

For immediate release

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First Half 2012 Results:

**Group sales increase 11% on a currency-neutral basis
Net income attributable to shareholders up 30% to € 455 million
adidas Group to achieve record sales and earnings in 2012**

- **adidas grows 14% currency-neutral year-to-date**
- **TaylorMade-adidas Golf sales increase 29% currency-neutral**
- **Operating margin up 0.7 percentage points despite gross margin decline**
- **Net borrowings down 63% to € 318 million at quarter-end**
- **Inventory growth slows to 8% currency-neutral**

adidas Group currency-neutral sales grow 7% in the second quarter of 2012

In the second quarter of 2012, Group revenues grew 7% on a currency-neutral basis, driven by double-digit sales increases in Retail and Other Businesses. Currency-neutral revenues in Western Europe increased 5%, supported by sustained momentum at adidas as well as double-digit growth at TaylorMade-adidas Golf. In European Emerging Markets, currency-neutral sales grew 18% as a result of strong increases at both adidas and Reebok. Group sales in North America grew 10% on a currency-neutral basis, supported by strong double-digit increases at TaylorMade-adidas Golf and double-digit growth at adidas. In Greater China, Group sales were up 13% on a currency-neutral basis, driven by double-digit growth at adidas as well as growth at Reebok. Currency-neutral revenues in Other Asian Markets increased 2% as double-digit growth at both adidas and TaylorMade-adidas Golf was partly offset by a strong sales decline at Reebok. In Latin America, currency-neutral sales decreased 2% as growth at adidas was more than offset by a sales decrease at Reebok. From a brand perspective, second quarter sales at adidas increased 11% currency-neutral. Sales in the TaylorMade-adidas Golf segment grew 25% on a currency-neutral basis. Reebok sales declined 26% on a currency-neutral basis, largely as a result of negative impacts from Reebok India Company and the non-recurrence of prior-year licence sales. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 15% to € 3.517 billion in the second quarter of 2012 from € 3.064 billion in 2011.

Second quarter gross margin decreases 90 basis points

The Group's gross margin decreased 0.9 percentage points to 48.2% (2011: 49.2%) in the second quarter as product price increases, a more favourable product and regional sales mix as well as a larger share of higher-margin Retail sales only partly offset a significant increase in input costs. Group gross profit increased 13% to € 1.697 billion (2011: € 1.506 billion). Other

operating expenses as a percentage of sales decreased 1.0 percentage points to 42.4% compared to 43.3% the prior year, despite a 13% increase in the Group's marketing expenditure. As a result of the lower other operating expenses as a percentage of sales, which more than offset the lower gross margin, the Group's operating margin increased to 7.3% from 7.1% in 2011. Operating profit increased 17% to € 256 million compared to € 219 million in 2011. The Group's net income attributable to shareholders grew 18% to € 165 million (2011: € 140 million). Diluted earnings per share for the second quarter increased 18% to € 0.79 (2011: € 0.67).

"We have delivered another winning financial performance in the first half of 2012," commented Herbert Hainer, adidas Group CEO. "Our clear victory in the summer of football, our increased operating margin and our excellent inventory management show we have the right formula to preserve and sustain our positive earnings and cash flow trajectory."

adidas Group currency-neutral sales increase 11% in the first half of 2012

In the first half of 2012, Group revenues increased 11% on a currency-neutral basis. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 16% to € 7.341 billion in the first half of 2012 from € 6.337 billion in 2011.

First half Group sales increase driven by double-digit growth in Retail and Other Businesses

The adidas Group's sales increase in the first half of 2012 was driven by double-digit growth in Retail as well as in Other Businesses. Currency-neutral **Wholesale** revenues increased 6% during the period, driven by double-digit sales growth at adidas. Currency-neutral **Retail** sales increased 16% versus the prior year as a result of double-digit sales growth at adidas and Reebok. Comparable store sales grew 9% on a currency-neutral basis. Revenues in **Other Businesses** increased 27% currency-neutral, mainly due to double-digit sales growth at TaylorMade-adidas Golf and Reebok-CCM Hockey. Rockport sales also grew. Currency translation effects had a positive impact on segmental sales in euro terms.

