adidas GROUP

**For immediate release** **Herzogenaurach, November 3, 2011**

**Nine Months 2011 Results:**

# Currency-neutral Group sales increase 14%
# Net income reaches new record level of € 652 million
# Sales and earnings guidance increased for 2011
# Earnings per share to increase 10% to 15% in 2012

- **Gross margin flat at 48.2% in first nine months**
- **adidas and Reebok currency-neutral sales up 14% and 9% in first nine months respectively**
- **Group sales grow in all geographies in Q3 with sales in North America and Greater China increasing 13% currency-neutral**
- **Comparable Retail store sales up 14% currency-neutral in Q3**

## adidas Group currency-neutral sales increase 13% in third quarter

In the third quarter of 2011, Group revenues grew 13% on a currency-neutral basis. Currency-neutral sales in the Wholesale and Retail segments increased 10% and 21%, respectively. Sales for Other Businesses grew 13% on a currency-neutral basis. Currency-neutral revenues in Western Europe increased 10%, supported by double-digit growth at adidas and TaylorMade-adidas Golf. In European Emerging Markets, currency-neutral sales were up 22% as a result of strong double-digit revenue growth at both adidas and Reebok. Group sales in North America grew 13% on a currency-neutral basis, driven by increases at all brands, with particular strength at adidas as well as TaylorMade-adidas Golf. In Greater China, Group sales were up 13% on a currency-neutral basis, driven by strong double-digit sales gains at adidas Sport Style. Currency-neutral revenues in Other Asian Markets grew 7%, due to increases at all brands. In Latin America, adidas Group sales were up 18% on a currency-neutral basis as a result of strong increases at adidas. Similar to the previous quarter, currency translation effects had a negative impact on sales in euro terms. Group revenues grew 8% to € 3.744 billion in the third quarter of 2011 from € 3.468 billion in 2010.

## Third quarter EPS increases 14%

The Group's gross margin decreased 0.3 percentage points to 47.1% (2010: 47.3%) in the third quarter as a larger share of higher-margin Retail sales, a more favourable product and regional sales mix as well as positive hedging effects could only partly offset an increase in input costs. Group gross profit increased 7% to € 1.762 billion (2010: € 1.641 billion). Other operating expenses as a percentage of sales decreased 0.5 percentage points to 36.3% compared to 36.8% in the prior year, primarily due to lower marketing investments as a percentage of sales. As a result, the Group's operating margin remained stable at 11.8% (2010: 11.8%). Operating profit increased 7%

to € 441 million compared to € 411 million in 2010. Net financial expenses decreased 25% to € 23 million (2010: € 31 million), while the Group tax rate improved 270 basis points to 27.3% (2010: 30.0%). As a result, the Group's net income attributable to shareholders increased 14% to € 303 million (2010: € 266 million). Basic and diluted earnings per share for the third quarter increased 14% to € 1.45 (2010: € 1.27).

"Our brands and products are resonating with consumers around the world like never before," commented Herbert Hainer, adidas Group CEO. "Our record third quarter results were driven by growth in all key geographies, brands and channels. We will finish 2011 clearly exceeding our initial expectations after already surpassing our 2008 record earnings mark after the first nine months. Therefore I can already confirm today: 2011 will be another record year for the adidas Group."

**adidas Group currency-neutral sales up 14% in first nine months of 2011**
In the first nine months of 2011, Group revenues increased 14% on a currency-neutral basis. Currency translation effects had a negative impact on sales in euro terms. Group revenues grew 11% to € 10.081 billion in the first nine months of 2011 from € 9.059 billion in 2010.

