adidas
GROUP

Nine Months Report 2011

FIT FOR THE FUTURE

Table of Contents

Nine months results at a glance 01
€ in millions

	Nine months 2011	Nine months 2010	Change	Third quarter 2011	Third quarter 2010	Change
Group						
Net sales	10,081	9,059	11.3%	3,744	3,468	8.0%
Gross profit	4,855	4,368	11.1%	1,762	1,641	7.4%
Gross margin	48.2%	48.2%	(0.1 pp)	47.1%	47.3%	(0.3 pp)
Operating profit	973	865	12.5%	441	411	7.3%
Operating margin	9.7%	9.6%	0.1 pp	11.8%	11.8%	(0.1 pp)
Wholesale						
Net sales	6,869	6,247	10.0%	2,577	2,421	6.4%
Gross profit	2,821	2,622	7.6%	1,041	1,014	2.7%
Gross margin	41.1%	42.0%	(0.9 pp)	40.4%	41.9%	(1.5 pp)
Segmental operating profit	2,201	2,047	7.5%	813	813	(0.0%)
Segmental operating margin	32.0%	32.8%	(0.7 pp)	31.6%	33.6%	(2.0 pp)
Retail						
Net sales	2,015	1,725	16.8%	757	665	13.8%
Gross profit	1,273	1,064	19.7%	472	405	16.5%
Gross margin	63.2%	61.7%	1.5 pp	62.3%	60.9%	1.4 pp
Segmental operating profit	437	348	25.3%	175	149	17.4%
Segmental operating margin	21.7%	20.2%	1.5 pp	23.2%	22.5%	0.7 pp
Other Businesses						
Net sales	1,197	1,086	10.3%	411	382	7.3%
Gross profit	532	487	9.3%	176	173	1.6%
Gross margin	44.4%	44.8%	(0.4 pp)	42.9%	45.3%	(2.4 pp)
Segmental operating profit	337	307	9.8%	117	110	5.7%
Segmental operating margin	28.1%	28.3%	(0.1 pp)	28.4%	28.8%	(0.4 pp)
Sales by Brand						
adidas	7,467	6,624	12.7%	2,794	2,523	10.7%
Reebok	1,467	1,396	5.1%	564	585	(3.7%)
TaylorMade-adidas Golf	814	713	14.1%	244	221	10.3%
Rockport	186	187	(0.3%)	72	73	(0.8%)
Reebok-CCM Hockey	148	138	6.7%	70	66	7.1%

Rounding differences may arise in percentages and totals.

Financial Highlights (IFRS)

02

	Nine months 2011	Nine months 2010	Change	Third quarter 2011	Third quarter 2010	Change
Operating Highlights (€ in millions)						
Net sales	10,081	9,059	11.3%	3,744	3,468	8.0%
EBITDA	1,135	1,065	6.5%	497	481	3.4%
Operating profit	973	865	12.5%	441	411	7.3%
Net income attributable to shareholders	652	560	16.4%	303	266	14.1%
Key Ratios (%)						
Gross margin	48.2%	48.2%	(0.1pp)	47.1%	47.3%	(0.3pp)
Other operating expenses as a percentage of net sales	39.6%	40.5%	(0.8pp)	36.3%	36.8%	(0.5pp)
Operating margin	9.7%	9.6%	0.1pp	11.8%	11.8%	(0.1pp)
Effective tax rate	27.4%	29.7%	(2.3pp)	27.3%	30.0%	(2.7pp)
Net income attributable to shareholders as a percentage of net sales	6.5%	6.2%	0.3pp	8.1%	7.7%	0.4pp
Operating working capital as a percentage of net sales [1]	20.9%	20.9%	0.0pp			
Equity ratio	46.9%	44.5%	2.4pp			
Net borrowings/EBITDA [2]	0.6	0.7	(0.1)			
Financial leverage	14.7%	20.1%	(5.4pp)			
Return on equity	12.7%	12.5%	0.3pp			
Balance Sheet and Cash Flow Data (€ in millions)						
Total assets	10,928	10,105	8.1%			
Inventories	2,302	1,926	19.5%			
Receivables and other current assets	3,049	2,794	9.1%			
Working capital	2,592	2,050	26.4%			
Net borrowings	750	903	(16.9)%			
Shareholders' equity	5,119	4,494	13.9%			
Capital expenditure	202	133	52.5%	78	52	49.0%
Net cash used in operating activities	(163)	174	(194%)			
Per Share of Common Stock (€)						
Basic earnings	3.12	2.68	16.4%	1.45	1.27	14.1%
Diluted earnings	3.12	2.68	16.4%	1.45	1.27	14.1%
Operating cash flow	(0.78)	0.83	(194%)			
Share price at end of period	45.78	45.41	0.8%			
Other (at end of period)						
Number of employees	48,547	42,659	13.8%			
Number of shares outstanding	209,216,186	209,216,186	—	209,216,186	209,216,186	—
Average number of shares	209,216,186	209,216,186	—	209,216,186	209,216,186	—

Nine months net sales

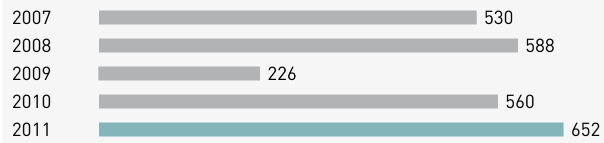
€ in millions

03

Nine months net income attributable to shareholders

€ in millions

04



Rounding differences may arise in percentages and totals.
All Group figures comprise the reported segments and HQ/Consolidation.
1) Twelve-month trailing average.
2) EBITDA of last twelve months.

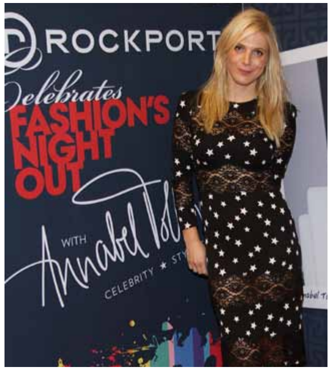
Operational and Sporting Highlights

01

03

05

02



04

06

Third quarter 2011

July

04.07. Around 1,700 adidas Group employees from the Marketing, Design, Product Development and Global Operations departments move into Laces – a new, state-of-the-art building at the World of Sports, the adidas Group's headquarters in Herzogenaurach, Germany. Laces comprises seven levels and covers a total area of 61,900m² ⋙ Picture 01. **17.07.** The adidas sponsored Japanese national women's football team triumphs in the FIFA Women's World Cup 2011 Final in Frankfurt, Germany ⋙ Picture 02. **17.07.** TaylorMade Tour Staff Professional Darren Clarke wins the British Open. His equipment for the tournament includes the TaylorMade R11 driver and the Penta TP ball. **19.07.** Reebok launches its new campaign "Reethym of Lite" in New York City. The renowned producer, artist and designer Swizz Beatz is the Creative Director of the campaign. **31.07.** The final of the 2011 Reebok CrossFit Games takes place in Carson, California, in front of 8,000 enthusiastic spectators. The winners are Reebok sponsored Rich Froning Jr. and Annie Thorisdottir. They are crowned "Fittest on Earth".

August

01.08. Following the outstanding success of the R11 driver, TaylorMade introduces the new R11 iron ⋙ Picture 03. **25.08.** The first Reebok products with Better Cotton are now in stores. The adidas Group has committed to using 100% Better Cotton by 2018 and is one of the co-founders of the Better Cotton Initiative (BCI), which aims to sustainably improve environmental conditions in the conventional cotton industry. **27.08.** The 13th IAAF World Championships open in Daegu, Korea. A total of 33 medals go to adidas sponsored athletes. **28.08.** Yohan Blake takes gold in the 100m sprint at the World Athletics Championships, wearing the adizero Prime track shoe. **31.08.** In this year's manager magazin ranking "The Best Annual Reports 2011", the adidas Group is second in the DAX category and second overall.

September

08.09. For the twelfth consecutive time, adidas AG is selected to join the Dow Jones Sustainability Group Indexes (DJSGI). adidas is rated as industry leader in the category "Clothing, Accessories & Footwear" for the eighth time. **08.09.** Rockport and brand ambassador Annabel Tollman partnering with Dylan's Candy Bar organise the "May each step you take be sweet" event on the occasion of "Fashion's Night Out" in New York City ⋙ Picture 04. **11.09.** Y-3 presents its spring/summer 2012 collection at New York City's Fashion Week. **25.09.** At the 38th BMW Berlin Marathon, Patrick Makau sets a new world record wearing the adizero adios 2 running shoe. adidas is the official partner of the event, in which around 40,000 runners compete ⋙ Picture 05. **29.09.** adidas unveils the adizero f50 powered by miCoach. With its integrated miCoach SPEED_CELL in the outsole, this football boot also acts as a digital training tool. Its many features include the possibility to record the number of sprints and the player's speed ⋙ Picture 06.

Interview with the CEO

In the first nine months of 2011, the adidas Group excelled, achieving record financial results. The desirability of the Group's brands and its powerful global presence are reflected by strong sales growth in all geographies. Despite significant input cost headwinds, the Group was able to maintain gross margins. And by leveraging operating costs, Group earnings per share expanded 16%. With the clear focus on driving "Route 2015" and excitement building ahead of next year's major sports events, the adidas Group will not only exceed its original expectations for 2011, but is set to deliver another strong performance in 2012.

In the following interview, Herbert Hainer, adidas Group CEO, reviews the first nine months of 2011 and discusses the opportunities and challenges the Group faces for the remainder of the year and beyond.

Herbert, the adidas Group has delivered another record quarter of revenues. What is the key reason for the strong growth rates you are currently enjoying?

The key driver is definitely the consumer appeal of our brands. Our strong product proposition across all brands, with their innovative design and technologies, authentic heritages and creative messaging, is resonating with consumers around the world like never before. Our record third quarter sales of € 3.7 billion, which were up 13% currency-neutral, are a clear testament to this unprecedented demand for products across our entire portfolio. The growth we are enjoying is also broad-based and not dependent on any particular geography, channel or market. In particular, our so-called "attack markets" of North America, up 13%, Greater China, also up 13%, and Russia/CIS, with an increase of 23%, are on fire. And even in Western Europe, we were able to grow sales by 10%. This is especially pleasing as each market is not without its challenges, whether it be due to overall macroeconomic conditions, stalling consumer confidence or struggling regional competitors. This demonstrates the traction we are having around the world as we start turning our "Route 2015" strategic vision into reality – increasing our speed, consistency and consumer focus.

Gross margins have proven difficult for several industry peers this year. Have you successfully managed to tackle the challenges?

Through hard work and discipline, we have set the standard in our industry for gross margin management this year. Like others, we faced significant pressures from rising input costs which increased substantially during 2010 and at the beginning of this year. In the third quarter, the negative net impact from input costs was 3.2 percentage points and almost 2 percentage points for the first nine months. Through the strength of our brands, fast growth in the emerging markets and excellent execution by our sales and own-retail organisation, we have been able to fully mitigate these effects, keeping our gross margin flat at 48.2% for the nine-month period. Particularly important have been improvements in our Retail and Reebok gross margins, which increased 1.5 percentage points and 1.2 percentage points, respectively. In Retail, we have benefited strongly from the strategies to improve and professionalise our business. This is clearly seen in the tremendous comparable store sales, which are up 15% year-to-date, driven by rising average ticket values, which has a significant positive impact on profitability. And at Reebok, strong product introductions through the Zig and RealFlex platforms as well as growth again in the high-margin Classics category have ensured we continue to narrow the gap to the adidas brand. This, as you may know, is a key source of Group profitability potential over the long term.

There have also been some concerns about inventory growth levels following your last results. Are you comfortable with where you are now on this front?

Absolutely. When it comes to working capital management, including inventories, I am very satisfied with where we stand. Our ratio of average operating working capital to sales is at a similar level compared to the prior year at 20.9%, which is close to our record lows. For inventories in particular, we are right in line with our guidance, with the growth rate slowing to 20% currency-neutral from 26% in the prior quarter. Looking deeper, if you take the value inflation in our inventories caused by input cost increases into account, then our inventories are actually up only in the low teens. Given the good ageing profile and our growth prospects for the fourth quarter and the year ahead, I do not believe there is anything to be concerned about.

In terms of driving brand appeal, adidas launched the largest brand campaign in its history this year. Can you tell us a little bit about this campaign and if it is living up to expectations?

Not only is the "all in" campaign the biggest adidas brand campaign we have ever initiated globally, it is the first campaign that really captures the breadth, diversity and heritage of our great brand. At the heart of this campaign is passion – a word that is synonymous with adidas – love of the game, no matter the game. Another key aspect is the focus on attracting the youth or next generation consumer. Like adidas, our audience has many different facets and interests. So to capture their attention and connect with them, we present a wide spectrum of activities from the sports ground to the street, in different social settings using iconic personalities that inspire and are easy to identify with, such as Lionel Messi, Katy Perry and David Beckham. The feedback we have received and the analysis we have carried out confirm that we have significantly increased brand awareness and engagement particularly with the younger consumer and in the emerging markets. Unsurprisingly, digital was a major source of impact. The power of connections, which are at the heart of social media, spread the brand message like wildfire as fans shared, liked, posted, blogged, linked and tweeted about the campaign. As a result, we have seen a far higher growth rate in fans and viewers on various social media platforms compared with similar brands, with more than 20 million fans now on Facebook and over 15 million views of our campaign on YouTube. And I am convinced this campaign has in no small way been a big driver of the 14% currency-neutral growth for adidas in the first nine months of the year.