	First Half Year 2012	First Half Year 2011	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Wholesale	4,727	4,292	10	6
Retail	1,547	1,258	23	16
Other Businesses	1,067	787	36	27
Total¹⁾	7,341	6,337	16	11

First half net sales development by segment

1) Rounding differences may arise in totals.

Currency-neutral sales increase in all regions

In the first half of 2012, currency-neutral adidas Group sales grew in all regions. Revenues in **Western Europe** increased 6% on a currency-neutral basis, primarily as a result of double-digit sales growth in the UK and Poland. In **European Emerging Markets**, Group sales increased 16% on a currency-neutral basis due to double-digit growth in most of the region's markets. Sales for the adidas Group in **North America** grew 11% on a currency-neutral basis due to increases in both the USA as well as Canada. Sales in **Greater China** increased 19% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 13%, driven by strong double-digit increases in Japan and South Korea. In **Latin America**, sales grew 6% on a currency-neutral basis, with double-digit increases in most of the region's major markets. Currency translation effects had a positive impact on sales in euro terms in most regions.

	First Half Year 2012	First Half Year 2011	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Western Europe	2,098	1,961	7	6
European Emerging Markets	917	751	22	16
North America	1,728	1,452	19	11
Greater China	732	552	33	19
Other Asian Markets	1,162	956	22	13
Latin America	704	666	6	6
Total¹⁾	7,341	6,337	16	11

First half net sales development by region

1) Rounding differences may arise in totals.

Group gross margin decreases 0.8 percentage points

The gross margin of the adidas Group decreased 0.8 percentage points to 48.0% in the first half of 2012 (2011: 48.8%). The increase in input costs more than offset the positive impact from product price increases, a more favourable product and regional sales mix as well as a larger share of higher-margin Retail sales. Gross profit for the adidas Group grew 14% in the first half of 2012 to € 3.522 billion versus € 3.093 billion in the prior year.

Operating margin improves 0.7 percentage points

Group operating profit increased 25% to € 665 million in the first half of 2012 versus € 532 million in 2011. As a percentage of sales, the operating margin of the adidas Group was up 0.7 percentage points to 9.1% (2011: 8.4%). This was primarily due to the positive effects from lower other operating expenses as a percentage of sales, which more than offset the decrease in gross margin. Higher royalty and commission income as well as higher other operating income also contributed to this development. Other operating expenses as a percentage of sales decreased 1.3 percentage points to 40.3% from 41.6% in 2011. In euro terms, other operating expenses increased 12% to € 2.956 billion (2011: € 2.637 billion), as a result of the expansion of the Group's own-retail activities as well as higher marketing expenditure.

Thereof, sales and marketing working budget expenditures amounted to € 894 million, which represents an increase of 7% versus the prior year level (2011: € 832 million).

Financial income grows 29%

Financial income increased 29% to € 17 million in the first half of 2012 from € 13 million in the prior year, mainly due to an increase in interest income.

Financial expenses decrease 10%

Financial expenses decreased 10% to € 57 million in the first half of 2012 (2011: € 63 million). The decrease in negative exchange rate effects contributed to the decline.

Income before taxes as a percentage of sales increases 0.9 percentage points

Income before taxes (IBT) for the adidas Group increased 30% to € 625 million from € 482 million in 2011. IBT as a percentage of sales improved 0.9 percentage points to 8.5% in the first half of 2012 from 7.6% in 2011. This was a result of the Group's operating margin increase and lower net financial expenses.

Net income attributable to shareholders up 30%

The Group's net income attributable to shareholders increased to € 455 million in the first half of 2012 from € 349 million in 2011. This represents an increase of 30% versus the prior year level. Higher IBT was the primary reason for this development. The Group's tax rate decreased 0.1 percentage points to 27.4% in the first half of 2012 (2011: 27.5%), mainly due to a more favourable earnings mix.