**First nine months Group sales increase driven by double-digit growth in all segments**
The adidas Group's sales increase in the first nine months of 2011 was driven by double-digit growth in the Wholesale and Retail segments as well as in Other Businesses. Currency-neutral Wholesale revenues increased 12%, primarily due to double-digit growth at adidas. Currency-neutral Retail sales increased 21% as a result of double-digit adidas and Reebok sales growth. Revenues in Other Businesses increased 13% on a currency-neutral basis, mainly due to double-digit sales growth at TaylorMade-adidas Golf. Rockport and Reebok-CCM Hockey sales also grew. Currency translation effects had a negative impact on segmental sales in euro terms.

| | **Nine Months 2011** | **Nine Months 2010** | **Change y-o-y in euro terms** | **Change y-o-y currency-neutral** |
|---|---|---|---|---|
| | **€ in millions** | **€ in millions** | **in %** | **in %** |
| Wholesale | **6,869** | 6,247 | 10 | 12 |
| Retail | **2,015** | 1,725 | 17 | 21 |
| Other Businesses | **1,197** | 1,086 | 10 | 13 |
| **Total[1]** | **10,081** | **9,059** | **11** | **14** |

Nine months net sales development by segment
1) Rounding differences may arise in totals.

**Currency-neutral sales increase in all regions**
In the first nine months of 2011, currency-neutral adidas Group sales grew in all regions. Revenues in Western Europe increased 10% on a currency-neutral basis, primarily as a result of strong sales growth in Germany,

France, Italy and Spain. In European Emerging Markets, Group sales increased 23% on a currency-neutral basis due to growth in most of the region's markets, in particular Russia. Sales for the adidas Group in North America grew 14% on a currency-neutral basis as a result of double-digit sales increases in both the USA and Canada. Sales in Greater China increased 28% on a currency-neutral basis. Currency-neutral revenues in Other Asian Markets grew 7% due to increases in most markets, in particular South Korea. In Latin America, sales grew 14% on a currency-neutral basis, with strong increases in most of the region's major markets. Currency translation effects had a mixed impact on regional sales in euro terms.

| | Nine Months 2011 | Nine Months 2010 | Change y-o-y in euro terms | Change y-o-y currency-neutral |
|---|---|---|---|---|
| | € in millions | € in millions | in % | in % |
| Western Europe | **3,172** | 2,875 | 10 | 10 |
| European Emerging Markets | **1,189** | 1,034 | 15 | 23 |
| North America | **2,306** | 2,140 | 8 | 14 |
| Greater China | **900** | 721 | 25 | 28 |
| Other Asian Markets | **1,482** | 1,359 | 9 | 7 |
| Latin America | **1,031** | 931 | 11 | 14 |
| **Total**[1)] | **10,081** | **9,059** | **11** | **14** |

Nine months net sales development by region
1) Rounding differences may arise in totals.

**Group gross margin remains stable**

The gross margin of the adidas Group remained stable at 48.2% in the first nine months of 2011 (2010: 48.2%). The positive impact from a more favourable product and regional sales mix as well as a larger share of higher-margin Retail sales offset the increase in input costs. Gross profit for the adidas Group grew 11% to € 4.855 billion versus € 4.368 billion in the prior year.

**Group operating profit increases 12%**

In the first nine months of 2011, Group operating profit increased 12% to € 973 million versus € 865 million in 2010. The operating margin of the adidas Group was up 0.1 percentage points to 9.7% (2010: 9.6%). This development was primarily due to the positive effects from lower other operating expenses as a percentage of sales, which more than offset the decrease in other operating income. Other operating expenses as a percentage of sales decreased 0.8 percentage points to 39.6% from 40.5% in 2010. In euro terms, other operating expenses increased 9% to € 3.996 billion (2010: € 3.666 billion), as a result of higher marketing expenditure as well as the expansion of the Group's own-retail activities. Thereof, sales and marketing working budget expenditure amounted to € 1.245 billion, which represents an increase of 8% versus the prior year level (2010: € 1.149 billion). Nevertheless, as a result of the strong revenue development, sales and marketing working budget expenditure as a percentage of sales decreased 0.3 percentage points to 12.3% (2010: 12.7%).

**Financial income up 13%**
Financial income increased 13% to € 24 million in the first nine months of 2011 from € 21 million in the prior year, due to an increase in interest income as well as positive currency translation effects.

**Financial expenses increase 11%**
Financial expenses increased 11% to € 97 million in the first nine months of 2011 (2010: € 87 million), mainly as a result of negative exchange rate effects, which more than offset lower interest expenses. Excluding those effects, financial expenses decreased 7%.

