00 - *$4.25.*

Second Quarter Highlights

Total Company

Net revenues fell 5% to $563.9 million, compared to the prior year period and were flat in constant currency. In the quarter, a 10% increase in Swimwear Group net revenues, fueled by a powerful performance from Speedo®, were more than offset by declines in Sportswear and Intimate Apparel net revenues. Challenging market conditions, particularly in the U.S. and Europe, a more promotional environment and the unfavorable effects of fluctuations in currency exchange rates adversely affected the Company's net revenues.

Gross margin decreased 130 basis points to 42% of net revenues, compared to the prior year period, due primarily to product cost inflation, increased customer allowances and the effects of currency fluctuations. Gross profit decreased 8% compared to the prior year quarter to $238.9 million. Selling, General & Administrative "SG&A" expense was down 2%, compared to the prior year quarter, to $199.3 million; however, as a percentage of net revenues, SG&A expense increased 110 basis points to 35% of net revenues. SG&A, in the quarter, was adversely impacted by approximately $13.1 million of restructuring expense as well as increased expense related to the Company's growth in its direct-to-consumer square footage, which was more than offset by disciplined expense control related to its wholesale businesses and lower employee compensation and professional fees.

Operating income was $32.8 million, a decline of $19.8 million, or 38%, compared to the prior year quarter, and includes approximately $16.2 million of restructuring expense.

Other expense was $12.9 million compared to other income of $0.2 million in the prior year quarter. The increase was primarily due to an impairment charge to the Company's receivables recorded in the quarter (related to a note issued by Palmers Textil AG in connection with the Company's 2008 sale of the Lejaby business to Palmers) as the Company now expects that a portion of the receivable might not be collectible.

Read on here.

Source: Warnaco

SGMA honors National Health Through Fitness Day Athletes who won Gold in London

During the recently completed Olympic Games in London, seven of the Olympic athletes in the U.S. delegation have attended at least one of SGMA's past National Health Through Fitness (NHTF) Days. Of those seven athletes, six of them won a gold medal in London.

Four of the seven athletes were teammates who competed together on the women's basketball team -- Swin Cash (2008 NHTF Day athlete), Tamika Catchings (2012 NHTF Day athlete), Lindsey Harding (2012 NHTF Day athlete), and Renee Montgomery (2010 NHTF Day athlete). The USA women's basketball team won its fifth straight Olympic gold medal by defeating France 86-50. Abby Wambach (2010 NHTF Day athlete) represented the USA as the women's soccer team won its third straight gold medal and fourth overall. In the finale, the U.S. defeated Japan, 2-1. At this year's women's Olympic soccer tournament, Wambach was the leading goal scorer for the U.S. with five goals. In women's beach volleyball, Kerri Walsh-Jennings (2010 NHTF Day Athlete) won her third straight gold medal with longtime teammate Misty May-Treanor. The seventh U.S. athlete with ties to SGMA's National Health Through Fitness Day was track and field runner Jenny Simpson (2011 and 2012 NHTF Day athlete) who was hoping to replicate her success at the 2011 IAAF World Championships where she won gold in the 1500 meters. At the Olympic Games in London, Simpson did not win a medal in the women's 1500 meters, as she did not advance beyond the semi-finals of the women's 1500 meters.

As an aside, Walsh-Jennings was featured in a full-page story in the current (August 13, 2012) edition of Sports Illustrated – on page 38. It's also worth noting that, as a result of popularity of the women's beach volleyball and the continued success of the Walsh-Jennings/May-Treanor team, Kerri Walsh-Jennings picked up another 26,420 followers on Twitter. The biggest 'winner' on Twitter during the Olympics was U.S. swimmer Michael Phelps who acquired another 935,636 followers on Twitter.