Basic and diluted earnings per share reach € 2.17

In the first half of 2012, basic and diluted earnings per share amounted to € 2.17 (2011: € 1.67), representing an increase of 30%. The weighted average number of shares used in the calculation of both basic and diluted earnings per share was 209,216,186 (2011 average: 209,216,186) as there were no potential dilutive shares in the half year.

Group inventories up 8% currency-neutral

Group inventories increased 14% to € 2.702 billion at the end of June 2012 versus € 2.376 billion in 2011. On a currency-neutral basis, inventories grew 8%, reflecting input cost increases as well as our expectations for continued growth in the coming quarters.

Accounts receivable increase 5% currency-neutral

At the end of June 2012, Group receivables increased 11% to € 2.245 billion (2011: € 2.023 billion) as a result of the Group sales growth. On a currency-neutral basis, receivables were up 5%. This growth is only slightly higher than

the 4% currency-neutral wholesale-related sales increase in the second quarter of 2012.

Net borrowings decrease € 546 million

Net borrowings at June 30, 2012 amounted to € 318 million, which represents a decrease of € 546 million, or 63%, versus € 863 million at the end of June 2011. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a positive effect in an amount of € 107 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.2 at the end of June 2012 versus 0.7 in the prior year.

adidas Group adjusts guidance for the full year 2012

The strong first half of 2012 has set the adidas Group up for another year of record financial results. Compared to the previous guidance, Management has decided to adjust the full year 2012 adidas Group sales guidance. Management continues to forecast **adidas Group** sales to increase at a rate approaching 10% on a currency-neutral basis in 2012. Despite the high degree of uncertainty regarding the global economic outlook and consumer spending, Group sales development will be favourably impacted by its high exposure to fast-growing emerging markets as well as the further expansion of Retail. In addition, this year's major sporting events will provide positive stimulus to Group sales. Currency-neutral **Wholesale** segment revenues are now projected to increase at a mid-single-digit rate compared to the prior year (previously: mid- to high-single-digit rate). The lower growth expectation reflects the negative impact from the commercial irregularities discovered at Reebok India Company. adidas Group currency-neutral **Retail** segment sales are projected to grow at a low-teens rate in 2012. Expansion of the Group's own-retail store base and comparable store sales are expected to contribute at a similar rate to the revenue growth. Revenues of **Other Businesses** are now expected to increase at a high-teens rate (previously: low-teens rate) on a currency-neutral basis.

In 2012, the adidas Group gross margin is forecasted to be around 47.5% (2011: 47.5%). While gross margin in the Retail segment as well as Other Businesses is expected to improve, gross margin in the Wholesale segment is forecasted to decline. As in the prior year, gross margin development will be negatively impacted by increasing input and labour costs year-over-year, particularly in the first half of 2012. However, these negative influences will be largely offset by positive regional mix effects, as growth rates in high-margin emerging markets are projected to be above growth rates in more mature markets.

The adidas Group's other operating expenses as a percentage of sales are expected to decrease modestly (2011: 41.4%). Sales and marketing working budget expenses as a percentage of sales are projected to be at a similar

level compared to the prior year. Marketing investments will be centred around key sporting events such as the UEFA EURO 2012™ and the London 2012 Olympic Games to leverage the outstanding visibility of the adidas brand during these events. Further, the Group will continue to support Reebok's growth strategy in the men's and women's fitness category and will also invest in growing the Group's key attack markets North America, Greater China and Russia/CIS. Operating overhead expenditure as a percentage of sales is forecasted to decline in 2012. Higher administrative and personnel expenses in the Retail segment due to the planned expansion of the Group's store base will be offset by leverage in the Group's non-allocated central costs.

In 2012, the operating margin for the adidas Group is expected to increase to a level approaching 8.0% (2011: 7.6%) despite a projected negative impact of up to € 70 million euro on Group operating profit related to the reorganisation and changes to commercial activities at Reebok India Company. Lower other operating expenses as a percentage of sales are expected to be the primary driver of the operating margin improvement.