On September 28, 2011, the Federal Trade Commission (FTC) charged Reebok US $ 25 million, due to incorrect claims made by its advertising for its toning products. How will this impact the toning category?

First of all, you have to understand the motivation behind the category and the overall concept of toning. Like everything at the adidas Group, the consumer is always at the heart of everything we do. The idea to create a collection of toning products initially came from consumer research into how we as a sporting goods brand could better serve the female consumer. This research determined that exercising with the goal of toning was a need not being appropriately addressed. Therefore, we designed our toning products to be functional without compromising on comfort and style. Looking at the FTC situation, the key facts of the investigation and settlement thereof were related to the FTC's allegations regarding a specific first generation EasyTone advertising campaign, which we stopped using quite some time ago. The allegations suggested that the testing we conducted did not substantiate certain claims used in the advertising. In order to avoid a protracted legal dispute, we chose to settle with the FTC. However, settling does not mean we agree with their position; because we do not. And more importantly, the settlement has not changed our attitude towards the viability of toning. We remain fully committed to the category and the reason is simple: The overwhelming and enthusiastic feedback we received from consumers has demonstrated that our unique Moving Air technology is leading in terms of functionality, design and comfort. And we will continue to serve and satisfy this important consumer need both today and in the seasons ahead.

Will the current standoff between the NBA and the players impact the adidas basketball business in a significant way this year?

While the situation is certainly frustrating for everybody involved, in particular the fans, basketball is not just about the NBA. It is a sport that is loved and played all over the world and has a huge impact on fashion and street style. The global game has never been stronger, with the number of players growing at a rapid rate. And participation even in the US also continues to increase with now more than 28 million people playing the sport. While we will certainly see some negative impact on sales in the coming quarters on the licensed apparel piece of our business, we nevertheless expect to continue capitalising on the strong product momentum we have in footwear, which represents around 60% of sales for us in the category. This has been driving the great momentum we have enjoyed in the category so far this year with growth of 11% currency-neutral in the first nine months. This summer's launch of the US $ 130 adizero Crazy Light beat all of our expectations, with 75% of products sold through in just 45 days. At the end of September, we generated another milestone for the category with our first ever social media driven interactive product introduction for the adizero Rose 2. This is the latest signature shoe for the youngest ever MVP Derrick Rose of the Chicago Bulls. With a dedicated marketing campaign, "The Bull", which has already been viewed 2.8 million times on YouTube, as a centrepiece, early sales are very strong. With several other product introductions still to come, such as the adiPower Howard basketball shoe, the off-court activation of our assets, which we continue to do around the world, such as the visits by Derrick Rose and Dwight Howard to China, as well as the great on-court presence we will enjoy with our college programmes and international teams, I am convinced our success in the category will continue with limited disruption.

With the draw for the UEFA EURO 2012 finals a few weeks away, excitement is building for the major event year ahead. What are your aspirations for the event and for the football category?

There is no doubt that a key competitive advantage of our Group is the tremendous experience and know-how we have gained from our long tradition of partnering with such major sports events. As the official sponsor of UEFA EURO 2012, and with six teams qualified (Ukraine, Spain, Germany, Russia, Greece, Denmark), the stage is set for us to again showcase why we are at the very heart of the world's greatest sport. This starts and finishes with the best and most innovative products. And here I can tell you that adidas will once again bring about a wave of change and new innovation to create excitement above and beyond anything ever seen before. As I teased in May, the first "football boot with a brain", the adizero f50 powered by miCoach, will be available at retail from November 15. Not only is the 165 gram ultra-lightweight boot the fastest in the game, it is now also the smartest. Containing a data collection device – the miCoach Speedpod – in the sole, the user can wirelessly upload performance data like distance, sprint count and speed to the miCoach online platform. Users can then, among other things, analyse their performance, get personalised coaching from the miCoach website, compare themselves to their favourite adidas football hero, share their stats with friends on Facebook or play the miCoach football video game using their own real-life abilities. In addition, we will launch the new official match ball at the draw for the finals in Kiev on December 2, following the presentation of the home jerseys for our six qualified teams in mid-November. And this is just the beginning. We will introduce new products each and every month in the lead-up to the event, including the new Predator football boot. All in all, this European Championship will mark our biggest ever football year, as we plan to eclipse the record sales of more than € 1.5 billion in the football category generated in the World Cup year 2010.

Given the strong performance year-to-date and the visibility you now have for the remainder of the year, have you changed your guidance for 2011?

With strong first nine months behind us and clear visibility on the rest of the year, we will finish the year well above our initial expectations. We will achieve new record sales of over € 13 billion, with a currency-neutral growth rate approaching 12%. Gross margin will be between 47.5% and 48.0% and the operating margin will increase to a level between 7.5% and 8.0%. As a result of lower interest expenses in 2011 due to a lower average level of net borrowings and a lower tax rate than the prior year level of 29.5%, we will achieve new record net income attributable to shareholders of around € 660 million, which is 16% higher than 2010. This translates into earnings per share at a level of around € 3.15 compared to € 2.71 in 2010.

Last quarter, you mentioned that the biggest risk you face is the uncertainty in the macroeconomic environment. With many investors trying to draw comparisons with 2009, what is different for the adidas Group going into 2012?

There is no doubt that the adidas Group is in a much stronger position compared to three years ago, and several reasons come to mind. First of all, 2009 showed the resilience of the sporting goods industry. We only had a sales decline of 6% currency-neutral, which relative to peers and other consumer industries was a good performance. Secondly, Reebok, which suffered a significant gross margin decline, has become a much stronger brand with a clear and consumer-relevant positioning supported by powerful product platforms. Thirdly, in Greater China, we are not facing any inventory oversupply challenges, which was the key driver of the 16% currency-neutral sales decline in 2009. Over the last 18 months, we have significantly rationalised and cleaned up our retail footprint and put better inventory controls in place. Given the strong brand momentum and market share gains we have seen over the past year, I see no reason why our success won't continue in line with our Route 2015 guidance. Fourthly, the Russian rouble devaluation versus the US dollar cost us almost € 200 million in profits in 2009. While we are still exposed to rapid movements in this currency, I believe we have taken the right steps that put us in a better position to weather any storms on that front. Fifthly, in North America, where sales declined 10% in 2009, both of our brands adidas and Reebok are enjoying strong momentum, particularly in the critical mall-based retail channel. Sixth, we have significantly improved our balance sheet, with a strong reduction in net debt and tighter control of inventories. Also, the professionalisation of own retail and the expansion of our retail space management programmes are giving us improved early warning visibility. And finally, 2012 unlike 2009 is an event year. With the UEFA EURO 2012 and the London 2012 Olympic Games both taking place in Europe – probably the region most at risk from economic pressure – we have a certain downside risk protection given the importance of both these events for retailers and consumers alike.

Therefore, not only are we confident we will continue to perform well in 2012 – we will get even stronger. And that is why we are already able to give ambitious top- and bottom-line guidance for next year: As long as there are no severe economic shocks, we project adidas Group sales to increase at a mid- to high-single-digit rate on a currency-neutral basis and earnings to grow faster than sales, at a rate between 10% and 15%, making 2012 another record year for the adidas Group.

Herbert, thank you for this interview.

Our Share

In the third quarter of 2011, international stock markets suffered significant losses in light of recessionary fears due to the worsening sovereign debt crisis in the euro area. The downgrading of the US debt rating by Standard & Poor's also added to the equity market turmoil. Accordingly, the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index declined a substantial 25% and 21%, respectively, compared to the end of June. The adidas AG share, however, clearly outperformed both indices over the three-month period, decreasing 16%.

Stock markets crash globally in the third quarter

International stock markets lost significantly in the third quarter of 2011. The key negative catalyst during the period continued to be the unresolved sovereign debt crisis in the euro area. Despite policymakers' decision on a second bailout package for Greece in mid-July as well as the ECB's move to buy Italian and Spanish government bonds to prevent a further escalation of the crisis, investors' concerns with regard to the economic outlook, in particular for the euro area, worsened substantially. In addition, the downgrade of the US debt rating by Standard & Poor's at the beginning of August unsettled equity markets, with risk aversion rising strongly among market participants. Recessionary fears were also sparked by deteriorating leading economic indicators, such as the US consumer confidence index, which declined to its lowest level in three decades. As a result of these developments, the DAX-30 suffered its highest quarterly loss since the third quarter of 2002, declining 25%, and ended the quarter at 5,502 points. The Dow Jones Index and the MSCI World Textiles, Apparel & Luxury Goods Index, which comprises the Group's main competitors, lost 12% and 21%, respectively.

adidas AG share outperforms market in the third quarter

The adidas AG share began the third quarter positively and closed at an all-time high of € 57.42 on July 15, 2011. However, in mid-July, market speculation regarding the Group's second quarter results as well as fears of a decrease in the full year outlook led to share price declines. The first half year results, which were published on August 4, were well received by market participants and supported the adidas AG share, which decreased only 0.6% during a very challenging trading day on the DAX-30, which lost 3.4% on that same day. Within the set of results, analysts particularly acknowledged the strong sales momentum in the key attack markets Russia/CIS and Greater China as well as the gross margin increase in the second quarter.

Similarly, the more optimistic outlook for the full year 2011 increased investors' confidence. Amid favourable market comments as well as positive results from key retail customers, the adidas AG share outperformed the general market in the following weeks, and lost only slightly. During September, however, due to a lack of positive catalysts, the share price developed in line with the very weak equity market trends. Accordingly, the adidas AG share finished the three-month period at € 45.78, losing 16% compared to the end of June 2011 but thereby outperforming the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index for the period. Since the end of 2010, the adidas AG share price has decreased 6%, whereas the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index have declined 20% and 12%, respectively.

The adidas AG share 05

Number of shares outstanding	
Third quarter average	209,216,186
At September 30 [1]	209,216,186
Type of share	Registered no-par-value share
Free float	100%
Initial Public Offering	November 17, 1995
Share split	June 6, 2006 (in a ratio of 1:4)
Stock exchange	All German stock exchanges
Stock registration number (ISIN)	DE000A1EWWW0
Stock symbol	ADS, ADSGn.DE
Important indices	DAX-30
	MSCI World Textiles, Apparel & Luxury Goods
	Deutsche Börse Prime Consumer
	Dow Jones STOXX
	Dow Jones EURO STOXX
	Dow Jones Sustainability
	FTSE4Good Europe
	Ethibel Index Excellence Europe
	ASPI Eurozone Index
	ECPI Ethical Index EMU
	STOXX Global ESG Leaders

1) All shares carry full dividend rights.

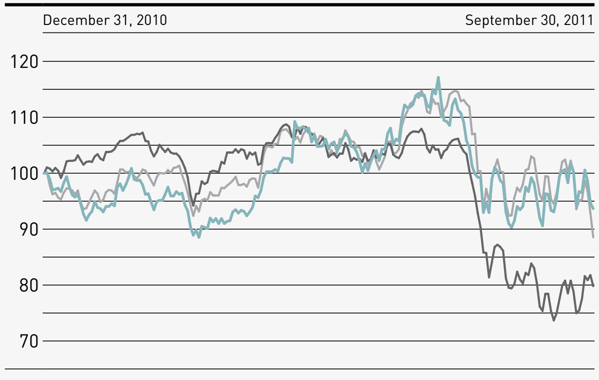
Number of ADRs increases

The number of Level 1 ADRs (American Depository Receipts) increased markedly during the three-month period compared to the end of June 2011. At September 30, 2011, 10.0 million ADRs were outstanding (June 30, 2011: 8.9 million), which also represents a significant increase versus September 30, 2010, when 6.2 million ADRs were outstanding. The Level 1 ADR closed the quarter at US $ 30.39, reflecting a decrease of 24% compared to the end of June 2011. The more pronounced decrease of the Level 1 ADR price compared to the decrease of the ordinary share price was due to the appreciation of the US dollar versus the euro during the third quarter.

adidas AG included in Dow Jones Sustainability Indexes

For the twelfth consecutive time, adidas AG has been selected to join the Dow Jones Sustainability Indexes (DJSI), the world's first global sustainability index family tracking the performance of the leading sustainability-driven companies worldwide. In the category "Clothing, Accessories & Footwear", adidas AG was rated as industry leader in sustainability issues and corporate responsibility for the eighth time. In addition, as of September 2011, adidas AG is a constituent of the STOXX Global ESG Leaders indices. The index family is made up of three specialised indices for the categories environmental, social and governance (ESG), and one broad index which sums up the specialised indices. In detail, these are the STOXX Global ESG Environmental Leaders, STOXX Global ESG Social Leaders, STOXX Global ESG Governance Leaders and STOXX Global ESG Leaders indices. The index family is based on relevant key performance indicators (KPIs) provided by the index partner Sustainalytics, a leading global provider of ESG research and analysis.