"The SGMA and our member companies are extremely proud of every U.S. Olympian who competed in the London Games and especially delighted to see the success that six of our past National Health Through Fitness Day athletes had while representing our country," said SGMA President and CEO Tom Cove. "While the British felt one of the purposes of the Games was to 'Inspire a Generation,' I think it's safe to say that the entire U.S. Olympic team has inspired millions of Americans to get active, which is one of the keys to fighting obesity."

Since the inaugural National Health Through Fitness Day in 2001, SGMA has been able to raise more than $600 million in federal funding for physical education programs across the country. The SGMA continues to support legislative efforts such as the Carol M. White Physical Education Program (PEP) as well as the Personal Health Investment Today (PHIT) Act which would expand the definition of eligible reimbursement expenses from pre-tax accounts to cover physical activity costs.

Source: SGMA

DOSB and Adidas renew historic partnership for Rio

The German Olympic Sports Confederation (DOSB) has extended its kit supply deal with Adidas for the next four years.

The German sportswear giants will provide competition apparel and training wear to all of the country's Olympians at Sochi 2014 and Rio 2016. In addition, the two parties will continue to engage in a range of joint promotional activities and other initiatives.

DOSB president Thomas Bach said: "We are pleased that we can count on another four years with Adidas. The brand, due to their long tradition and great reputation, is an important identifying feature of the German Olympic team. Together we have already written a good piece of German history at the Olympics Games - the future will still come to many successful chapters."

Herbert Hainer, the Adidas chief executive, said: "The Olympics showed how sport can inspire a young generation. The Games are the perfect showcase for our brand and our innovation. Strong partnerships with organisations such as the DOSB are an important part of our strategy."

Adidas has been a partner of the German Olympic team for over 40 years.

Source: SportsPro

Dick's SG Q2 impacted by JJB Sports charge

Dick's Sporting Goods took a pre-tax impairment charge of $32.4 million, or 22 cents a share, to write-off its investment in JJB Sports, the troubled U.K. sporting goods chain. But earnings excluding the charge rose 24.9 percent and ahead of expectations as comparable-store sales rose 3.8 percent. The results prompted Dick's SG to slightly raise its full-year guidance.

Among the highlights:

- Consolidated non-GAAP earnings per diluted share increased 25 percent to $0.65 per diluted share in the second quarter of 2012 from $0.52 per diluted share in the second quarter of 2011
- Consolidated same store sales increased 3.8 percent in the second quarter of 2012
- Company raises full year estimated consolidated non-GAAP earnings range from $2.45 to 2.48 per diluted share to $2.47 to 2.51 per diluted share
- Board authorizes quarterly dividend of $0.125 per share

Second Quarter Results

The company reported consolidated non-GAAP net income for the second quarter ended July 28, 2012 of $81.3 million, or 65 cents per diluted share, excluding a 22 cents per diluted share impact of an impairment charge related to the company's investment in JJB Sports. The second quarter non-GAAP earnings per diluted share exceeded the company's earnings expectations provided on May 15, 2012 of 62 to 63 cents per diluted share.

For the second quarter ended July 30, 2011, the company reported consolidated non-GAAP net income of $65.1 million, or 52 cents per diluted share, excluding a 7 cents per diluted share impact from a gain on sale of investment.

On a GAAP basis, the company reported consolidated net income for the second quarter ended July 28, 2012 of $53.7 million, or $0.43 per diluted share. For the second quarter ended July 30, 2011, the company reported consolidated net income of $73.8 million, or $0.59 per diluted share. The GAAP to non-GAAP reconciliations are included in a table later in the release under the heading "Non-GAAP Net Income and Earnings Per Share Reconciliations."

Net sales for the second quarter of 2012 increased by 10.0 percent to $1.4 billion due primarily to a 3.8 percent increase in consolidated same store sales and the opening of new stores. The 3.8 percent consolidated same store sales increase consisted of a 2.9 percent increase at Dick's Sporting Goods stores, a 4.4 percent increase at Golf Galaxy and a 34.6 percent increase in the eCommerce business.