As a result, net income attributable to shareholders is now projected to increase at a rate of 15% to 17% to a level between € 770 million and € 785 million (previously: increase at a rate of 12% to 17% to a level between € 750 million and € 785 million). This equates to basic earnings per share between € 3.68 and € 3.75 (previously: € 3.58 and € 3.75). Top-line improvement and an increased operating margin will be the primary drivers of this positive development. In addition, the Group expects lower interest rate expenses in 2012 as a result of a lower average level of gross borrowings. The Group tax rate is expected to be slightly less favourable compared to the prior year, at a level around 28.5% (2011: 27.7%).

Herbert Hainer stated: "Right at this very moment, we are capitalising on our involvement in the London Olympic Games, an event that echoes the shared values of our Group: performance, passion, integrity and diversity. I have no doubt that this excellent event in London will inspire a generation to get into sport and provide further impetus to the global mega-trend towards sport and healthier living. We will harness this energy across our portfolio of brands and will use it to sustain our success as we strive to achieve our Route 2015 aspirations."

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adidas AG Consolidated Income Statement (IFRS)

€ in millions	Second quarter 2012	Second quarter 2011	Change
Net sales	3,517	3,064	14.8%
Cost of sales	1,820	1,558	16.8%
Gross profit	1,697	1,506	12.7%
<i>(% of net sales)</i>	48.2%	49.2%	(0.9)pp
Royalty and commission income	27	22	23.2%
Other operating income	22	19	20.5%
Other operating expenses	1,490	1,328	12.2%
<i>(% of net sales)</i>	42.4%	43.3%	(1.0)pp
Operating profit	256	219	17.1%
<i>(% of net sales)</i>	7.3%	7.1%	0.1pp
Financial income	8	8	0.1%
Financial expenses	29	30	(4.0)%
Income before taxes	235	197	19.6%
<i>(% of net sales)</i>	6.7%	6.4%	0.3pp
Income taxes	71	57	26.1%
<i>(% of income before taxes)</i>	30.5%	29.0%	1.6pp
Net income	164	140	17.0%
<i>(% of net sales)</i>	4.6%	4.6%	0.1pp
Net income attributable to shareholders	165	140	17.9%
<i>(% of net sales)</i>	4.7%	4.6%	0.1pp
Net income attributable to non-controlling interests	(1)	(0)	(656.9)%
Basic earnings per share (in €)	0.79	0.67	17.9%
Diluted earnings per share (in €)	0.79	0.67	17.9%

Net Sales

€ in millions	Second quarter 2012	Second quarter 2011	Change	Change (currency-neutral)
Wholesale	2,113	1,973	7.1%	1.0%
Retail	854	681	25.4%	16.1%
Other Businesses	550	410	34.2%	22.2%
Western Europe	924	867	6.6%	5.1%
European Emerging Markets	487	380	28.2%	18.1%
North America	859	701	22.5%	9.8%
Greater China	347	268	29.4%	13.0%
Other Asian Markets	568	509	11.5%	1.9%
Latin America	332	338	(1.9)%	(1.9)%
adidas	2,649	2,234	18.6%	11.4%
Reebok	336	427	(21.3)%	(26.2)%
TaylorMade-adidas Golf	401	288	38.9%	25.4%
Rockport	67	59	13.3%	2.8%
Reebok-CCM Hockey	64	56	15.8%	9.6%

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions	First half year 2012	First half year 2011	Change
Net sales	7,341	6,337	15.8%
Cost of sales	3,819	3,244	17.7%
Gross profit	3,522	3,093	13.9%
<i>(% of net sales)</i>	48.0%	48.8%	(0.8)pp
Royalty and commission income	52	40	28.1%
Other operating income	47	36	31.7%
Other operating expenses	2,956	2,637	12.1%
<i>(% of net sales)</i>	40.3%	41.6%	(1.3)pp
Operating profit	665	532	24.9%
<i>(% of net sales)</i>	9.1%	8.4%	0.7pp
Financial income	17	13	28.7%
Financial expenses	57	63	(9.9)%
Income before taxes	625	482	29.6%
<i>(% of net sales)</i>	8.5%	7.6%	0.9pp
Income taxes	171	133	29.1%
<i>(% of income before taxes)</i>	27.4%	27.5%	(0.1)pp
Net income	454	349	29.8%
<i>(% of net sales)</i>	6.2%	5.5%	0.7pp
Net income attributable to shareholders	455	349	30.1%
<i>(% of net sales)</i>	6.2%	5.5%	0.7pp
Net income attributable to non-controlling interests	(1)	0	(631.6)%
Basic earnings per share (in €)	2.17	1.67	30.1%
Diluted earnings per share (in €)	2.17	1.67	30.1%