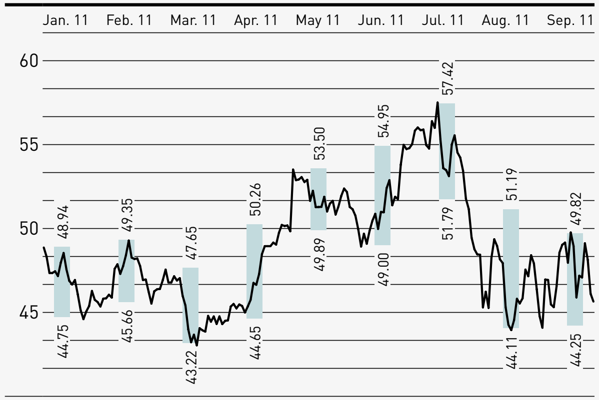
Share price development in 2011 [1] **06**



1) Index: December 31, 2010 = 100.

adidas AG high and low share prices per month [1] **07**

in €



1) Based on daily closing prices.
Source: Bloomberg.

Changes in shareholder base

In the third quarter of 2011, the Group received four voting rights notifications according to § 21 section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) see 08. These voting rights notifications and those received thereafter can be viewed on our corporate website www.adidas-Group.com/voting_rights_notifications.

Directors' dealings reported on corporate website

The purchase or sale of adidas AG shares (ISIN DE000A1EWWW0) or related financial instruments, as defined by § 15a WpHG, conducted by members of our Executive or Supervisory Boards, by key executives or by any person in close relationship with these persons, is reported on our website www.adidas-Group.com/directors_dealings. In the third quarter of 2011, adidas AG did not receive any such notification.

Award-winning Investor Relations activities

In September 2011, the adidas Group was ranked second in manager magazin's "Best Annual Reports 2011" competition, the most comprehensive competition of its kind in Germany and one of the most comprehensive globally. manager magazin analysed the annual reports of around 160 corporations which are included in the DAX-30, MDAX, SDAX and TecDAX. The adidas Group achieved outstanding ratings in several categories and was ranked first in terms of overall content and language.

Voting rights notifications received in Q3 2011 — 08

Date of notification	Notifying party	Threshold crossed	Voting rights of total shares outstanding	Date of change
Jul. 21, 2011	Aberdeen Asset Management PLC	>3%	5,824,490 (3.01%)	Jul. 10, 2009
Jul. 21, 2011	Aberdeen Asset Management PLC	<3%	6,065,366 (2.90%)	Apr. 6, 2011
Jul. 28, 2011	The Bank of New York Mellon Corporation and others (Correction)	Withdrawal without substitution of notifications received on Mar. 15, 2010 and Jun. 21, 2010		
Aug. 2, 2011	BlackRock, Inc.	>5%	10,549,445 (5.04%)	Jul. 27, 2011

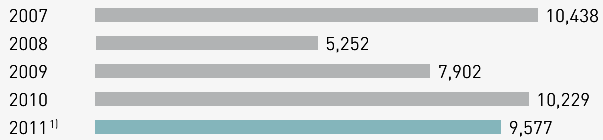
Historical performance of the adidas AG share and important indices at September 30, 2011[1] in % — 09

	YTD	1 year	3 years	5 years	since IPO
adidas AG	(6)	0	23	23	373
DAX-30	(20)	(11)	(5)	(8)	151
MSCI World Textiles, Apparel & Luxury Goods	(12)	(1)	47	37	204

1) Source: Bloomberg.

adidas AG market capitalisation at year-end — 10

€ in millions



1) September 30, 2011.

Group Business Performance

In the first nine months of 2011, the adidas Group delivered a strong financial performance. Currency-neutral Group sales increased 14% as a result of double-digit growth in the Wholesale and Retail segments as well as in Other Businesses. In euro terms, adidas Group revenues grew 11% to € 10.081 billion from € 9.059 billion in 2010. The Group's gross margin remained stable at 48.2% (2010: 48.2%), as 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. The Group's gross profit rose 11% to € 4.855 billion in the first nine months of 2011 versus € 4.368 billion in 2010. The Group's operating margin was up 0.1 percentage points to 9.7% (2010: 9.6%). This was primarily due to the positive effects from lower other operating expenses as a percentage of sales, which more than offset a decrease in other operating income. The Group's operating profit grew 12% to € 973 million in the first nine months of 2011 versus € 865 million in 2010. The Group's net income attributable to shareholders increased 16% to € 652 million from € 560 million in 2010. Diluted earnings per share grew 16% to € 3.12 in the first nine months of 2011 versus € 2.68 in 2010.

Economic and Sector Development

Global economy grows in the third quarter

In the third quarter of 2011, the global economy continued to grow, driven by industrial activity and increasing domestic consumption in the emerging markets. In the developed economies, debt concerns, austerity measures, high unemployment and sluggish private consumption negatively impacted economic growth. In Western Europe, GDP growth decelerated slightly, with the continuing expansion of Germany's economy offset by low growth levels in many of the other major regional economies. European emerging markets' GDP grew in the quarter, supported by improved consumer confidence and spending. Russia, in particular, benefited from decreasing unemployment levels and increasing domestic demand. US GDP expanded in the third quarter, albeit at a lower level than in the first half. Domestic demand slowed, as soft labour and housing markets coupled with government cut-backs continued to contribute negatively to consumer confidence and spending levels. China's economy grew strongly in the period despite credit-tightening policies implemented to control inflation pressures. Rising incomes continued to support significant increases in consumer spending which drove healthy domestic demand.

Other Asian markets, such as India and South Korea, posted solid GDP growth in the period, driven by robust export activity and increasing domestic demand. Supported by significant fiscal stimulus, Japan showed improvements in its economic performance as it recovers from the March earthquake disaster. Nonetheless, despite the increase in industrial activity and rising consumer spending, it was not enough to deliver positive GDP growth for the quarter. Domestic demand expansion in key markets drove regional GDP growth for Latin America, despite many governments implementing strict fiscal control measures to help mitigate inflationary pressures.

Consumer confidence development 11
by region

	Q3 2010	Q4 2010	Q1 2011	Q2 2011	Q3 2011
USA[1]	48.6	63.4	63.8	57.6	45.4
Euro area[2]	(11)	(11)	(11)	(10)	(19)
Japan[3]	41.4	40.2	38.3	36.2	38.5
China[4]	104.1	100.4	107.6	108.1	110.4
Russia[5]	(11)	(10)	(13)	(9)	(7)

1) Source: Conference Board.
2) Source: European Commission.
3) Source: Economic and Social Research Institute, Government of Japan.
4) Source: China National Bureau of Statistics.
5) Source: Russia Federal Service of State Statistics.

Exchange rate development 12
€ 1 equals

	Average rate 2010	Q4 2010[1]	Q1 2011[1]	Q2 2011[1]	Q3 2011[1]	Average rate 2011[2]
USD	1.3279	1.3362	1.4207	1.4453	1.3503	1.4068
GBP	0.8584	0.8608	0.8837	0.9026	0.8667	0.8712
JPY	116.56	108.65	117.61	116.25	103.79	113.30
RUB	40.303	40.820	40.285	40.400	43.041	40.466
CNY	8.9885	8.8493	9.3147	9.3534	8.5810	9.1438

1) Spot rates at quarter-end.
2) Average rate for the first nine months of 2011.

Global sporting goods industry growth continues in the third quarter

In the third quarter of 2011, the global sporting goods industry recorded robust growth. Higher volumes and slight improvements in average selling prices supported the industry's expansion. From a category perspective, running continued as the biggest growth driver in the quarter, due to the popularity of lightweight running footwear and high-performance apparel products. Additionally, outdoor and training posted robust growth and the women's segment maintained its momentum. Western Europe's sporting goods retailers recorded positive sales growth. However, consumer demand for sporting goods in some peripheral euro area countries and the UK remained challenging. In many key European emerging markets, the sporting goods sector performed strongly as improvements in consumer confidence and spending buoyed demand, especially in Russia. North American sporting goods retailers maintained positive growth, with sales trends strongest in the mall channel, supported by slight increases in average selling prices. Running (especially lightweight running), training and outdoor recorded the strongest growth, whereas equipment, particularly in the golf category, saw continued market consolidation. In China, the sporting goods industry continued to develop strongly as higher disposable income levels and demand for discretionary items drove sales, particularly for Western brands. In other Asian markets, outside of Japan, consumer spending on sporting goods was also strong, despite inflationary pressures. Japan's consumer confidence continued to improve, suggesting a steady recovery from the damage caused by the March earthquake, however the sporting goods market still remained challenged in this period. Latin America's sporting goods industry recorded strong momentum from consumer spending related to the Copa América. However, high inflation and strict credit control measures were negative factors on consumer discretionary spending in most regional markets.

Income Statement

adidas Group currency-neutral sales increase 13% in the third quarter of 2011

During the third quarter of 2011, Group revenues grew 13% on a currency-neutral basis as a result of double-digit sales increases in Wholesale, Retail and Other Businesses. 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.

Retail and Other Businesses drive strong sales growth in Q3

In the third quarter of 2011, currency-neutral Wholesale revenues increased 10%, due to double-digit sales growth at adidas. Currency-neutral Retail sales increased 21% versus the prior year, primarily as a result of double-digit comparable store sales growth. Revenues in Other Businesses were up 13% on a currency-neutral basis, mainly driven by double-digit sales increases at TaylorMade-adidas Golf and Reebok-CCM Hockey. Currency translation effects had a negative impact on segmental sales in euro terms. Wholesale revenues increased 6% to € 2.577 billion in the third quarter of 2011 from € 2.421 billion in 2010. Retail sales rose 14% to € 757 million versus € 665 million in the prior year. Sales in Other Businesses grew 7% to € 411 million in the third quarter of 2011 (2010: € 382 million).

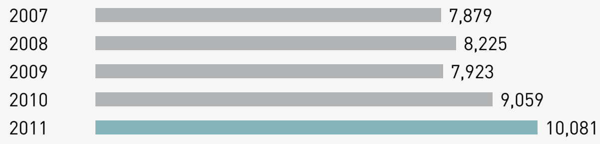
adidas Group currency-neutral sales increase 14% in the first nine months of 2011

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 »» see ≡ 13.

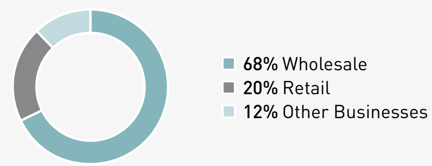
First nine months Group sales increase driven by double-digit growth in all segments

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% during the period, mainly driven by double-digit growth at adidas. Currency-neutral Retail sales increased 21% versus the prior year 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. Wholesale revenues increased 10% to € 6.869 billion in the first nine months of 2011 from € 6.247 billion in 2010. Retail sales increased 17% to € 2.015 billion versus € 1.725 billion in the prior year. Sales in Other Businesses grew 10% to € 1.197 billion in the first nine months of 2011 (2010: € 1.086 billion).

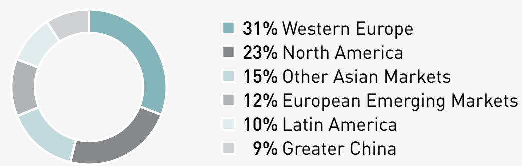
Nine months net sales 13
€ in millions



Nine months net sales by segment 14



Nine months net sales by region 15



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 due to 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 see 16.

Group sales up in all product categories

In the first nine months of 2011, Group sales grew in all product categories on a currency-neutral basis. Currency-neutral footwear sales increased 19% during the period. This development was due to double-digit growth in the running, football, training and outdoor categories. Apparel revenues increased 9% on a currency-neutral basis, driven by growth in training, running, basketball and outdoor. Currency-neutral hardware sales increased 11% compared to the prior year, primarily due to strong growth at TaylorMade-adidas Golf. Currency translation effects had a negative impact on sales in euro terms see 17.

New product introductions contributed to the sales growth in all product categories. An overview of major product launches in the third quarter of 2011 is provided in the adjacent table see 18.

Net sales by region 16
€ in millions

	Nine months 2011	Nine months 2010	Change	Change currency-neutral
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%**

1) Rounding differences may arise in totals.

Net sales by product category 17
€ in millions

	Nine months 2011	Nine months 2010	Change	Change currency-neutral
Footwear	4,849	4,177	16%	19%
Apparel	4,199	3,937	7%	9%
Hardware	1,033	945	9%	11%
Total[1]	**10,081**	**9,059**	**11%**	**14%**

1) Rounding differences may arise in totals.

Major product launches in Q3 2011 18

Brand	Product
adidas	adiPower Howard basketball shoe
adidas	Terrex Fast outdoor collection
adidas	CC Experience Trainer training shoe
adidas	CW Ride running shoe
adidas	adidas by Stella McCartney gym collection
Reebok	Rockeasy Classics footwear featuring Moving Air technology
Reebok	Zig Dynamic running shoe
adidas Golf	Tour360 ATV golf shoe
TaylorMade	Ghost Spider putter
TaylorMade	CGB SuperMAX irons
TaylorMade	R11 irons
Rockport	DresSports footwear collection with truWALK technology
Rockport	Janae women's footwear collection

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%) >>> see 20. 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% in the first nine months of 2011 to € 4.855 billion versus € 4.368 billion in the prior year >>> see 19.