"We have delivered another exceptional quarter, and are on track to post strong full-year performance for 2012," said Edward W. Stack, Chairman and CEO. "We plan to drive continued long-term profitable growth by investing in new stores, developing our omni-channel capabilities and increasing our margins through inventory management, an emphasis on private brands, and the continued shift of our product mix to higher margin merchandise categories."

New Stores

In the second quarter, the company opened four Dick's Sporting Goods stores. These stores are listed in a table later in the release under the heading "Store Count and Square Footage."

As of July 28, 2012, the company operated 490 Dick's Sporting Goods stores in 44 states, with approximately 26.7 million square feet and 81 Golf Galaxy stores in 30 states, with approximately 1.3 million square feet.

The company ended the second quarter of 2012 with $350 million in cash and cash equivalents and did not have any outstanding borrowings under its $500 million revolving credit facility. At the end of the second quarter of 2011, the company had $626 million in cash and cash equivalents and did not have any outstanding borrowings under its credit facility. Over the course of the past twelve months, the company has utilized capital to fund its share repurchase program, initiate a dividend program, purchase its store support center, invest in JJB Sports, acquire intellectual property rights to the Top-Flite brand, and build a distribution center.

The inventory per square foot was 4.2 percent higher at the end of the second quarter of 2012 as compared to the end of the second quarter of 2011.

Year-to-Date Results

The company reported consolidated non-GAAP net income for the 26 weeks ended July 28, 2012 of $138.5 million, or $1.10 per diluted share. For the 26 weeks ended July 30, 2011, the company reported consolidated non-GAAP net income of $102.6 million, or $0.82 per diluted share.

On a GAAP basis, the company reported consolidated net income for the 26 weeks ended July 28, 2012 of $110.8 million, or $0.88 per diluted share. For the 26 weeks ended July 30, 2011, the company reported consolidated net income of $111.3 million, or $0.89 per diluted share.

Net sales for the first half of 2012 increased 12.3 percent from the first half of 2011 to $2.7 billion primarily due to a consolidated same store sales increase of 5.9 percent and the opening of new stores.

Investment in JJB

In the second quarter, the company recorded a pre-tax impairment charge of $32.4 million related to its investment in JJB Sports, which impacted earnings per diluted share by 22 cents.

"Since making our investment in JJB, and as publicly announced, JJB's performance has materially deteriorated from its expectations, partly due to a worsening macro environment in Europe, adverse weather conditions in the first quarter and lackluster sales associated with the recent Euro Championships," said Stack. "While we continue to believe in the underlying opportunity within the UK sporting goods market, in light of these developments and our own assessments, we have determined to fully impair the value of our investment. As we indicated at the outset, this is a high risk investment that was structured to provide us with meaningful upside and capped downside. We have no further funding obligations to JJB at this time and will continue to monitor the situation."

Click here for the full report.

Source: SportsOneSource Media

'In the long run, consistency always wins out': An interview with Olympic Decathlon champion Dan O'Brien

The 1996 gold medalist explains why stamina and all-around excellence triumph over specialized skills in multidimensional challenges such as the decathlon.

Dan O'Brien is one of the world's most successful decathletes. In 1996, he won a gold medal for the United States in the decathlon at the Summer Olympics, in Atlanta, Georgia. His Olympic victory followed three consecutive decathlon titles at the World Championships in Athletics. In this interview with McKinsey's Allen Webb, O'Brien describes the training mind-set needed to build skills in ten distinct disciplines, the competitive strategies different decathletes have pursued, the role of coaching, and the importance of consistency. Although his commentary focuses on athletics, not business, executives may find parallels between the competitive challenges he describes and those facing their companies.

The Quarterly: What is it that you, as a decathlete, have to do to be a multiskill athlete versus a more focused one? How does that change your training approach? Your mind-set?