**Net income attributable to shareholders up 16%**
Income before taxes (IBT) for the adidas Group increased 13% to € 900 million in the first nine months of 2011 from € 799 million in 2010. The Group's tax rate decreased 2.3 percentage points to 27.4% (2010: 29.7%). As a result, the Group's net income attributable to shareholders increased to € 652 million from € 560 million in 2010. This represents an increase of 16% versus the prior year level, and marks a new record for the adidas Group.

**Earnings per share reach € 3.12**
In the first nine months of 2011, basic and diluted earnings per share amounted to € 3.12 (2010: € 2.68), representing an increase of 16%. The weighted average number of shares used in the calculation was 209,216,186.

**Group inventories up 20%**
Group inventories increased 20% to € 2.302 billion at the end of September 2011 versus € 1.926 billion in 2010. On a currency-neutral basis, inventories also grew 20%, reflecting input cost increases as well as the Group's expectations for continued growth in the coming quarters.

**Accounts receivable increase 4%**
At the end of September 2011, Group receivables increased 4% to € 2.251 billion (2010: € 2.166 billion). On a currency-neutral basis, receivables were up 5%. This growth is lower than the 13% currency-neutral Group sales increase in the third quarter of 2011.

**Net borrowings down € 153 million**
Net borrowings at September 30, 2011 amounted to € 750 million, which represents a decrease of € 153 million, or 17%, versus € 903 million at the end of September 2010. The decrease was driven by the strong operating cash flow development over the past twelve months. Currency translation had a positive effect in an amount of € 39 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.6 at the end of September 2011 versus 0.7 in the prior year.

**adidas Group increases full year 2011 sales and earnings guidance**
After the stronger than expected performance in the first nine months, Management has increased the full year 2011 adidas Group sales and earnings guidance. Management now forecasts **adidas Group** sales to increase at a rate approaching 12% on a currency-neutral basis in 2011 (previously: increase at around 10%). This will be driven by the Group's high exposure to fast-growing emerging markets, the further expansion of Retail as well as continued momentum at all key brands. Currency-neutral **Wholesale** segment revenues are projected to increase at a high-single-digit rate compared to the prior year due to strong performance of the adidas brand in Greater China, North America and Latin America. adidas Group currency-neutral **Retail** segment sales are now projected to grow at a high-teens rate in 2011 (previously: increase at a mid-teens rate). Comparable store sales are expected to contribute to the revenue growth at a higher rate than the expansion of the Group's own-retail store base. Segmental revenues of **Other Businesses** are now projected to increase at a high-single-digit rate on a currency-neutral basis (previously: increase at a mid- to high-single-digit rate).

In 2011, the adidas Group's gross margin is forecasted to reach a level between 47.5% and 48.0% (2010: 47.8%). Group gross margin will benefit from positive regional mix effects. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence the development of the Group's gross margin. However, these positive effects will be offset by several factors. In particular, sourcing costs will increase significantly compared to the prior year as a result of rising raw material costs and capacity constraints.

The adidas Group's other operating expenses as a percentage of sales are expected to decrease modestly in 2011 (2010: 42.1%). Sales and marketing working budget expenses as a percentage of sales are also projected to decline modestly compared to the prior year. Marketing investments to support Reebok's growth strategy in the men's training and women's fitness categories, as well as investments to support growth in the Group's key attack markets – North America, Greater China and Russia/CIS – will be offset by the non-recurrence of expenses in relation to adidas' presence at the 2010 FIFA World Cup™.

In 2011, the operating margin for the adidas Group is expected to increase to a level between 7.5% and 8.0% (2010: 7.5%). In addition, Management expects lower interest expenses in 2011 due to a lower average level of net borrowings. As a result of these developments and in light of the Group's increased sales expectations, earnings per share are now projected to increase at a rate approaching 16% to a level around € 3.15 (previously: increase at a rate approaching 15% to a level between € 3.10 and € 3.12; 2010: € 2.71).

**adidas Group prepared for successful 2012**

Assuming no significant deterioration in the economic environment, Management expects adidas Group sales and earnings to increase in 2012. Based on the strong momentum of the Group's brands as well as the opportunities provided by the UEFA EURO 2012™ and the London 2012 Olympic Games, sales are projected to increase at a mid- to high-single-digit rate on a currency-neutral basis. Increases in input and labour costs as well as currency volatility will continue to be headwinds for the development of Group profitability as in 2011. Nevertheless, due to operating leverage, earnings per share are forecasted to increase faster than sales, at a rate between 10% and 15%. A detailed 2012 outlook will be given with the presentation of the Group's 2011 full year results on March 7, 2012.