Royalty and commission income declines

Royalty and commission income for the adidas Group decreased 11% to € 64 million in the first nine months of 2011 from € 72 million in the prior year. On a currency-neutral basis, royalty and commission income was down 9%, mainly as a result of lower licensee sales at Reebok.

Other operating income decreases

Other operating income includes items such as gains from the disposal of fixed assets and releases of accruals and provisions. In the first nine months of 2011, other operating income decreased 45% to € 50 million (2010: € 91 million). This was mainly due to the non-recurrence of positive one-off effects in conjunction with the settlement of a lawsuit and the divestiture of a trademark in the prior year, each of which had a positive low-double-digit million euro impact on the Group's financial results in 2010.

Other operating expenses as a percentage of sales down 0.8 percentage points

Other operating expenses, including depreciation and amortisation, consist of items such as sales working budget, marketing working budget and operating overhead costs. Other operating expenses as a percentage of sales decreased 0.8 percentage points to 39.6% in the first nine months of 2011 from 40.5% in 2010. In euro terms, other operating expenses increased 9% to € 3.996 billion in the first nine months of 2011 (2010: € 3.666 billion), as a result of higher marketing expenditure as well as the expansion of the Group's own-retail activities >>> see 21. Thereof, sales and marketing working budget expenditures amounted to € 1.245 billion, which represents an increase of 8% versus the prior year level (2010: € 1.149 billion). The increase was primarily related to higher expenditures for both the adidas and the Reebok brand. At the beginning of 2011, adidas launched the "all adidas" campaign, which is the biggest marketing campaign in the brand's history. 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%).

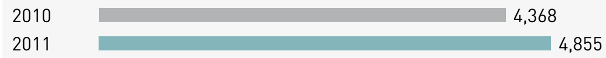
Number of Group employees up 14%

At the end of the first nine months of 2011, the Group employed 48,547 people. This represents an increase of 14% versus the prior year level of 42,659. New hirings related to the expansion of the Group's own-retail store base were the main driver of this development. On a full-time equivalent basis, the number of employees increased 15% to 41,866 at the end of the first nine months of 2011 (2010: 36,348).

Operating profit increases 12%

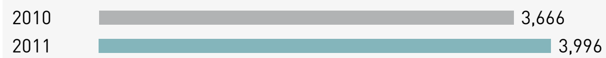
In the first nine months of 2011, Group operating profit increased 12% to € 973 million versus € 865 million in 2010 >>> see 22. The operating margin of the adidas Group was up 0.1 percentage points to 9.7% (2010: 9.6%) >>> see 23. This development was primarily due to the positive effects from lower other operating expenses as a percentage of sales, which more than offset the decrease in other operating income.

Nine months gross profit 19
€ in millions



Nine months gross margin 20
in %

Nine months other operating expenses 21
€ in millions



Nine months operating profit 22
€ in millions

Nine months operating margin 23
in %

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) see 24, mainly as a result of negative exchange rate effects, which more than offset the positive effect of lower interest expenses. Excluding those effects, financial expenses decreased 7%.

Income before taxes increases 13%

Income before taxes (IBT) for the adidas Group increased 13% to € 900 million from € 799 million in 2010 see 25. IBT as a percentage of sales grew 0.1 percentage points to 8.9% in the first nine months of 2011 (2010: 8.8%), primarily as a result of the Group's operating margin increase.

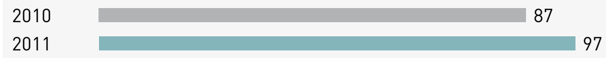
Net income attributable to shareholders up 16%

The Group's net income attributable to shareholders increased to € 652 million in the first nine months of 2011 from € 560 million in 2010 see 26. This represents an increase of 16% versus the prior year level. Higher IBT was the primary reason for this development. The Group's tax rate decreased 2.3 percentage points to 27.4% in the first nine months of 2011 (2010: 29.7%), mainly due to a more favourable earnings mix as well as tax rate reductions which have been enacted in the UK for measuring deferred tax assets and liabilities.

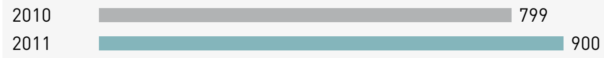
Earnings per share reach € 3.12

In the first nine months of 2011, basic and diluted earnings per share amounted to € 3.12 (2010: € 2.68) see 27, representing an increase of 16%. The weighted average number of shares used in the calculation was 209,216,186.

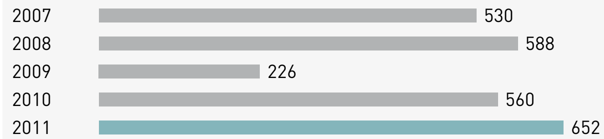
Nine months financial expenses 24
€ in millions



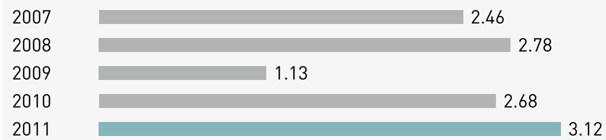
Nine months income before taxes 25
€ in millions



Nine months net income attributable to shareholders 26
€ in millions



Nine months diluted earnings per share 27
in €



Statement of Financial Position and Statement of Cash Flows

Total assets increase 8%

At the end of September 2011, total assets increased 8% to € 10.928 billion versus € 10.105 billion in the prior year. This was mainly the result of an increase in current assets. Compared to December 31, 2010, total assets increased 3%.

Group inventories up 20%

Group inventories increased 20% to € 2.302 billion at the end of September 2011 versus € 1.926 billion in 2010 see 30. On a currency-neutral basis, inventories also grew 20%, reflecting input cost increases as well as our 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) see 31. 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 and mirrors strict discipline in the Group's trade terms management and concerted collection efforts in all segments.

Other current financial assets up 54%

Other current financial assets increased 54% to € 263 million at the end of September 2011 from € 170 million in 2010. This development was mainly due to the increase in the fair value of financial instruments.

Other current assets up 19%

Other current assets increased 19% to € 469 million at the end of September 2011 from € 395 million in 2010, mainly as a result of an increase in tax receivables other than income taxes.

Fixed assets increase 4%

Fixed assets include property, plant and equipment, goodwill, trademarks and other intangible assets as well as long-term financial assets. Fixed assets increased 4% to € 4.082 billion at the end of September 2011 versus € 3.929 billion in 2010. Additions in an amount of € 353 million were primarily related to the continued expansion of our own-retail activities, investments into the Group's IT infrastructure as well as the further development of the Group's headquarters in Herzogenaurach. A net transfer of fixed assets from assets held for sale totalling € 24 million also contributed to the increase. Additions were partly offset by depreciation and amortisation amounting to € 240 million, positive currency translation effects in an amount of € 25 million on fixed assets denominated in currencies other than the euro as well as disposals of € 9 million. Compared to December 31, 2010, fixed assets remained stable.

Assets held for sale decrease 59%

At the end of September 2011, assets held for sale declined 59% to € 30 million compared to € 75 million in 2010. This decrease was due to the reclassification of certain assets held for sale back to fixed assets, as it is not considered likely that they will be sold in the foreseeable future, as well as the sale of a warehouse in the Netherlands. Assets held for sale primarily relate to the planned sale of land and buildings in Herzogenaurach, Germany.

Other non-current financial assets down 20%

Other non-current financial assets decreased 20% to € 49 million at the end of September 2011 from € 61 million in 2010, mainly driven by a decline in prepaid promotion partnerships.

Accounts payable increase 8%

Accounts payable were up 8% to € 1.421 billion at the end of September 2011 versus € 1.313 billion in 2010 see 32. On a currency-neutral basis, accounts payable also increased 8%, reflecting the growth in inventories during the first nine months.

Structure of statement of financial position [1] 28
in % of total assets

	Sep. 30, 2011	Sep. 30, 2010
Cash and cash equivalents	5.5%	5.6%
Accounts receivable	20.6%	21.4%
Inventories	21.1%	19.1%
Fixed assets	37.4%	38.9%
Other assets	15.4%	15.0%
Total	**100%**	**100%**
Total assets (€ in millions)	10,928	10,105

1) For absolute figures see adidas AG Consolidated Statement of Financial Position (IFRS), p. 33.

Structure of statement of financial position [1] 29
in % of total liabilities and equity

	Sep. 30, 2011	Sep. 30, 2010
Short-term borrowings	1.5%	2.7%
Accounts payable	13.0%	13.0%
Long-term borrowings	13.2%	13.5%
Other liabilities	25.4%	26.3%
Total equity	46.9%	44.5%
Total	**100%**	**100%**
Total liabilities and equity (€ in millions)	10,928	10,105

1) For absolute figures see adidas AG Consolidated Statement of Financial Position (IFRS), p. 33.

Other current financial liabilities decrease 53%

At the end of September 2011, other current financial liabilities decreased 53% to € 55 million from € 117 million in 2010, primarily as a result of the decrease in the negative fair value of financial instruments.

Other current provisions up 11%

Other current provisions were up 11% to € 506 million at the end of September 2011 versus € 456 million in 2010. This primarily relates to increases in provisions for returns, allowances and warranty as well as marketing initiatives.

Current accrued liabilities grow 14%

Current accrued liabilities increased 14% to € 929 million at the end of September 2011 from € 812 million in 2010, mainly due to an increase in accruals for payment of goods and services not yet invoiced.

Other current liabilities up 14%

Other current liabilities were up 14% to € 290 million at the end of September 2011 from € 252 million in 2010, mainly due to increases in deferred income.

Equity grows due to an increase in net income attributable to shareholders

Shareholders' equity increased 14% to € 5.119 billion at the end of September 2011 versus € 4.494 billion in 2010 see 33. The net income generated during the last twelve months and the increase in the fair value of financial instruments were the main contributors to this development, partially offset by the dividend in an amount of € 167 million paid during the period. Compared to December 31, 2010, shareholders' equity increased 11%, mainly as a result of the increase in net income attributable to shareholders.

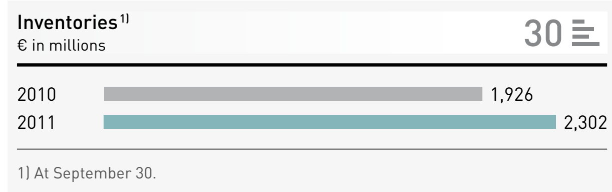
Cash flow reflects improved Group profitability

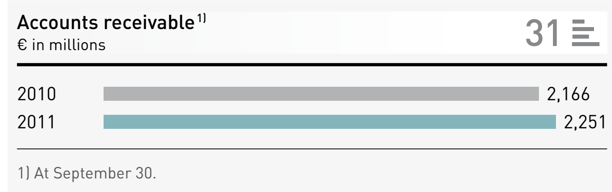
In the first nine months of 2011, net cash outflow from operating activities was € 163 million (2010: net cash inflow of € 174 million). The increase in cash used in operating activities compared to the prior year was primarily due to higher operating working capital requirements, partly offset by the improved Group profitability. Net cash outflow from investing activities was € 223 million (2010: € 164 million). This was mainly related to spending for property, plant and equipment such as investments in the furnishing and fitting of stores in our Retail segment, in new office buildings and in IT systems.

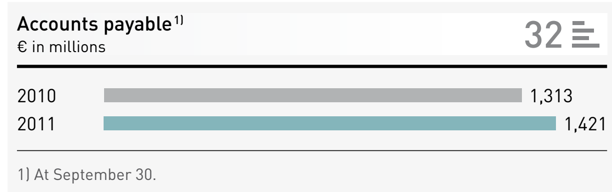
Net cash outflows from financing activities totalled € 165 million (2010: € 209 million). Cash outflows from financing activities were related to the repayment of short-term borrowings totalling € 273 million and the dividend payment in an amount of € 167 million, partly offset by an increase in long-term borrowings in an amount of € 275 million. Exchange rate effects in an amount of € 1 million positively impacted the Group's cash position in the first nine months of 2011 (2010: negative € 5 million). As a result of all these developments, cash and cash equivalents decreased by € 550 million to € 606 million at the end of September 2011 compared to € 1.156 billion at the end of December 2010.

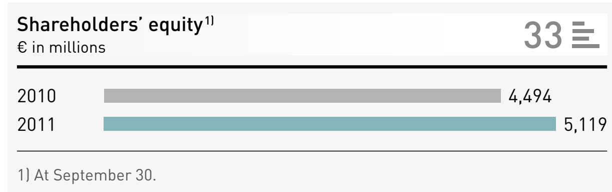
Net borrowings down € 153 million

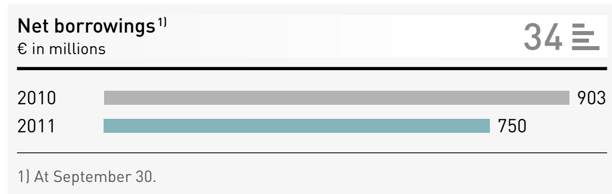
Net borrowings at September 30, 2011 amounted to € 750 million, which represents a decrease of € 153 million, or 17%, versus € 903 million at the end of September 2010 see 34. The decrease was driven by the strong operating cash flow development over the past twelve months. Currency translation had a 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.