Dan O'Brien: The decathlon is very daunting all the time—the amount of training that you put in, and then the competition itself. That scares a lot of people off. This is going to require a lot of time. This is going to require a lot of repetition, a lot of skill training. I'm going to have to push myself to limits I've never pushed myself to before, just to complete in the decathlon. You're competing in events you're not very good at in front of a large number of people. It's very scary. And it's not until you embrace this idea that you're willing to go someplace a lot of people aren't willing to go that you truly embrace the decathlon.

We all want to be single-event athletes and run the 100 meters and, you know, be in the glamour events. But it takes a different kind of person to grind it out behind the scenes, day after day after day, for little or no recognition, almost more for an intrinsic feeling of glory. You're the unsung hero. You're doing it for yourself, more so than for everybody else or recognition or money.

The Quarterly: Could you elaborate a little bit on your own path to becoming a serious decathlete?

Dan O'Brien: Well, I fell in love with the Olympic Games at a young age. When the 1980 US Olympic hockey team won the gold medal, I jumped up and down on the couch and said, "I'm going to the Olympics!" And so that was where my dream was born.

And then, when I was in high school, I was a good track-and-field athlete. A coach by the name of Larry Hunt, from Southern Oregon, where I grew up, suggested that I try the decathlon. He was very knowledgeable about the exploits of Bruce Jenner and other past decathletes. I really wasn't thrilled with the decathlon. It was a long two days. There were a lot of hard events in there. But I was good at it.

When I got into college, my college coach thought I could be a great decathlete. But I still didn't want to go down that path, because of the arduousness of the journey. I wanted to run the hurdles and long jump and just do single events. It wasn't until I met Jackie Joyner-Kersee that I realized it takes a special person to do this. I thought to myself, "You know, I want to be that. I want to be the next Bruce Jenner."

At that moment, when I made up my mind, I was 22 years old. And I realized, if I'm going to do the decathlon I can't tell myself, "Well, I'll try it." I have to jump in with both feet.

The Quarterly: How do you allocate your time when you make a commitment like that? Is it more important to invest in the areas where you're really good, to boost your differentiation? Or do you train harder for the ones you struggle with?

Dan O'Brien: You do spend the majority of your time working on your weak events. As I got started, it was a lot of learning. I didn't have a great background in the throwing events. With some good coaching, I was able to take what I learned on my own and then put it into what a coach taught me.

So most of the time in the decathlon, you spend on your skill events, always with an aspect of conditioning because you know you need to compete for a two-day period. The decathlon is a large animal. And the fact is that you have to be well conditioned. You train for the most difficult event, which I think is the 400 meters. I became a 400-meter specialist. I ran a lot of relays. I ran open events when I could.

The interesting thing about a track-and-field season is you train throughout the week, and then you compete on the weekends. So you're training all year long for these large events—NCAA championships, US championships, Olympic trials. And those are really the only ones that count—you know, your big events, world championships, Olympic Games, and stuff. But throughout the year, you train and you test yourself. And through the training and the testing, your times, your marks, your events increase. You run faster, you jump higher, you throw farther. Train, test, train, test, train, test. That's the dynamic that's going on.

The great thing about competing on a fairly regular basis is that training never beats you down. The training gets long sometimes, but you know you've got a test around the corner. I think that's the thing that kept me interested all this time.

Go to https://www.mckinseyquarterly.com/Media_Entertainment/Radio_TV/In_the_long_run_consistency_always_wins_out_An_interview_with_Olympic_decathlon_champion_Dan_OBrien_3003 for the rest of the interview.

Source: McKinsey

Puma to launch compostable clothing

Puma has confirmed plans to launch a range of compostable or recyclable shoes and clothing in the autumn.

Source: Just-Style

Adidas presents Little Performers

adidas announces the Little Performers program - a scientific approach to developing footwear specifically for the needs of infants (children aged 0-4 years). Little Performers is an initiative combining adidas' wealth of expertise in shoe making, design and testing with renowned international expert in infant footwear Prof. Dr. Markus Walther - Medical Director of the Centre for Foot and Ankle Surgery at Schön Klinik, München-Harlaching and FIFA Medical Centre of Excellence. With his help, adidas continues to perfect ways to ensure healthy foot development for happy, active infants.

