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## **SAM publishes study on global sporting goods sector – China's sports goods companies benefit from home-field advantage**

- **The new brief study by SAM (Sustainable Asset Management) analyzes in conjunction with 2008 summer Olympics in Beijing the growth potential of the sporting goods industry.**
- **Attractive opportunities are to be found especially in the Chinese market and local Chinese sports brands, but there are also considerable risks due to the still pronounced need to catch up in the area of sustainability.**
- **The analysis of the sustainability scores, share price volatility and growth rates of the 14 sporting goods manufacturers represented at the Olympics enables investors to assess the leading market participants and their growth prospects.**

The 2008 summer Olympics will take place in a country that produces a large portion of the athletes' own sporting gear. With a market share of more than 60%, China is the world's largest producer of athletic shoes and sports apparel. At the same time, the country – with its population of 1.3+ billion, annual GDP growth rate of 8-10%, and numerous major sports events scheduled for the years ahead – is one of the most promising markets for the sporting goods industry. China's booming demand for athletic equipment continues to offer attractive returns for the major international sporting goods manufacturers, but as a «cheap labor» country it also harbors risks in terms of sustainability criteria that should not be underestimated.

The brief study entitled «Sustainability as an Olympic discipline – will the Chinese sporting goods companies make it to the top?» reveals that international market leaders Nike, adidas and PUMA continue to pose clearly lower financial and non-financial risks for investors. Decisive factors in this conclusion are the companies' more international footprint, as well as their existing systems for monitoring supply chains in accordance with social and environmental criteria. In this regard, the Chinese providers still lack transparency as well as the necessary control systems in terms of corporate governance and sustainability.

However, revenue contributions from the Chinese market play a clearly less significant role for the Western and Japanese sporting goods manufacturers than is the case with their Chinese competitors who currently generate the lion's share of their sales in the home market. This «China-specificity» is something that Philipp Mettler, Senior Equity Analyst at SAM and author of the study, views as the greatest chance for Chinese sports equippers such as Li Ning, ANTA, China Hongxing, China Dongxiang and Xtep: «The Chinese providers can profit disproportionately from the growth in their own country. Whether or not they develop into the international market leaders of tomorrow will depend over the long term on how they integrate the requisite sustainability aspects into their corporate strategy». Taking into account the company valuations and associated risks, the bottom line for long-term, sustainability-oriented investors is that, on the whole, there are attractive investment opportunities in the international sporting goods sector.

For the study, SAM conducted a detailed analysis of 14 sporting goods manufacturers, all of which will be present with their products at the 2008 Olympics, on the basis of economic, environmental and social sustainability criteria. The resulting «sustainability score» was arrived at by overlaying the given stock's price volatility (which is a reflection of the company- and market-specific risks) and the company's anticipated growth rate for the coming three years. On that basis, a more comprehensive assessment of the opportunities and risks can be made. The assessment of market potential is based on country- and industry-specific market data as well as on other external studies and market analyses.

The brief study entitled «**Sustainability as an Olympic discipline** – will the Chinese sporting goods companies make it to the top?» can be downloaded at: <http://www.sam-group.com/html/research/output/studies/newsletter.cfm>.

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### **About SAM (Sustainable Asset Management)**

SAM (Sustainable Asset Management) was founded in 1995 as the world's first asset management company for sustainability investments. Today, the company ranks among the globally leading managers of sustainable investments and theme-based funds in areas such as water, climate and clean energy. Its worldwide clientele comprises banks, insurance companies, pension funds, family offices and private investors.

SAM has a comprehensive portfolio of theme-based products in the areas of new energy sources, water, new materials, healthy living and climate. In addition, it offers institutional investors a broad range of various investment solutions. SAM affords investors a high degree of professionalism, transparency and responsibility in terms of their investments.

SAM evaluates and analyzes companies on the basis of industry-specific sustainability criteria that take into account environmental, social and economic aspects. Integrating those future-oriented investment criteria into the company-valuation and investment process forms the basis of its investment strategy. SAM's know-how is based on its proprietary, independent research approach and an active, international sustainability network.

Together with Dow Jones Indexes and STOXX, SAM has launched an entire family of sustainability indices to measure the performance of companies that hold a top position in their industry in terms of sustainability. Within the framework of this collaboration, SAM has compiled the world's largest sustainability database and analyzes annually more than 1,000 exchange-listed companies for the economic, environmental and social added value they generate.

SAM and Robeco, a member of Holland's Rabobank Group (S&P AAA), have entered into a strategic alliance in order to establish for product development, innovation and distribution purposes the world's leading platform for sustainability investments. As a part of this collaboration, the managers and staff of SAM and Robeco are shareholders of SAM.

As at 31.12.2007, SAM directly managed client assets in the amount of CHF 8.5 billion and administers indirectly (via consulting and licensing agreements) a further CHF 6.6 billion. In total, SAM oversees an investment volume of CHF 15.1 billion.

SAM is headquartered in Zurich (Switzerland) and is present in Europe, Australia, the USA and Canada. The company employs more than 90 individuals throughout the world.

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