Business Performance by Segment

The adidas Group has divided its operating activities into Wholesale, Retail and Other Businesses. The Wholesale segment comprises the adidas and Reebok business activities with retailers. The Retail segment comprises the own-retail activities of the adidas and Reebok brands. The financial results of TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands are aggregated under Other Businesses. In the first nine months of 2011, currency-neutral sales of the adidas Group grew at double-digit rates in Wholesale, Retail and Other Businesses.

Wholesale Business Performance

Wholesale results in summary

The Wholesale segment comprises the adidas and Reebok business activities with retailers. In the first nine months of 2011, currency-neutral sales in the Wholesale segment increased 12%. In euro terms, Wholesale sales improved 10% to € 6.869 billion from € 6.247 billion in the prior year. Gross margin decreased 0.9 percentage points to 41.1% (2010: 42.0%), as the positive impact from a more favourable product and regional mix as well as less clearance sales was more than offset by higher input costs. Gross profit grew 8% to € 2.821 billion in the first nine months of 2011 from € 2.622 billion in 2010. Segmental operating expenses as a percentage of sales decreased 0.2 percentage points to 9.0% (2010: 9.2%). As a result of the gross margin decrease, which more than offset the positive effect of lower segmental operating expenses as a percentage of sales, segmental operating margin decreased 0.7 percentage points to 32.0% in the first nine months of 2011 (2010: 32.8%). In absolute terms, segmental operating profit grew 8% to € 2.201 billion in the first nine months of 2011 versus € 2.047 billion in 2010 see 35.

Currency-neutral segmental sales up 10% in third quarter 2011

In the third quarter of 2011, revenues for the Wholesale segment increased 10% on a currency-neutral basis. This development was mainly due to double-digit sales growth at both adidas Sport Performance as well as adidas Sport Style. Currency translation effects negatively impacted segmental revenues in euro terms. Sales in the Wholesale segment grew 6% to € 2.577 billion in the third quarter of 2011 from € 2.421 billion in 2010 see 38.

First nine months 2011 currency-neutral segmental sales up 12%

Revenues for the Wholesale segment grew 12% on a currency-neutral basis in the first nine months of 2011, driven by double-digit growth at adidas Sport Style. adidas Sport Performance and Reebok revenues grew at a high-single-digit and mid-single-digit rate, respectively. Currency translation effects negatively impacted segmental revenues in euro terms. Sales in the Wholesale segment grew 10% to € 6.869 billion in the first nine months of 2011 from € 6.247 billion in 2010 see 36.

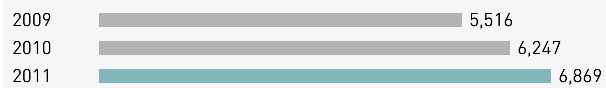
Currency-neutral Wholesale sales grow in all regions

In the first nine months of 2011, currency-neutral sales for the Wholesale segment increased in all regions. Currency-neutral revenues in Western Europe rose 10%, mainly driven by strong sales growth in all key markets with the exception of the UK. Currency-neutral sales in European Emerging Markets were up 2%, driven by sales increases in Turkey. Currency-neutral Wholesale sales in North America grew 14% due to double-digit growth in both the USA and Canada. Revenues in Greater China increased 29% on a currency-neutral basis. Sales in Other Asian Markets grew 7% on a currency-neutral basis due to increases in most markets, in particular South Korea. In Latin America, currency-neutral sales were up 12%, supported by double-digit sales growth in Argentina and Chile. Currency translation effects had a mixed impact on regional sales in euro terms see 37.

Wholesale at a glance 35
€ in millions

	Nine months 2011	Nine months 2010	Change
Net sales	6,869	6,247	10%
Gross profit	2,821	2,622	8%
Gross margin	41.1%	42.0%	(0.9pp)
Segmental operating profit	2,201	2,047	8%
Segmental operating margin	32.0%	32.8%	(0.7pp)

Wholesale nine months net sales 36
€ in millions



Currency-neutral adidas Sport Performance sales up 9%

In the first nine months of 2011, adidas Sport Performance wholesale revenues grew 9% on a currency-neutral basis. Growth was mainly a result of double-digit sales increases in the training, running, basketball and outdoor categories. Currency translation effects had a negative impact on revenues in euro terms. In the first nine months of 2011, adidas Sport Performance sales grew 8% to € 4.263 billion from € 3.948 billion in the prior year.

adidas Sport Style sales grow 24% on a currency-neutral basis

Currency-neutral adidas Sport Style wholesale revenues grew 24% in the first nine months of 2011. This increase was driven by strong momentum in most categories, particularly adidas Originals and the adidas NEO Label. Currency translation effects negatively impacted revenues in euro terms. adidas Sport Style sales grew 22% to € 1.457 billion in the first nine months of 2011 (2010: € 1.192 billion).

Reebok sales grow 6% on a currency-neutral basis

In the first nine months of 2011, Reebok wholesale revenues increased 6% on a currency-neutral basis. This was mainly the result of significant sales growth in the training category due to the ZigTech and RealFlex platforms. Currency translation effects negatively impacted revenues in euro terms. In euro terms, Reebok sales improved 3% to € 1.128 billion in the first nine months of 2011 from € 1.098 billion in 2010.

Gross profit increases 8%

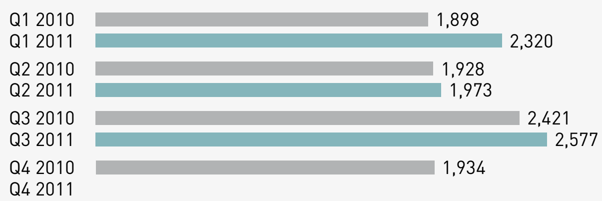
Wholesale gross margin decreased 0.9 percentage points to 41.1% in the first nine months of 2011 from 42.0% in 2010 see 35. The positive impact from a more favourable product and regional mix as well as less clearance sales was more than offset by higher input costs. The adidas brand wholesale gross margin decreased 1.1 percentage points to 43.1% in the first nine months of 2011 (2010: 44.3%). Wholesale gross margin of the Reebok brand decreased 0.7 percentage points to 30.5% in the first nine months of 2011 versus 31.1% in the prior year. Wholesale gross profit improved 8% to € 2.821 billion in the first nine months of 2011 versus € 2.622 billion in 2010 see 35.

Wholesale net sales by region 37
€ in millions

	Nine months 2011	Nine months 2010	Change	Change currency-neutral
Western Europe	2,608	2,366	10%	10%
European Emerging Markets	390	406	(4%)	2%
North America	1,311	1,224	7%	14%
Greater China	762	604	26%	29%
Other Asian Markets	938	857	9%	7%
Latin America	861	791	9%	12%
Total[1]	**6,869**	**6,247**	**10%**	**12%**

1) Rounding differences may arise in totals.

Wholesale net sales by quarter 38
€ in millions



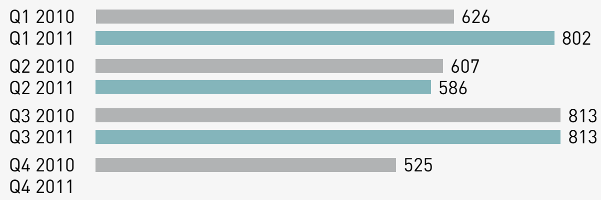
Segmental operating expenses as a percentage of sales down 0.2 percentage points

Segmental operating expenses in Wholesale primarily relate to sales working budget expenses as well as expenditure for sales force, administration and logistics. Segmental operating expenses as a percentage of sales decreased 0.2 percentage points to 9.0% (2010: 9.2%). In euro terms, segmental operating expenses grew 8% to € 620 million in the first nine months of 2011 from € 575 million in 2010. This was primarily due to higher warehousing and distribution costs as a result of the Wholesale segment's expansion.

Segmental operating profit increases 8%

Segmental operating profit improved 8% to € 2.201 billion in the first nine months of 2011 versus € 2.047 billion in the prior year see 35. Segmental operating margin decreased 0.7 percentage points to 32.0% (2010: 32.8%), as a result of the gross margin decrease, which more than offset the positive effect of lower segmental operating expenses as a percentage of sales.

Wholesale segmental operating profit by quarter 39
€ in millions



Retail Business Performance

Retail results in summary

The Retail segment comprises the own-retail activities of the adidas and Reebok brands. In the first nine months of 2011, currency-neutral Retail sales increased 21%. In euro terms, Retail sales grew 17% to € 2.015 billion (2010: € 1.725 billion). Currency-neutral comparable store sales were up 15% versus the prior year. Gross margin increased 1.5 percentage points to 63.2% (2010: 61.7%), which was mainly a result of a higher proportion of concept store sales at higher margins. Gross profit increased 20% to € 1.273 billion in the first nine months of 2011 from € 1.064 billion in 2010. Segmental operating expenses as a percentage of sales remained stable at 41.5% (2010: 41.5%). As a result of the increase in gross margin and stable segmental operating expenses as a percentage of sales, segmental operating margin improved 1.5 percentage points to 21.7% (2010: 20.2%). In absolute terms, segmental operating profit grew 25% to € 437 million in the first nine months of 2011 versus € 348 million in 2010 »» see 40.

Currency-neutral Retail sales increase 21% in Q3

During the third quarter of 2011, Retail revenues increased 21% on a currency-neutral basis as a result of double-digit growth rates at both adidas and Reebok. Currency-neutral comparable store sales increased 14%. Currency translation effects had a negative impact on sales in euro terms. Retail revenues grew 14% to € 757 million in the third quarter of 2011 from € 665 million in 2010 »» see 43.

Currency-neutral segmental sales grow 21% in the first nine months of 2011

In the first nine months of 2011, Retail revenues increased 21% on a currency-neutral basis. Concept store, factory outlet and other retail format sales were all up at double-digit rates versus the prior year. Currency translation effects negatively impacted segmental revenues in euro terms. Sales grew 17% to € 2.015 billion from € 1.725 billion in the prior year »» see 41. Currency-neutral comparable store sales rose 15% versus the prior year, with double-digit growth in all store formats.

Own-retail store base increases

At September 30, 2011, the adidas Group Retail segment operated 2,349 stores. This represents a net increase of 79 stores or 3% versus the prior year-end level of 2,270. Of the total number of stores, 1,775 were adidas and 574 Reebok branded (December 31, 2010: 1,712 adidas stores, 558 Reebok stores). Over the course of the first nine months of 2011, the Group opened 225 new stores, 146 stores were closed and 135 stores were remodelled.

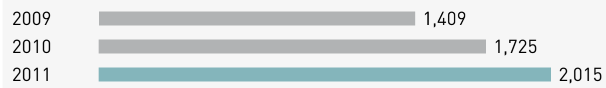
Currency-neutral Retail sales grow in all regions

In the first nine months of 2011, currency-neutral Retail sales increased in all regions. Retail revenues in Western Europe grew 9% on a currency-neutral basis, mainly due to increases in Germany, France, Spain, the UK and Italy. Sales in European Emerging Markets rose 36% on a currency-neutral basis, driven by growth in Russia where both the adidas and Reebok brands had strong double-digit sales increases. Currency-neutral Retail sales in North America grew 12% due to double-digit growth in the USA. Retail revenues in Greater China rose 21% on a currency-neutral basis. Sales in Other Asian Markets grew 8% on a currency-neutral basis, mainly driven by double-digit increases in South Korea. In Latin America, currency-neutral Retail sales were up 26%, with particularly strong growth in Brazil, Argentina and Chile. Currency translation effects had a mixed impact on regional sales in euro terms »» see 42.

Retail at a glance 40
€ in millions

	Nine months 2011	Nine months 2010	Change
Net sales	2,015	1,725	17%
Gross profit	1,273	1,064	20%
Gross margin	63.2%	61.7%	1.5pp
Segmental operating profit	437	348	25%
Segmental operating margin	21.7%	20.2%	1.5pp

Retail nine months net sales 41
€ in millions



Concept store sales up 29% on a currency-neutral basis

Concept store revenues include sales from adidas Sport Performance, adidas Sport Style and Reebok concept stores. In the first nine months of 2011, concept store revenues grew 29% on a currency-neutral basis. Sales increased at strong double-digit rates at both adidas and Reebok. Currency-neutral comparable concept store sales were up 20%. During the first nine months of 2011, the Group opened 157 new concept stores, 86 concept stores were closed and 110 concept stores were reclassified as stores in other retail formats. As a result, the number of concept stores decreased by 39 to 1,313 at the end of the first nine months of 2011 (December 31, 2010: 1,352). Currency translation effects had a negative impact on sales in euro terms. Concept store sales increased 24% to € 935 million in the first nine months of 2011 from € 754 million in 2010.

Factory outlet sales grow 13% on a currency-neutral basis

Factory outlet revenues include sales from adidas and Reebok factory outlets. In the first nine months of 2011, factory outlet revenues grew 13% on a currency-neutral basis. Comparable factory outlet sales increased 10% on a currency-neutral basis. During the first nine months of 2011, the Group opened 29 and closed 34 factory outlets. As a result, the number of factory outlets decreased by 5 to 720 at the end of the first nine months (December 31, 2010: 725). Sales increased at a double-digit rate at adidas. Reebok sales grew at a high-single-digit rate. Currency translation effects had a negative impact on sales in euro terms. Factory outlet sales increased 9% to € 964 million in the first nine months of 2011 from € 882 million in 2010.