Source: adidas

U.S. athletes are right about Twitter: Rule 40 exposes the flaw in Olympic thinking

A heated fight between Olympic athletes and the IOC organizers is raging over the use of Twitter and other social media at the Games in London. Athletes are protesting rule 40 – actually a by-law – which states:

Except as permitted by the IOC Executive Board, no competitor, coach, trainer or official who participates in the Olympic Games may allow his person, name, picture or sports performances to be used for advertising purposes during the Olympic Games.

On the face of it, the rule seems reasonable enough. The cost of running a modern Olympic games represents a staggering burden to the host city, and endorsement contracts are one of the best ways to offset that cost. If the Olympics are going to have contractual sponsors, it needs to protect their rights and keep competitive advertising off out of the games.

The problem is that the Olympic games are the product of a paradox that social media has brought to a head. Regardless of the status of the IOC itself, the modern Olympic games are profit-driven, and the broadcast, merchandising and sponsorship rights are extremely valuable. However, the athletes are not paid for their participation. While it is an honor to represent your country in the Olympics, athletes are also – from another point of view – unpaid entertainers. While it is true that 92% of games revenues goes to the host and national olympic committees and some of this money is used to support athletes, this is not provided to all athletes (or even all medal-winning athletes) and is generally less than the true financial needs of the athlete.

This paradox exists in college sports as well, where colleges profit dramatically from athletes who are not compensated beyond scholarships. What makes the Olympics different is that they are no longer amateur affairs – many Olympic athletes are professionals.

The problem with the IOC's stance in rule 40 lies in a single word – "during." This word seeks to control the freedom of expression – commercial or otherwise – of athletes for the entire duration of the Olympic games, rather than just in the sporting arenas. That leap outside of the actual venues and into private time – and cyberspace – is beyond the boundaries of what athletes ought to accept.

In truth, the Olympic system depends heavily on private sponsors for athletes. The cost of training fulltime goes beyond gear, coaches and facilities – it includes basic living and travel expenses for top athletes who train fulltime. Some of these sponsors are public – China does well by most of its athletes – but some of the most visible U.S. athletes are now supported by corporations.

It's entirely reasonable that the IOC wants to control advertising inside Olympic venues. That's a fair demand of sponsors. Going beyond that to try and control what athletes say on their twitter feeds and Facebook pages about the sponsors who have allowed them to compete goes too far and ultimately it will hurt the Olympic Games.

Source: Forbes

ANTA Sports announces 2012 interim results

ANTA Sports Products Limited is pleased to announce the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2012.

Financial Summary & Operational Performance

Took prudent approach to reduce risks

- Prudently reviewed and adjusted the orders placed by distributors so as to minimise the potential risks in retail channels
- Decline in orders resulted in negative sell-in revenue growth, turnover dropped by 11.6% to RMB3.93 billion Profit attributable to equity shareholders also decreased by 17.0% to RMB769.6 million
- To maintain a stable dividend policy, the Board proposed an interim dividend of HK23 cents per ordinary share (2011 1H: HK 26 cents), which is 60.8% payout of the profit attributable to equity shareholders

Strived to maintain sustainable retail network development

- Continued to enhance the efficiency of retail channels by strictly controlling new store openings, closing low-efficiency stores and revamping existing stores to the 6th generation layout standard
- Number of ANTA stores across China increased to 7,807, while total sales floor area and average sales floor area per store were approximately 966,000 sq. metres and 124 sq. metres, respectively

Solid brand fundamentals and quality products to face market challenge

- ANTA's winning outfit featured on the CSD at the award ceremonies and media interviews in London Olympics
- Professional image in basketball, women sports and running, three frequently participated sports in China
- Top seller of travel and sports shoes in China for 11 consecutive years
- Testing laboratory received a certificate of accreditation from the China National Accreditation Service for Conformity Assessment

For the full report click here.