Herbert Hainer stated: "2011 has been the perfect start to our Route 2015 journey. The traction we are gaining as we implement our strategies is especially pleasing as the external environment is not without its challenges, be it the economic uncertainty, stalling consumer confidence or struggling regional competitors. Although we continue to face pressures from higher input costs as well as volatility on currency markets, we are well prepared for continued top- and bottom-line growth. The major sporting events next year provide excellent opportunities for us to extend our current momentum. You will see us capitalise on these and other opportunities supported by a fresh new wave of exciting product innovation, some of which you will already see in the fourth quarter of 2011."

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**Contacts:**

**Media Relations**
Jan Runau
Chief Corporate Communication Officer
Tel.: +49 (0) 9132 84-3830

Katja Schreiber
Senior Corporate PR Manager
Tel.: +49 (0) 9132 84-3810

**Investor Relations**
John-Paul O'Meara
Vice President Investor Relations
Tel.: +49 (0) 9132 84-2751

Christian Stoehr
Investor Relations Manager
Tel.: +49 (0) 9132 84-4989

Johannes Fink
Investor Relations Manager
Tel.: +49 (0) 9132 84-3461


Please visit our corporate website: [www.adidas-Group.com](http://www.adidas-Group.com)

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## adidas AG Consolidated Income Statement (IFRS)

| € in millions | Third quarter 2011 | Third quarter 2010 | Change |
|---|---|---|---|
| Net sales | 3,744 | 3,468 | *8.0 %* |
| Cost of sales | 1,982 | 1,827 | *8.5 %* |
| **Gross profit** | **1,762** | **1,641** | *7.4 %* |
| *(% of net sales)* | 47.1% | 47.3% | *(0.3) pp* |
| Royalty and commission income | 23 | 26 | *(11.9) %* |
| Other operating income | 14 | 19 | *(23.4) %* |
| Other operating expenses | 1,358 | 1,275 | *6.5 %* |
| *(% of net sales)* | 36.3% | 36.8% | *(0.5) pp* |
| **Operating profit** | **441** | **411** | *7.3 %* |
| *(% of net sales)* | 11.8% | 11.8% | *(0.1) pp* |
| Financial income | 10 | 6 | *80.6 %* |
| Financial expenses | 33 | 37 | *(8.8) %* |
| **Income before taxes** | **418** | **380** | *10.0 %* |
| *(% of net sales)* | 11.2% | 11.0% | *0.2 pp* |
| Income taxes | 114 | 114 | *0.2 %* |
| *(% of income before taxes)* | 27.3% | 30.0% | *(2.7) pp* |
| **Net income** | **304** | **266** | *14.1 %* |
| *(% of net sales)* | 8.1% | 7.7% | *0.4 pp* |
| **Net income attributable to shareholders** | **303** | **266** | *14.1 %* |
| *(% of net sales)* | 8.1% | 7.7% | *0.4 pp* |
| **Net income attributable to non-controlling interests** | **1** | **0** | *70.5 %* |
| | | | |
| **Basic earnings per share (in €)** | **1.45** | **1.27** | *14.1 %* |
| **Diluted earnings per share (in €)** | **1.45** | **1.27** | *14.1 %* |