Currency-neutral sales from other retail formats up 33%

Revenues from other retail formats include adidas and Reebok concession corners and e-commerce operations. In the first nine months of 2011, sales from other retail formats increased 33% on a currency-neutral basis. Currency-neutral comparable sales from other retail formats grew 22%. During the first nine months of 2011, the Group opened 39 new stores in other retail formats and closed 26. In addition, 110 concept stores were reclassified as stores in other retail formats. As a result, the number of stores in other retail formats increased by 123 to 316 at the end of the first nine months (December 31, 2010: 193). Sales from adidas and Reebok e-commerce platforms were up 57% on a currency-neutral basis compared to 2010. Currency translation effects had a negative impact on sales from other retail formats in euro terms. Other retail format sales increased by 28% in the first nine months of 2011 to € 115 million (2010: € 90 million).

Retail net sales by region 42

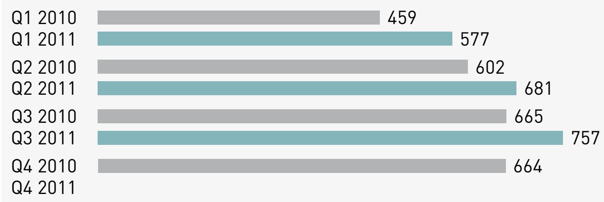
€ in millions

	Nine months 2011	Nine months 2010	Change	Change currency-neutral
Western Europe	356	324	10%	9%
European Emerging Markets	768	605	27%	36%
North America	355	335	6%	12%
Greater China	111	94	18%	21%
Other Asian Markets	266	238	12%	8%
Latin America	160	130	23%	26%
Total [1]	**2,015**	**1,725**	**17%**	**21%**

1) Rounding differences may arise in totals.

Retail net sales by quarter 43

€ in millions



adidas and Reebok branded own-retail sales increase

In the first nine months of 2011, adidas Group Retail sales increased at a double-digit rate at both adidas and Reebok. Currency-neutral adidas Sport Performance revenues grew 15% in the period. adidas Sport Style sales rose 35% versus the prior year on a currency-neutral basis. Currency-neutral Reebok sales were 19% higher compared to the prior year. Comparable store sales for the adidas brand increased 15% on a currency-neutral basis, driven by double-digit growth in the training, running and outdoor categories. Comparable store sales for Reebok grew 13% on a currency-neutral basis, mainly due to strong double-digit growth in training and running. Currency translation effects had a negative impact on revenues in euro terms. adidas Sport Performance own-retail sales increased 12% to € 1.143 billion in the first nine months of 2011 from € 1.020 billion in 2010. adidas Sport Style own-retail sales were up 31% to € 531 million in the first nine months of 2011 from € 405 million in 2010. Own-retail sales of Reebok branded products grew 14% to € 339 million in the first nine months of 2011 (2010: € 298 million).

Retail gross margin improves 1.5 percentage points

Gross margin in the Retail segment increased 1.5 percentage points to 63.2% in the first nine months of 2011 from 61.7% in 2010. This was mainly a result of a higher proportion of concept store sales at higher margins. Factory outlet sales margins also grew. By brand, the adidas gross margin grew 0.6 percentage points to 64.1% (2010: 63.5%) and Reebok's gross margin improved 5.7 percentage points to 58.7% (2010: 53.1%). Retail gross profit increased 20% to € 1.273 billion in the first nine months of 2011 from € 1.064 billion in 2010 see 40.

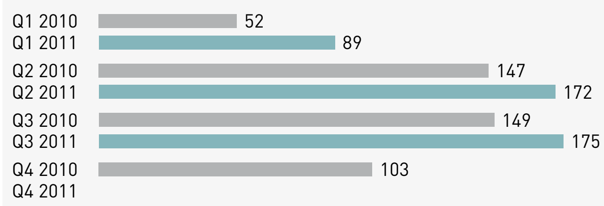
Segmental operating expenses as a percentage of sales remain stable

Segmental operating expenses in Retail primarily relate to personnel and rent expenses as well as the sales working budget. Segmental operating expenses increased 17% to € 836 million in the first nine months of 2011 from € 716 million in 2010. This was a result of higher sales working budget expenses and higher expenses related to the expansion of the Group's store base, particularly in emerging markets. Segmental operating expenses as a percentage of sales remained stable at 41.5% (2010: 41.5%).

Segmental operating profit up 25%

Segmental operating profit increased 25% to € 437 million in the first nine months of 2011 versus € 348 million in the prior year see 40. Segmental operating margin improved 1.5 percentage points to 21.7% (2010: 20.2%). This was a result of the gross margin increase and stable segmental operating expenses as a percentage of sales.

Retail segmental operating profit by quarter 44
€ in millions



Other Businesses Performance

Other Businesses results in summary

Other Businesses primarily include the TaylorMade-adidas Golf, Rockport and Reebok-CCM Hockey segments. In addition, the segment Other Centrally Managed Brands, which comprises brands such as Y-3, is also included. In the first nine months of 2011, currency-neutral sales of Other Businesses increased 13%. In euro terms, sales grew 10% to € 1.197 billion (2010: € 1.086 billion). Gross margin decreased 0.4 percentage points to 44.4% (2010: 44.8%), as improving product margins at Rockport and Reebok-CCM Hockey were more than offset by lower product margins at TaylorMade-adidas Golf. Gross profit improved 9% to € 532 million in the first nine months of 2011 from € 487 million in 2010. Segmental operating expenses as a percentage of sales decreased 0.3 percentage points to 16.3% (2010: 16.6%). As a result of the decrease in gross margin, which more than offset the positive effect of lower segmental operating expenses as a percentage of sales, the segmental operating margin was down 0.1 percentage points to 28.1% (2010: 28.3%). In absolute terms, segmental operating profit grew 10% to € 337 million in the first nine months of 2011 versus € 307 million in 2010 see 45.

Currency-neutral sales of Other Businesses increase 13% in Q3

In the third quarter of 2011, revenues of Other Businesses grew 13% on a currency-neutral basis, driven by double-digit growth at TaylorMade-adidas Golf and Reebok-CCM Hockey. Sales at Rockport also increased. Currency translation effects negatively impacted revenues in euro terms. Sales of Other Businesses increased 7% to € 411 million in the third quarter of 2011 (2010: € 382 million) see 48.

First nine months 2011 currency-neutral sales of Other Businesses up 13%

In the first nine months of 2011, revenues of Other Businesses increased 13% on a currency-neutral basis, mainly driven by double-digit sales growth at TaylorMade-adidas Golf. Currency translation effects negatively impacted revenues in euro terms. Sales of Other Businesses grew 10% to € 1.197 billion in the first nine months of 2011 (2010: € 1.086 billion) see 46.

Currency-neutral sales of Other Businesses grow in all regions

In the first nine months of 2011, currency-neutral sales of Other Businesses increased in all regions. Revenues in Western Europe were up 13% on a currency-neutral basis due to double-digit sales growth at TaylorMade-adidas Golf, partly offset by declines at Rockport. Sales in European Emerging Markets increased 44% on a currency-neutral basis, driven by strong double-digit growth at TaylorMade-adidas Golf, Rockport and Reebok-CCM Hockey. Currency-neutral sales in North America were up 16%, due to strong double-digit growth at TaylorMade-adidas Golf, which was partly offset by declines at Rockport. Revenues in Greater China were up 21% on a currency-neutral basis as a result of higher TaylorMade-adidas Golf sales. Sales in Other Asian Markets were up 3% on a currency-neutral basis, mainly driven by increases at TaylorMade-adidas Golf as well as Rockport. In Latin America, currency-neutral sales grew 9%, primarily as a result of double-digit growth at Rockport. Revenues at TaylorMade-adidas Golf also grew. Currency translation effects had a mixed impact on regional sales in euro terms see 47.

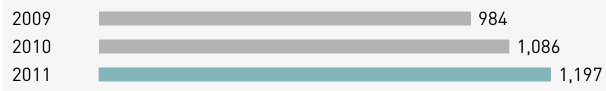
Currency-neutral TaylorMade-adidas Golf sales increase 17%

In the first nine months of 2011, TaylorMade-adidas Golf revenues grew 17% on a currency-neutral basis. Growth at TaylorMade was primarily driven by strong double-digit revenue increases in both metalwoods and putters. Sales for adidas Golf also increased, mainly driven by double-digit growth in apparel. Currency translation effects negatively impacted TaylorMade-adidas Golf sales in euro terms. In the first nine months of 2011, revenues increased 14% to € 814 million from € 713 million in the prior year.

Other Businesses at a glance 45
€ in millions

	Nine months 2011	Nine months 2010	Change
Net sales	1,197	1,086	10%
Gross profit	532	487	9%
Gross margin	44.4%	44.8%	(0.4pp)
Segmental operating profit	337	307	10%
Segmental operating margin	28.1%	28.3%	(0.1pp)

Other Businesses nine months net sales 46
€ in millions



Currency-neutral Rockport sales up 4%

In the first nine months of 2011, Rockport revenues were up 4% on a currency-neutral basis. Regionally, double-digit growth in European Emerging Markets, Other Asian Markets as well as Latin America was partly offset by declines in Western Europe and North America. Currency translation effects negatively impacted sales in euro terms. Revenues in the Rockport segment remained stable at € 186 million in the first nine months of 2011 (2010: € 187 million).

Currency-neutral Reebok-CCM Hockey sales grow 8%

Currency-neutral Reebok-CCM Hockey sales were up 8% in the first nine months of 2011, mainly driven by high-single-digit increases in apparel. Regionally, strong double-digit growth in European Emerging Markets was the main contributor to the sales increase in this period. Currency translation effects negatively impacted sales in euro terms. Reebok-CCM Hockey revenues increased 7% to € 148 million in the first nine months of 2011 from € 138 million in 2010.

Gross profit of Other Businesses increases 9%

Gross margin of Other Businesses decreased 0.4 percentage points to 44.4% in the first nine months of 2011 from 44.8% in 2010. Improving product margins at Rockport and Reebok-CCM Hockey were more than offset by lower product margins at TaylorMade-adidas Golf. In absolute terms, gross profit was up 9% to € 532 million in the first nine months of 2011 versus € 487 million in 2010 see 45.

Segmental operating expenses as a percentage of sales decrease 0.3 percentage points

Segmental operating expenses rose 8% to € 195 million in the first nine months of 2011 from € 180 million in 2010. This was driven in particular by higher sales working budget as well as marketing working budget expenditures at TaylorMade-adidas Golf. Segmental operating expenses as a percentage of sales decreased 0.3 percentage points to 16.3% (2010: 16.6%).

Segmental operating profit up 10%

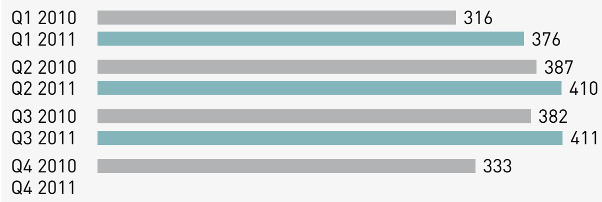
Segmental operating margin was down 0.1 percentage points to 28.1% in the first nine months of 2011 from 28.3% in 2010. This was the result of the decrease in gross margin which more than offset the positive effect resulting from lower segmental operating expenses as a percentage of sales. In absolute terms, segmental operating profit increased 10% to € 337 million in the first nine months of 2011 versus € 307 million in the prior year see 45.

Other Businesses net sales by region 47
€ in millions

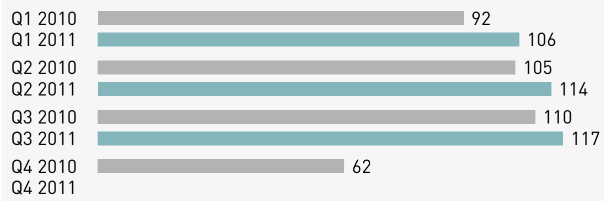
	Nine months 2011	Nine months 2010	Change	Change currency-neutral
Western Europe	209	185	13%	13%
European Emerging Markets	32	23	38%	44%
North America	641	581	10%	16%
Greater China	27	23	19%	21%
Other Asian Markets	279	264	6%	3%
Latin America	10	10	3%	9%
Total[1]	**1,197**	**1,086**	**10%**	**13%**

1) Rounding differences may arise in totals.

Other Businesses net sales by quarter 48
€ in millions



Other Businesses segmental operating profit by quarter 49
€ in millions



Subsequent Events and Outlook

In 2011, most major economies are projected to expand, with the sporting goods industry and the adidas Group expected to benefit from increasing consumer confidence and spending. Based on our strength in innovation, our extensive pipeline of new and fresh products as well as marketing initiatives, we expect top- and bottom-line improvements in our Group's financial results in 2011. We forecast adidas Group sales to increase at a rate approaching 12% on a currency-neutral basis due to growth in the Wholesale and Retail segments as well as in Other Businesses. The Group's gross margin is expected to be in a range between 47.5% and 48.0%. Pressures from higher input costs as well as the setback from the earthquake and tsunami catastrophe in Japan will weigh on otherwise positive effects anticipated from our regional and product mix. Operating margin is forecasted to improve to a level between 7.5% and 8.0%, driven by lower other operating expenses as a percentage of sales. As a result, we project earnings per share to grow at a rate approaching 16% to a level around € 3.15.