Source: Anta

Judge preapproves nationwide Skechers settlement

A federal judge on Monday tentatively approved a $40 million settlement between Skechers USA Inc. and consumers who bought the toning shoes after ads made unfounded claims that the footwear would help people lose weight and strengthen muscles, according to the Associated Press.

An undetermined number of people will be able to get a maximum repayment for their purchases — up to $80 per pair of Shape-Ups; $84 per pair of Resistance Runner shoes; up to $54 per pair of Podded Sole Shoes; and $40 per pair for Tone-Ups.

The agreement comes three months after Skechers reached a deal with the Federal Trade Commission over the advertisements for the shoes. That settlement was related to a broader agreement that resolves a multi-state investigation led by the attorneys general from Tennessee and Ohio and involving more than 40 states. Skechers will provide an additional $5 million to the states.

The settlement covers more than 70 lawsuits from across the country. The suits were consolidated in federal court in Louisville, Ky.

Tim Blood, a San Diego-based attorney who represented the class, said the two settlements were reached in conjunction with each other.

“This is the other piece of the settlement process,” Blood told The Associated Press. “By combining the cases, we’re able to get much more value for class members.”

U.S. District Judge Thomas B. Russell set a fairness hearing to finalize the settlement for March 19. That hearing will be held after the settlement is advertised and consumers who qualify for compensation have an opportunity to object to the terms and opt out of participating, if they choose.

In May, Skechers USA, Inc. announced that it has settled all domestic legal proceedings relating to advertising claims made in connection with marketing its toning shoe products, including its Shape-ups line of shoes. The company has been involved in legal proceedings brought by the United States Federal Trade Commission, multiple states' Attorneys General and consumer class action lawyers, all investigating whether or alleging that the company made unsupported advertising claims in connection with marketing its toning shoes. The company will pay a one-time settlement of $45 million dollars plus $5 million in class action attorneys' fees to settle the domestic advertising matters and related claims on a global basis.

Skechers denied the allegations and believes its advertising was appropriate, but decided to settle these claims in order to avoid protracted legal proceedings. The one-time settlement is expected to result in substantial net savings for the company compared to the significant long-term cost of defending against multiple regulatory and civil legal proceedings in numerous jurisdictions. The company will not be paying any fines or penalties.

Source: SportsOneSource Media

Black Diamond reports second quarter 2012 financial results

Black Diamond, Inc. a leading global provider of outdoor recreation equipment and active lifestyle products, reported financial results for the second quarter ended June 30, 2012.

Second Quarter 2012 Highlights:

- Sales up 13% to $31.9 million versus Q2 2011;
- Gross margin improved 20 basis points to 39.1% from 38.9% in Q2 2011;
- Adjusted EBITDA totaled $0.6 million; and
- Agreed to acquire POC Sweden AB ("POC"), a developer of protective gear for action sports athletes.

Second Quarter 2012 Financial Results

Total sales in the second quarter of 2012 increased 13% to $31.9 million, compared to $28.3 million in the second quarter of 2011. The growth in sales was attributed to a number of new and existing climb and mountain products sold during the period. Gross margin in the second quarter of 2012 increased to 39.1%, compared to 38.9% in the year-ago quarter. The 20 basis point increase in gross margin was due to a favorable mix in higher margin products and channel distribution, which augmented margins over the year-ago quarter.

Net loss in the second quarter of 2012 was $1.9 million or $(0.06) per share, compared to a net loss of $0.8 million or $(0.04) per share in the year-ago quarter. Net loss in the second quarter of 2012 included $0.5 million of non-cash items and $1.1 million in transaction-related costs, compared to $2.1 million of non-cash items in the year-ago quarter. Excluding these items, adjusted net loss before non-cash items in the second quarter of 2012 was $0.3 million or $(0.01) per share, compared to adjusted net income before non-cash items of $1.3 million or $0.06 per diluted share in the second quarter of 2011.