Net Sales

€ in millions	First half year 2012	First half year 2011	Change	Change (currency-neutral)
Wholesale	4,727	4,292	10.1%	6.0%
Retail	1,547	1,258	22.9%	16.2%
Other Businesses	1,067	787	35.6%	26.7%
Western Europe	2,098	1,961	7.0%	6.1%
European Emerging Markets	917	751	22.1%	16.4%
North America	1,728	1,452	19.0%	10.5%
Greater China	732	552	32.6%	19.4%
Other Asian Markets	1,162	956	21.6%	13.1%
Latin America	704	666	5.7%	6.0%
adidas	5,537	4,673	18.5%	13.6%
Reebok	787	904	(12.9)%	(16.4)%
TaylorMade-adidas Golf	788	570	38.3%	28.6%
Rockport	127	114	12.3%	4.8%
Reebok-CCM Hockey	102	77	31.8%	25.7%

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	30 June 2012	30 June 2011	Change in %	31 December 2011
Cash and cash equivalents	1,013	451	124.8	906
Short-term financial assets	377	267	41.3	465
Accounts receivable	2,245	2,023	11.0	1,707
Other current financial assets	256	162	58.0	304
Inventories	2,702	2,376	13.7	2,482
Income tax receivables	57	53	8.4	77
Other current assets	482	433	11.2	469
Assets classified as held for sale	25	30	(17.2)	25
Total current assets	7,157	5,795	23.5	6,435
Property, plant and equipment	1,003	836	20.0	963
Goodwill	1,604	1,479	8.5	1,580
Trademarks	1,555	1,338	16.2	1,503
Other intangible assets	156	130	20.2	160
Long-term financial assets	103	95	8.1	97
Other non-current financial assets	33	36	(9.5)	42
Deferred tax assets	515	456	12.8	493
Other non-current assets	111	100	12.1	107
Total non-current assets	5,080	4,470	13.6	4,945
Total assets	12,237	10,265	19.2	11,380
Short-term borrowings	495	158	213.0	289
Accounts payable	1,873	1,605	16.7	1,886
Other current financial liabilities	73	137	(46.3)	56
Income taxes	260	230	13.0	252
Other current provisions	502	449	11.8	507
Current accrued liabilities	1,051	843	24.8	990
Other current liabilities	317	265	19.3	301
Liabilities classified as held for sale	0	0	(27.7)	0
Total current liabilities	4,571	3,687	24.0	4,281
Long-term borrowings	1,214	1,423	(14.7)	991
Other non-current financial liabilities	6	15	(59.2)	6
Pensions and similar obligations	215	188	14.5	205
Deferred tax liabilities	424	378	12.3	430
Other non-current provisions	48	36	33.8	55
Non-current accrued liabilities	33	35	(6.5)	45
Other non-current liabilities	35	29	18.4	36
Total non-current liabilities	1,975	2,104	(6.1)	1,768
Share capital	209	209	-	209
Reserves	885	231	282.8	770
Retained earnings	4,594	4,027	14.1	4,348
Shareholders' equity	5,688	4,467	27.3	5,327
Non-controlling interests	3	7	(57.4)	4
Total equity	5,691	4,474	27.2	5,331
Total liabilities and equity	12,237	10,265	19.2	11,380
Additional balance sheet information				
Operating working capital	3,073	2,795	10.0	2,303
Working capital	2,586	2,109	22.6	2,154
Net total borrowings	318	863	(63.2)	(90)
Financial leverage	5.6%	19.3%	(13.7)pp	(1.7)%

Rounding differences may arise in percentages and totals.