Subsequent Events

No subsequent events

Since the end of the third quarter of 2011, there have been no significant organisation, management, economic, socio-political, legal or financial changes which we expect to influence our business materially going forward.

Outlook

Forward-looking statements

This Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of the adidas Group. The outlook is based on estimates that we have made on the basis of all the information available to us at this point in time. In addition, such forward-looking statements are subject to risks and uncertainties as described in the Risk and Opportunity Report of the adidas Group Annual Report 2010 (pages 158 to 173), which are beyond the control of the adidas Group. In case the underlying assumptions turn out to be incorrect or described risks materialise, actual results and developments may materially deviate from those expressed by such statements. The adidas Group does not assume any obligation to update any forward-looking statements made in this Management Report beyond statutory disclosure obligations.

Global economy forecast to grow in 2011

In the course of the year, most economic institutes and agencies have revised down their global GDP growth expectations. Current expectations are projecting the world's GDP to increase by 2.8% for 2011, after growing by 3.7% in 2010. The consensus remains that the majority of the world's economic growth will continue to be derived from the emerging economies, with modest growth in the developed markets. These developments are also forecasted to support increases in household incomes and help promote global consumer spending, which in turn will be supportive to our growth aspirations. In Western Europe, GDP is expected to increase by around 1.7% in 2011, with Germany as the main regional growth economy, due to strong export levels and increasing domestic demand.

However, in many peripheral euro area economies, deficit and sovereign debt concerns coupled with high unemployment levels and tight austerity programmes are all considerable headwinds to growth in these markets. European emerging markets' GDP is estimated to grow at around 4.5% in 2011, driven by improvements in consumer spending and robust industrial output. Domestic demand in the region's largest economy, Russia, is forecasted to increase rapidly, supported by recovering consumer confidence, credit expansion and decreasing inflation pressures. In the USA, GDP is forecasted to increase approximately 1.7% in 2011, with improving industrial production a key positive contributor to this growth. However, government deficit concerns, a contraction in public sector spending, weak labour and housing markets, as well as decreases in consumer confidence and spending levels remain as considerable headwinds.

In Asia, growth rates are expected to remain high, but to decelerate slightly to 3.9% in 2011. Increases will be driven by growth in the region's emerging markets, in particular in China and India as a result of strong domestic demand. In Japan, however, due to the negative effects of the natural disaster in March, economic growth is projected to be very modest in 2011. In Latin America, growth rates are likely to moderate to around 4.4% in 2011 as fiscal and monetary tightening provides relief to inflation pressures. Nonetheless, low unemployment levels, robust export activity and rising domestic demand are all supportive to continued economic growth in this region.

Rising incomes to support consumer spending on sporting goods

We expect the global sporting goods industry to expand in 2011, however with significant regional variation. Following macroeconomic trends, consumer spending on sporting goods in the developing economies will outperform the more mature markets. Due to higher input costs, inflation in footwear and apparel prices is also forecasted for the industry, which may dampen growth rates towards the end of the year. In Western Europe, the sporting goods industry is expected to grow modestly in 2011, despite tough prior year comparisons due to the 2010 FIFA World Cup and increasing pressure on prices from rising input costs. The improvement in consumer demand trends seen in the European emerging markets is expected to continue in 2011, led by Russia, where increasing income and consumer spending are supporting sales growth in the sporting goods industry.

In North America, footwear and apparel sales growth rates are projected to grow in 2011. From a category perspective, lightweight running, training and outdoor are seen as particular drivers for the year. However, the basketball category is expected to be negatively impacted due to the NBA lock-out. In Greater China, rising domestic consumption is forecasted to continue to propel sporting goods sales in 2011, with considerable divergence in performance between local and global players. While global brands continue to enjoy healthy sales growth, local brands are being hampered by excess inventory levels. In other Asian markets, the sporting goods industry is forecasted to extend its presence, due to rapid growth in markets such as India, Indonesia and Vietnam. However in Japan, despite the gradual market recovery and slight improvements in consumer sentiment, the impact of the disaster and relatively low spending will lead to significant challenges for discretionary purchases including sporting goods. The sporting goods industry in Latin America is projected to grow in 2011, with falling unemployment rates and rising income levels promoting consumer spending.

adidas Group currency-neutral sales to increase at a rate approaching 12% in 2011

We expect adidas Group sales to increase at a rate approaching 12% on a currency-neutral basis in 2011. The positive sales development will be driven by rising consumer confidence as well as strong demand for innovative branded sporting goods.

The positive impacts of our high exposure to fast-growing emerging markets, the further expansion of Retail as well as continued momentum at the Reebok brand will more than offset the non-recurrence of positive effects related to the 2010 FIFA World Cup. As a result, we expect the adidas Group to significantly outperform global economic growth in 2011.

Currency-neutral Wholesale revenues expected to increase at a high-single-digit rate

We project currency-neutral Wholesale segment revenues to increase at a high-single-digit rate compared to the prior year. Order backlog development as well as positive retailer and trade show feedback support our growth expectations for 2011. Currency-neutral adidas Sport Performance sales are forecasted to increase at a mid-single-digit rate due to growth in key categories such as running and training. adidas Sport Style revenues are projected to increase at a mid-teens rate on a currency-neutral basis as a result of the expanded distribution scope and continued momentum in our product lines, in particular the adidas NEO Label. Currency-neutral Reebok sales are expected to increase due to growth in the women's fitness and men's training categories as well as increases in the Classics business.

Retail sales to increase at a high-teens rate on a currency-neutral basis

adidas Group currency-neutral Retail segment sales are projected to grow at a high-teens rate in 2011. Comparable store sales are expected to increase at a low-double-digit rate and to contribute to revenue growth at a higher rate than the expansion of the Group's own-retail store base. The Group expects a net increase of its store base by around 100 adidas and Reebok stores in 2011. We forecast to open around 250 new stores, depending on the availability of desired locations. New stores will primarily be located in emerging markets in Eastern Europe. Approximately 150 stores will be closed over the course of the year. Around 200 stores will be remodelled. As a result of the forecasted improvements in the consumer environment in 2011, concept stores are expected to perform slightly better than factory outlets.

Currency-neutral sales of Other Businesses to increase at a high-single-digit rate

In 2011, segmental revenues of Other Businesses are expected to increase at a high-single-digit rate on a currency-neutral basis. TaylorMade-adidas Golf currency-neutral sales are projected to grow at a high-single-digit rate compared to the prior year. Product launches in core categories such as metalwoods, irons and putters should support growth in this segment against a slow recovery in the global golf market.

Revenues at Rockport are forecasted to increase at a high-single-digit rate on a currency-neutral basis as a result of improvements in the brand's product portfolio and own-retail expansion. Currency-neutral sales at Reebok-CCM Hockey are expected to grow at a mid-single-digit rate in 2011, mainly due to new product introductions.

adidas Group sales expected to grow in all regions

We expect Group currency-neutral revenues to increase in all our regions in 2011. In Western Europe, despite the non-recurrence of the 2010 FIFA World Cup, which provided a positive stimulus in the region in 2010, the gradual improvement in the macroeconomic environment will positively impact sales development in this region, albeit at a moderate level. Growth in Central Europe is likely to offset challenging conditions in the region's peripheral markets. In European Emerging Markets, the expansion of and increasing sophistication in our own-retail activities as well as improving wholesale conditions in some of the region's markets are forecasted to have a positive influence on Group sales. In North America, we expect to benefit from continued momentum, in particular with the adidas and Reebok brands. This will be driven by new product introductions and product extensions. In Greater China, following a sales decline in 2010, we expect a return to strong growth in this region in 2011. This will be mainly due to more current levels of inventory as well as the expansion of our retail footprint, including the further roll-out of adidas Originals and the adidas NEO Label. In Other Asian Markets, we project sales to increase only slightly compared to the prior year as the setback from the earthquake and tsunami catastrophe in Japan on March 11 will partly offset the good performance in the region's other markets such as South Korea and India. Lastly, in Latin America, the strong positioning of our brands is expected to more than compensate for the non-recurrence of the positive impetus from sales associated with the 2010 FIFA World Cup.

Group gross margin to be in a range from 47.5% to 48.0%

In 2011, the adidas Group's gross margin is forecasted to reach a level between 47.5% and 48.0% (2010: 47.8%). While we expect gross margin in our Retail segment to improve, gross margin in the Wholesale segment as well as in Other Businesses is forecasted to decline. In 2011, Group gross margin will benefit from positive regional mix effects, as growth rates in emerging markets are projected to be above growth rates in more mature markets. 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. In addition, as a consequence of the dramatic events in Japan during the first quarter of 2011, Group gross margin will be negatively impacted by sales declines in this market.

Group other operating expenses to decrease as a percentage of sales

In 2011, the Group's other operating expenses as a percentage of sales are expected to decrease modestly (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 women's fitness and men's training categories, as well as investments to support growth in our 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. Operating overhead expenditures as a percentage of sales are forecasted to decline slightly in 2011. 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 and efficiency gains in the Group's non-allocated central costs.

We expect the number of employees within the adidas Group to increase versus the prior year level. Additional hires will be mainly related to own-retail expansion. The majority of new hires will be employed on a part-time basis and will be located in emerging markets. The adidas Group will continue to spend around 1% of Group sales on research and development in 2011. Areas of particular focus include customisation and digital sports products at adidas, as well as supporting the expansion of Reebok's fitness and training positioning.

Operating margin to continue to expand

In 2011, we expect the operating margin for the adidas Group to increase to a level between 7.5% and 8.0% (2010: 7.5%). Lower other operating expenses as a percentage of sales are expected to be the primary driver of the improvement.

Earnings per share to increase at a rate approaching 16%

Earnings per share are expected to increase at a rate approaching 16% to a level around € 3.15 (2010 diluted earnings per share: € 2.71). Top-line improvement and an increased operating margin will be the primary drivers of this positive development. In addition, we expect lower interest expenses in 2011 as a result of a lower average level of net borrowings. The Group's tax rate is expected to be below the prior year level of 29.5%.

Operating working capital as a percentage of sales to increase

In 2011, average operating working capital as a percentage of sales is expected to increase compared to the prior year level (2010: 20.8%). This is mainly due to working capital increases to support the growth of our business.

Investment level between € 350 million and € 400 million

In 2011, investments in tangible and intangible assets are expected to amount to € 350 million to € 400 million (2010: € 269 million). Investments will focus on adidas and Reebok controlled space retail initiatives, in particular in emerging markets. These investments will account for almost one-third of total investments in 2011. Other areas of investment include the further development of the adidas Group Headquarters in Herzogenaurach, Germany, and the increased deployment of SAP and other IT systems in major subsidiaries within the Group. All investments within the adidas Group in 2011 are expected to be fully financed through cash generated from operations.

Excess cash to be used to support growth initiatives

In 2011, we expect continued positive cash flows from operating activities. Cash will be used to finance working capital needs, investment activities, as well as dividend payments. We intend to largely use excess cash to invest in our Route 2015 growth initiatives and to further reduce net borrowings. Over the long term, we aim to maintain a ratio of net borrowings over EBITDA of less than two times as measured at year-end (2010 ratio: 0.2).

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 our 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.

adidas Group 2011 outlook 50

		Previous guidance[1]
Currency-neutral sales development (in %):		
adidas Group	increase at a rate approaching 12%	increase around 10%
Wholesale	high-single-digit increase	high-single-digit increase
Retail	high-teens increase	mid-teens increase
Comparable store sales	low-double-digit increase	high-single-digit increase
Other Businesses	high-single-digit increase	mid- to high-single-digit increase
TaylorMade-adidas Golf	high-single-digit increase	mid- to high-single-digit increase
Rockport	high-single-digit increase	high-single- to low-double-digit increase
Reebok-CCM Hockey	mid-single-digit increase	low-single-digit increase
Gross margin	47.5% to 48.0%	47.5% to 48.0%
Operating margin	7.5% to 8.0%	7.5% to 8.0%
Earnings per share	increase at a rate approaching 16% to around € 3.15	increase at a rate approaching 15% to € 3.10 to € 3.12
Average operating working capital as a percentage of sales	increase	increase
Capital expenditure	€ 350 million to € 400 million	€ 350 million to € 400 million
Store base	net increase by around 100 stores	net increase by around 100 stores
Net borrowings	decline	decline

1) As published on August 4, 2011.