### Net Sales

| € in millions | Third quarter 2011 | Third quarter 2010 | Change | Change (currency-neutral) |
|---|---|---|---|---|
| Wholesale | 2,577 | 2,421 | *6.4 %* | *10.5 %* |
| Retail | 757 | 665 | *13.8 %* | *20.6 %* |
| Other Businesses | 411 | 382 | *7.3 %* | *12.5 %* |
| | | | | |
| Western Europe | 1,211 | 1,102 | *9.9 %* | *10.2 %* |
| European Emerging Markets | 438 | 400 | *9.5 %* | *22.0 %* |
| North America | 855 | 828 | *3.3 %* | *12.7 %* |
| Greater China | 348 | 317 | *9.7 %* | *13.4 %* |
| Other Asian Markets | 527 | 491 | *7.3 %* | *7.3 %* |
| Latin America | 365 | 330 | *10.7 %* | *17.8 %* |
| | | | | |
| adidas | 2,794 | 2,523 | *10.7 %* | *14.9 %* |
| Reebok | 564 | 585 | *(3.7) %* | *2.2 %* |
| TaylorMade-adidas Golf | 244 | 221 | *10.3 %* | *16.1 %* |
| Rockport | 72 | 73 | *(0.8) %* | *5.9 %* |
| Reebok-CCM Hockey | 70 | 66 | *7.1 %* | *10.3 %* |

Rounding differences may arise in percentages and totals.

## adidas AG Consolidated Income Statement (IFRS)

| € in millions | Nine months 2011 | Nine months 2010 | Change |
|---|---|---|---|
| | | | |
| Net sales | 10,081 | 9,059 | *11.3 %* |
| Cost of sales | 5,226 | 4,691 | *11.4 %* |
| **Gross profit** | **4,855** | **4,368** | *11.1 %* |
| *(% of net sales)* | 48.2% | 48.2% | *(0.1) pp* |
| Royalty and commission income | 64 | 72 | *(11.4) %* |
| Other operating income | 50 | 91 | *(44.6) %* |
| Other operating expenses | 3,996 | 3,666 | *9.0 %* |
| *(% of net sales)* | 39.6% | 40.5% | *(0.8) pp* |
| **Operating profit** | **973** | **865** | *12.5 %* |
| *(% of net sales)* | 9.7% | 9.6% | *0.1 pp* |
| Financial income | 24 | 21 | *12.6 %* |
| Financial expenses | 97 | 87 | *10.9 %* |
| **Income before taxes** | **900** | **799** | *12.7 %* |
| *(% of net sales)* | 8.9% | 8.8% | *0.1 pp* |
| Income taxes | 247 | 238 | *3.9 %* |
| *(% of income before taxes)* | 27.4% | 29.7% | *(2.3) pp* |
| **Net income** | **653** | **561** | *16.4 %* |
| *(% of net sales)* | 6.5% | 6.2% | *0.3 pp* |
| **Net income attributable to shareholders** | **652** | **560** | *16.4 %* |
| *(% of net sales)* | 6.5% | 6.2% | *0.3 pp* |
| **Net income attributable to non-controlling interests** | **1** | **1** | *(32.0) %* |
| | | | |
| **Basic earnings per share (in €)** | **3.12** | **2.68** | *16.4 %* |
| **Diluted earnings per share (in €)** | **3.12** | **2.68** | *16.4 %* |

### Net Sales

| € in millions | Nine months 2011 | Nine months 2010 | Change | Change (currency-neutral) |
|---|---|---|---|---|
| Wholesale | 6,869 | 6,247 | *10.0 %* | *11.7 %* |
| Retail | 2,015 | 1,725 | *16.8 %* | *20.6 %* |
| Other Businesses | 1,197 | 1,086 | *10.3 %* | *12.9 %* |
| | | | | |
| Western Europe | 3,172 | 2,875 | *10.4 %* | *9.8 %* |
| European Emerging Markets | 1,189 | 1,034 | *15.1 %* | *22.9 %* |
| North America | 2,306 | 2,140 | *7.8 %* | *14.2 %* |
| Greater China | 900 | 721 | *24.9 %* | *27.5 %* |
| Other Asian Markets | 1,482 | 1,359 | *9.1 %* | *6.7 %* |
| Latin America | 1,031 | 931 | *10.8 %* | *13.6 %* |
| | | | | |
| adidas | 7,467 | 6,624 | *12.7 %* | *14.5 %* |
| Reebok | 1,467 | 1,396 | *5.1 %* | *9.2 %* |
| TaylorMade-adidas Golf | 814 | 713 | *14.1 %* | *16.6 %* |
| Rockport | 186 | 187 | *(0.3) %* | *3.7 %* |
| Reebok-CCM Hockey | 148 | 138 | *6.7 %* | *8.1 %* |

Rounding differences may arise in percentages and totals.