Adjusted EBITDA in the second quarter of 2012 was $0.6 million, compared to $1.1 million in the year-ago quarter. Adjusted EBITDA in the second quarter of 2012 excluded $0.4 million of non-cash equity compensation and $1.1 million in transaction costs.

At June 30, 2012, cash and cash equivalents totaled $43.4 million, compared to $2.4 million at December 31, 2011. The increase in cash was primarily attributable to the Company's public equity offering completed on February 22, 2012 that resulted in net proceeds of $63.4 million. Total long-term debt including the current portion of long-term debt, was $17.7 million at June 30, 2012, which included $2.2 million outstanding on the Company's $35.0 million line of credit, leaving $32.8 million available capacity less outstanding letters of credit.

On July 2, 2012, the Company completed the acquisition of POC for a total consideration valued at 311.3 million Swedish kronor (SEK) or approximately $44.9 million. This was comprised of 460,065 shares of Black Diamond common stock and approximately $40.6 million in cash based upon the SEK/USD ($) exchange rate as of the closing date.

Management Commentary

"The first half of the year represents our spring/summer product season, and compared to last year, sales were up 16% to $78.3 million," said Peter Metcalf, president and CEO of Black Diamond. "This healthy, double-digit sales growth squarely met the high-end of our seasonal guidance, and we attribute this to strong demand for our diverse collection of lifestyle-defining products, our global distribution capabilities and our continued, steady focus on sales and marketing.

"To build upon our diversity, we acquired POC which is widely regarded as one of the most innovative, fastest-growing, and hottest brands in action sports protective gear today. In addition to numerous operational synergies with our Black Diamond global operating platform, we believe that POC's alpine and free-ride ski, as well as mountain and road bike products add to our product diversity and expand the breadth of our multi-seasonal offerings. We are especially excited about our plans to adopt their paradigm-changing innovations in helmet design and safety.

"As we now enter our fall/winter season, we plan to continue reinvesting in Black Diamond as a growing, powerful platform in the outdoor and action sport equipment industry. Among several important strategic initiatives, our expected fall 2013 apparel line launch remains on track. In fact, we have issued purchase orders for sales samples to be assembled, identified key launch dates with our retail partners, and are planning a series of sales and marketing events through the end of the year.

"As we diligently move forward with the POC integration, we have not lost sight of our acquisition strategy and remain enthusiastic about our pipeline of potential opportunities. We are confident in our plan to drive shareholder value and advance Black Diamond as one of the most respected and leading active outdoor equipment companies in the world, while we continue to lead the fight for conservation and access to our public lands."

2012 Outlook Update

Black Diamond has increased its fiscal year 2012 guidance and now expects total sales to range between $173.0 - $178.0 million, which includes anticipated POC sales from July 2, 2012 but does not include new category launches or the impact from potential additional strategic acquisitions. Although the Company expects POC to have a positive net impact on its overall gross margins going forward, due to a one-time step-up in the fair value of inventory as a result of purchase accounting, the Company's estimated cost of goods sold needs to reflect the additional cost that will run through the income statement during the remainder of 2012. As a result, Black Diamond is expecting gross margin for fiscal year 2012 to be approximately 37.8%.

Net Operating Loss (NOL)

The Company estimates that it has available net operating loss ("NOL") carryforwards for U.S. federal income tax purposes of approximately $217.1 million. The Company's common stock is subject to a Rights Agreement dated February 7, 2008, intended to assist in limiting the number of 5% or more owners and thus reduce the risk of a possible "change of ownership" under Section 382 of the Code. Any such "change of ownership" under these rules would limit or eliminate the ability of the Company to use its existing NOLs for federal income tax purposes. There is no guaranty, however, that the Rights Agreement will achieve the objective of preserving the value of the NOLs.

Source: Black Diamond