Major product launches in Q4 2011 51

Brand	Product
adidas	adidas Terrex Feather outdoor jacket
adidas	Supernova Sequence running shoe
adidas	Fluid Trainer Varsity women's training shoe
adidas	adizero TR W women's training shoe
adidas	adizero f50 football boot powered by miCoach
Reebok	Chi-Kaze, Sermon and Blast Classics Vis Hex footwear range
Reebok	Reebok x Basquiat Classics footwear and apparel collection
Reebok	EasyTone Plus footwear
Reebok	Zig Encore – John Wall's basketball shoe
adidas Golf	adidas Golf Fashion Performance apparel
adidas Golf	adidas Golf adicross footwear
Rockport	Peakview Lux Lodge men's winter boot
Rockport	Finna Fur Lace Up women's winter boot
Reebok Hockey	A.i 9 stick

adidas AG Consolidated Statement of Financial Position (IFRS)
€ in millions

	September 30, 2011	September 30, 2010	Change in %	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**

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions

	Nine months 2011	Nine months 2010	Change	Third quarter 2011	Third quarter 2010	Change
Net sales	10,081	9,059	11.3%	3,744	3,468	8.0%
Cost of sales	5,226	4,691	11.4%	1,982	1,827	8.5%
Gross profit	**4,855**	**4,368**	**11.1%**	1,762	1,641	7.4%
(% of net sales)	48.2%	48.2%	(0.1pp)	47.1%	47.3%	(0.3pp)
Royalty and commission income	64	72	(11.4%)	23	26	(11.9%)
Other operating income	50	91	(44.6%)	14	19	(23.4%)
Other operating expenses	3,996	3,666	9.0%	1,358	1,275	6.5%
(% of net sales)	39.6%	40.5%	(0.8pp)	36.3%	36.8%	(0.5pp)
Operating profit	**973**	**865**	**12.5%**	441	411	7.3%
(% of net sales)	9.7%	9.6%	0.1pp	11.8%	11.8%	(0.1pp)
Financial income	24	21	12.6%	10	6	80.6%
Financial expenses	97	87	10.9%	33	37	(8.8%)
Income before taxes	**900**	**799**	**12.7%**	418	380	10.0%
(% of net sales)	8.9%	8.8%	0.1pp	11.2%	11.0%	0.2pp
Income taxes	247	238	3.9%	114	114	0.2%
(% of income before taxes)	27.4%	29.7%	(2.3pp)	27.3%	30.0%	(2.7pp)
Net income	**653**	**561**	**16.4%**	304	266	14.1%
(% of net sales)	6.5%	6.2%	0.3pp	8.1%	7.7%	0.4pp
Net income attributable to shareholders	**652**	**560**	**16.4%**	303	266	14.1%
(% of net sales)	6.5%	6.2%	0.3pp	8.1%	7.7%	0.4pp
Net income attributable to non-controlling interests	**1**	**1**	**(32.0%)**	1	0	70.5%
Basic earnings per share (in €)	3.12	2.68	16.4%	1.45	1.27	14.1%
Diluted earnings per share (in €)	3.12	2.68	16.4%	1.45	1.27	14.1%

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Comprehensive Income (IFRS)

€ in millions

	Nine months 2011	Nine months 2010
Net income after taxes	653	561
Net gain on cash flow hedges, net of tax	94	9
Actuarial loss of defined benefit plans (IAS 19), net of tax	(0)	(0)
Currency translation	(76)	228
Other comprehensive income	**18**	**237**
Total comprehensive income	**671**	**798**
Attributable to shareholders of adidas AG	670	796
Attributable to non-controlling interests	1	2

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Changes in Equity (IFRS)

€ in millions

	Share capital	Capital reserve	Cumulative translation adjustments	Hedging reserve	Other reserves[1]	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
Balance at December 31, 2009	**209**	**722**	**(451)**	**(41)**	**(18)**	**3,350**	**3,771**	**5**	**3,776**
Total comprehensive income			227	9	(0)	560	796	2	798
Dividend payment						(73)	(73)	(0)	(73)
Reclassifications of non-controlling interests in accordance with IAS 32						0	0		0
Balance at September 30, 2010	**209**	**722**	**(224)**	**(32)**	**(18)**	**3,837**	**4,494**	**7**	**4,501**
Balance at December 31, 2010	**209**	**722**	**(121)**	**(10)**	**(28)**	**3,844**	**4,616**	**7**	**4,623**
Total comprehensive income			(76)	94	(0)	652	670	1	671
Dividend payment						(167)	(167)	(0)	(167)
Reclassifications of non-controlling interests in accordance with IAS 32						0	0		0
Balance at September 30, 2011	**209**	**722**	**(197)**	**84**	**(28)**	**4,329**	**5,119**	**8**	**5,127**

1) Reserves for actuarial gains/losses and share option plans.
Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Cash Flows (IFRS)
€ in millions

	Nine months 2011	Nine months 2010
Operating activities:		
Income before taxes	900	799
Adjustments for:		
Depreciation, amortisation and impairment losses	179	204
Reversals of impairment losses	(2)	(6)
Unrealised foreign exchange (gains)/losses, net	(37)	0
Interest income	(23)	(19)
Interest expense	81	87
Losses/(Gains) on sale of property, plant and equipment, net	0	(7)
Operating profit before working capital changes	**1,098**	**1,058**
Increase in receivables and other assets	(704)	(612)
Increase in inventories	(218)	(347)
(Decrease)/Increase in accounts payable and other liabilities	(14)	351
Cash generated from operations before interest and taxes	**162**	**450**
Interest paid	(100)	(102)
Income taxes paid	(225)	(174)
Net cash (used in)/generated from operating activities	**(163)**	**174**
Investing activities:		
Purchase of trademarks and other intangible assets	(31)	(21)
Proceeds from sale of trademarks and other intangible assets	2	15
Purchase of property, plant and equipment	(186)	(116)
Proceeds from sale of property, plant and equipment	1	6
Purchase of short-term financial assets	(5)	(80)
(Purchase of)/Proceeds from investments and other long-term assets	(27)	13
Interest received	23	19
Net cash used in investing activities	**(223)**	**(164)**
Financing activities:		
Proceeds from long-term borrowings	275	62
Dividend paid to shareholders of adidas AG	(167)	(73)
Dividend paid to non-controlling interest shareholders	(0)	(0)
Cash repayments of short-term borrowings	(273)	(198)
Net cash used in financing activities	**(165)**	**(209)**
Effect of exchange rates on cash	**1**	**(5)**
Net decrease of cash and cash equivalents	(550)	(204)
Cash and cash equivalents at beginning of the year	1,156	775
Cash and cash equivalents at end of the period	**606**	**571**

Rounding differences may arise in percentages and totals.

Selected Explanatory Notes to the Interim Consolidated Financial Statements (IFRS) as at September 30, 2011

General ⋙ 01

The interim consolidated financial statements of adidas AG and its subsidiaries (collectively the "Group") for the first nine months ending September 30, 2011 are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. The Group applied all International Financial Reporting Standards and Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) effective as at September 30, 2011.

These interim consolidated financial statements have been prepared in compliance with IAS 34 "International Accounting Standard No. 34 – Interim Financial Reporting" and with GAS 16 "German Accounting Standard No. 16 – Interim Financial Reporting". Accordingly, these interim consolidated financial statements do not include all of the information and notes required for consolidated financial statements for financial year ends. Therefore, these interim consolidated financial statements should be read in conjunction with the 2010 annual consolidated financial statements. The accounting policies as well as principles and practices applied in the consolidated financial statements for the year ending December 31, 2010 also apply to the interim consolidated financial statements for the first nine months ending September 30, 2011.

An exemption to this principle is the application of new/revised standards and interpretations which are effective for financial years starting from January 1, 2011. The application of new/revised standards does not have any material impact on the Group's financial position, results of operations and cash flows.

The interim consolidated financial statements and the interim Group management report have not been audited in accordance with § 317 German Commercial Code (Handelsgesetzbuch – HGB) or reviewed by an auditor.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim consolidated financial statements only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

The results of operations for the first nine months ending September 30, 2011 are not necessarily indicative of results to be expected for the entire year.

Seasonality ⋙ 02

The sales of the Group in certain product categories are seasonal and therefore revenues and attributable earnings may vary within the financial year. Sales and earnings tend to be strongest in the first and third quarters of the financial year because these coincide with the launch of the spring/summer and fall/winter collections, respectively. This is especially relevant for the adidas and Reebok brands, whose sales account for approximately 90% of the Group's net sales. However, shifts in the share of sales and attributable earnings of particular product categories, brands or the regional composition may occur throughout the year.

Assets/liabilities classified as held for sale ⋙ 03

The composition of assets/liabilities classified as held for sale is unchanged versus June 30, 2011.

Shareholders' equity ⋙ 04

In the period from January 1, 2011 to September 30, 2011, the nominal capital of adidas AG did not change. Consequently, on September 30, 2011, the nominal capital of adidas AG amounted to € 209,216,186, divided into 209,216,186 registered no-par-value shares ("registered shares").

Other operating income and other operating expenses ⋙ 05

Other operating income mainly includes income from the release of accrued liabilities and other provisions as well as sundry income.

Other operating expenses include expenses for marketing, sales and research and development, as well as for logistics and central administration. In addition, they include impairment losses as well as depreciation on tangible assets and amortisation on intangible assets, with the exception of depreciation and amortisation which is included in the cost of sales. In the first nine months of 2011, depreciation and amortisation expense for tangible and intangible assets (excluding goodwill) and impairment losses amounted to € 174 million (2010: € 196 million).

Segmental reporting ⋙ 06

The Group's internal management reporting is structured into six operating segments: Wholesale, Retail, TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands.

The adidas and Reebok brands are reported under the segments Wholesale, Retail and Other Centrally Managed Brands.

The operating segment TaylorMade-adidas Golf contains the brands TaylorMade, adidas Golf and Ashworth.

TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands do not meet the definition of a reportable segment according to IFRS 8 "International Financial Reporting Standard No. 8 – Operating Segments" and are therefore aggregated under "Other Businesses" due to their only subordinate materiality.

Certain centralised Group functions do not meet the definition of IFRS 8 for a reportable operating segment. This includes functions such as central treasury, global sourcing as well as other headquarters departments. Income and expenses relating to these corporate functions are presented together with other non-allocable items and intersegment eliminations in the reconciliation of segmental operating profit. Segmental operating profit is defined as gross profit minus costs directly attributable to the segment or the group of segments (primarily sales and logistics costs) before marketing working budget expenditures and operating overhead costs not directly attributable.

Segmental assets include accounts receivable and inventories.

Segmental information
€ in millions

57

	Wholesale		Retail		Other Businesses		Total Segments	
	2011	2010	2011	2010	2011	2010	2011	2010
Net sales (non-Group)[1]	6,869	6,247	2,015	1,725	1,197	1,086	10,081	9,059
Segmental operating profit[1]	2,201	2,047	437	348	337	307	2,975	2,702
Segmental assets[2]	3,255	2,953	641	534	635	567	4,531	4,053

1) Nine months.
2) At September 30.

Reconciliation

Operating profit
€ in millions

58

	Nine months 2011	Nine months 2010
Operating profit for reportable segments	2,638	2,395
Operating profit for Other Businesses	337	307
HQ/Consolidation	203	163
Marketing working budget	1,000	940
Other operating expenses	1,269	1,132
Royalty and commission income	64	72
Operating profit	**973**	**865**
Financial income	23	21
Financial expenses	97	87
Income before taxes	**900**	**799**

Subsequent events ⋙ 07

Between the end of the first nine months of 2011 and the finalisation of the interim consolidated financial statements on October 31, 2011, there were no major Group-specific matters which we expect to influence our business materially going forward.

Herzogenaurach, October 31, 2011
The Executive Board of adidas AG

Executive and Supervisory Boards

Executive Board

Herbert Hainer
Chief Executive Officer

Glenn Bennett
Global Operations

Robin J. Stalker
Chief Financial Officer

Erich Stamminger
Global Brands

Supervisory Board

Igor Landau
Chairman

Sabine Bauer [1]
Deputy Chairwoman

Willi Schwerdtle
Deputy Chairman

Dieter Hauenstein [1]

Dr. Wolfgang Jäger [1]

Dr. Stefan Jentzsch

Herbert Kauffmann

Roland Nosko [1]

Alexander Popov

Hans Ruprecht [1]

Heidi Thaler-Veh [1]

Christian Tourres

1) Employee representative.

Biographical information on our Executive Board members as well as on mandates of the members of the Executive Board and the members of the Supervisory Board is available at »» www.adidas-Group.com/executive-board and »» www.adidas-Group.com/supervisory-board.

Financial Calendar 2011/2012

Nine Months 2011 Results Press release, conference call and webcast Publication of Nine Months 2011 Report	**November 3, 2011**
Full Year 2011 Results Analyst and press conferences in Herzogenaurach, Germany Press release, conference call and webcast	**March 7, 2012**
First Quarter 2012 Results Press release, conference call and webcast Publication of First Quarter 2012 Report	**May 3, 2012**
Annual General Meeting Fürth (Bavaria), Germany Webcast	**May 10, 2012**
Dividend paid (Subject to Annual General Meeting approval)	**May 11, 2012**
First Half 2012 Results Press release, conference call and webcast Publication of First Half 2012 Report	**August 2, 2012**
Nine Months 2012 Results Press release, conference call and webcast Publication of Nine Months 2012 Report	**November 8, 2012**

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adidas Group is a member of DIRK (German Investor Relations Association).

This report is also available in German.

For further adidas Group publications, please see our corporate website.

To improve readability, registered trademarks are omitted in this Quarterly Report.

Concept and Design
Strichpunkt, Stuttgart