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## adidas AG Consolidated Statement of Financial Position (IFRS)

| € in millions | September 30 2011 | September 30 2010 | Change | Dec. 31 2010 |
|---|---|---|---|---|
| Cash and cash equivalents | 606 | 571 | 6.1% | 1,156 |
| Short-term financial assets | 246 | 158 | 56.2% | 233 |
| Accounts receivable | 2,251 | 2,166 | 3.9% | 1,667 |
| Other current financial assets | 263 | 170 | 54.4% | 197 |
| Inventories | 2,302 | 1,926 | 19.5% | 2,119 |
| Income tax receivables | 67 | 62 | 7.8% | 71 |
| Other current assets | 469 | 395 | 18.6% | 390 |
| Assets classified as held for sale | 30 | 75 | (59.4)% | 47 |
| **Total current assets** | **6,234** | **5,523** | **12.9%** | **5,880** |
| | | | | |
| Property, plant and equipment | 884 | 765 | 15.5% | 855 |
| Goodwill | 1,533 | 1,521 | 0.8% | 1,539 |
| Trademarks | 1,432 | 1,417 | 1.1% | 1,447 |
| Other intangible assets | 138 | 135 | 2.7% | 142 |
| Long-term financial assets | 95 | 92 | 3.9% | 93 |
| Other non-current financial assets | 49 | 61 | (20.3)% | 54 |
| Deferred tax assets | 445 | 473 | (5.9)% | 508 |
| Other non-current assets | 118 | 118 | (0.2)% | 100 |
| **Total non-current assets** | **4,694** | **4,582** | **2.4%** | **4,738** |
| | | | | |
| **Total assets** | **10,928** | **10,105** | **8.1%** | **10,618** |
| | | | | |
| Short-term borrowings | 163 | 269 | (39.3)% | 273 |
| Accounts payable | 1,421 | 1,313 | 8.2% | 1,694 |
| Other current financial liabilities | 55 | 117 | (52.9)% | 123 |
| Income taxes | 278 | 254 | 9.5% | 265 |
| Other current provisions | 506 | 456 | 11.0% | 470 |
| Current accrued liabilities | 929 | 812 | 14.5% | 842 |
| Other current liabilities | 290 | 252 | 14.5% | 241 |
| Liabilities classified as held for sale | 0 | 1 | (33.8)% | 0 |
| **Total current liabilities** | **3,642** | **3,474** | **4.9%** | **3,908** |
| | | | | |
| Long-term borrowings | 1,439 | 1,363 | 5.6% | 1,337 |
| Other non-current financial liabilities | 8 | 24 | (66.3)% | 15 |
| Pensions and similar obligations | 193 | 167 | 15.4% | 180 |
| Deferred tax liabilities | 412 | 482 | (14.6)% | 451 |
| Other non-current provisions | 36 | 23 | 58.3% | 29 |
| Non-current accrued liabilities | 36 | 37 | (2.9)% | 39 |
| Other non-current liabilities | 35 | 34 | 0.4% | 36 |
| **Total non-current liabilities** | **2,159** | **2,130** | **1.3%** | **2,087** |
| | | | | |
| Share capital | 209 | 209 | - | 209 |
| Reserves | 581 | 448 | 29.8% | 563 |
| Retained earnings | 4,329 | 3,837 | 12.8% | 3,844 |
| Shareholders' equity | 5,119 | 4,494 | 13.9% | 4,616 |
| Non-controlling interests | 8 | 7 | 10.0% | 7 |
| | | | | |
| **Total equity** | **5,127** | **4,501** | **13.9%** | **4,623** |
| | | | | |
| **Total liabilities and equity** | **10,928** | **10,105** | **8.1%** | **10,618** |
| | | | | |
| **Additional balance sheet information** | | | | |
| Operating working capital | 3,132 | 2,779 | 12.7% | 2,093 |
| Working capital | 2,592 | 2,050 | 26.4% | 1,972 |
| Net total borrowings | 750 | 903 | (16.9)% | 221 |
| Financial leverage | 14.7% | 20.1% | (5.4) PP | 4.8% |

Rounding differences may arise in percentages and totals.