



# Nine Months 2011 Results

## Analyst Presentation

Herzogenaurach

November 3, 2011



FIT FOR THE  
FUTURE >>>



# INTRODUCTION

John-Paul O'Meara  
Vice President Investor Relations

# OPERATIONAL HIGHLIGHTS

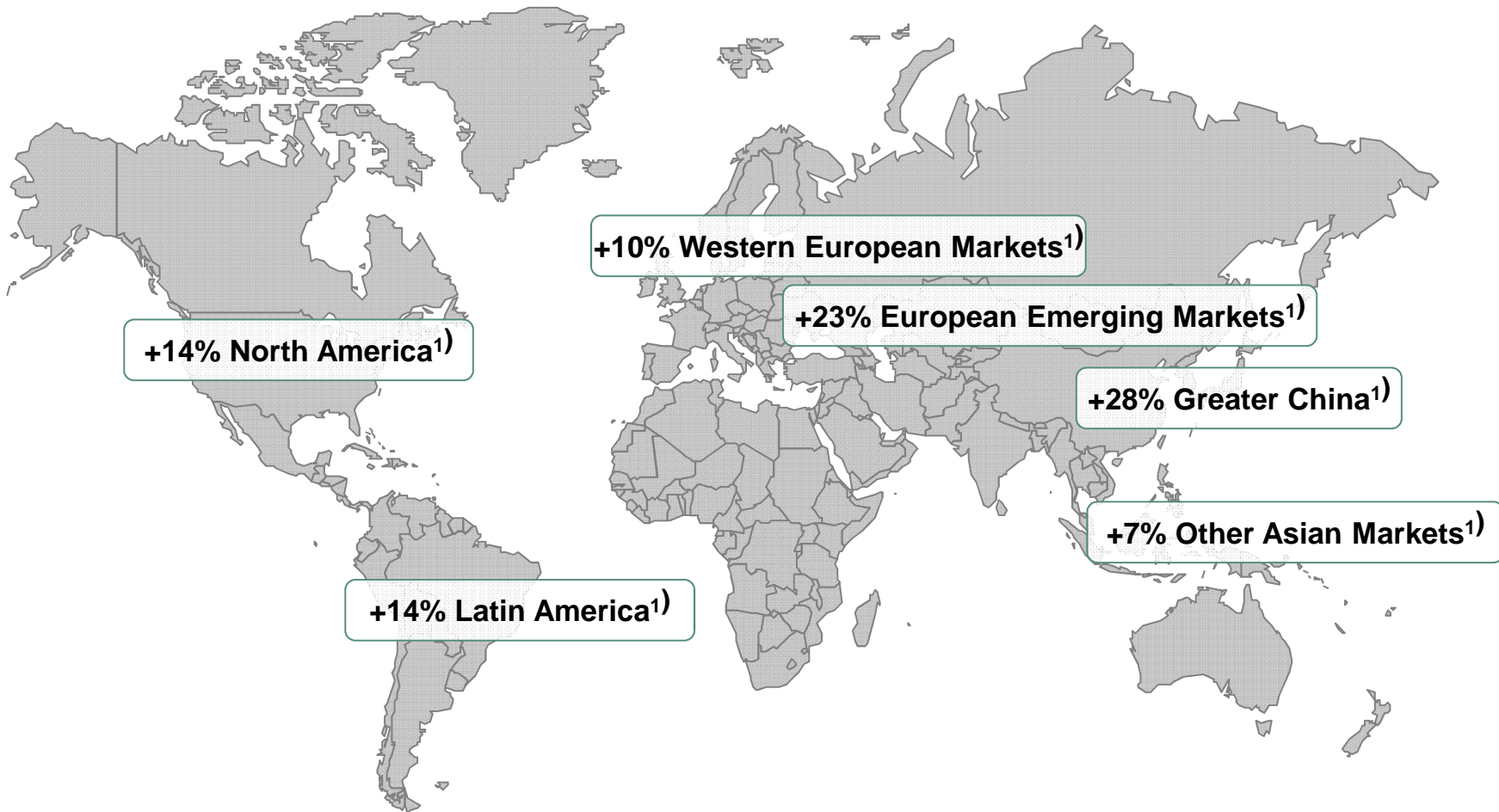
Herbert Hainer  
adidas Group CEO

## adidas Group Delivers Record Nine Months Performance

- Record sales of € 10.1 billion
- Gross margin stable at 48.2%
- Operating margin up 0.1pp to 9.7%
- Net income and EPS increase 16%




# Sales Grow In All Geographic Areas YTD



1) Sales development on a currency-neutral basis

# Strong Momentum At adidas And Reebok

		Q3 2011	Change	9M 2011	Change
	<b>Net sales (€ in millions)</b>	2,794	15% <sup>1)</sup>	7,467	14% <sup>1)</sup>
	<b>Gross margin</b>	46.0%	(1.4pp)	46.9%	(0.7pp)
<b>Reebok</b>	<b>Net sales (€ in millions)</b>	564	2% <sup>1)</sup>	1,467	9% <sup>1)</sup>
	<b>Gross margin</b>	37.5%	0.7pp	37.0%	1.2pp

<sup>1)</sup> Currency-neutral

# adidas Sales Increase 15% Currency-Neutral In Q3



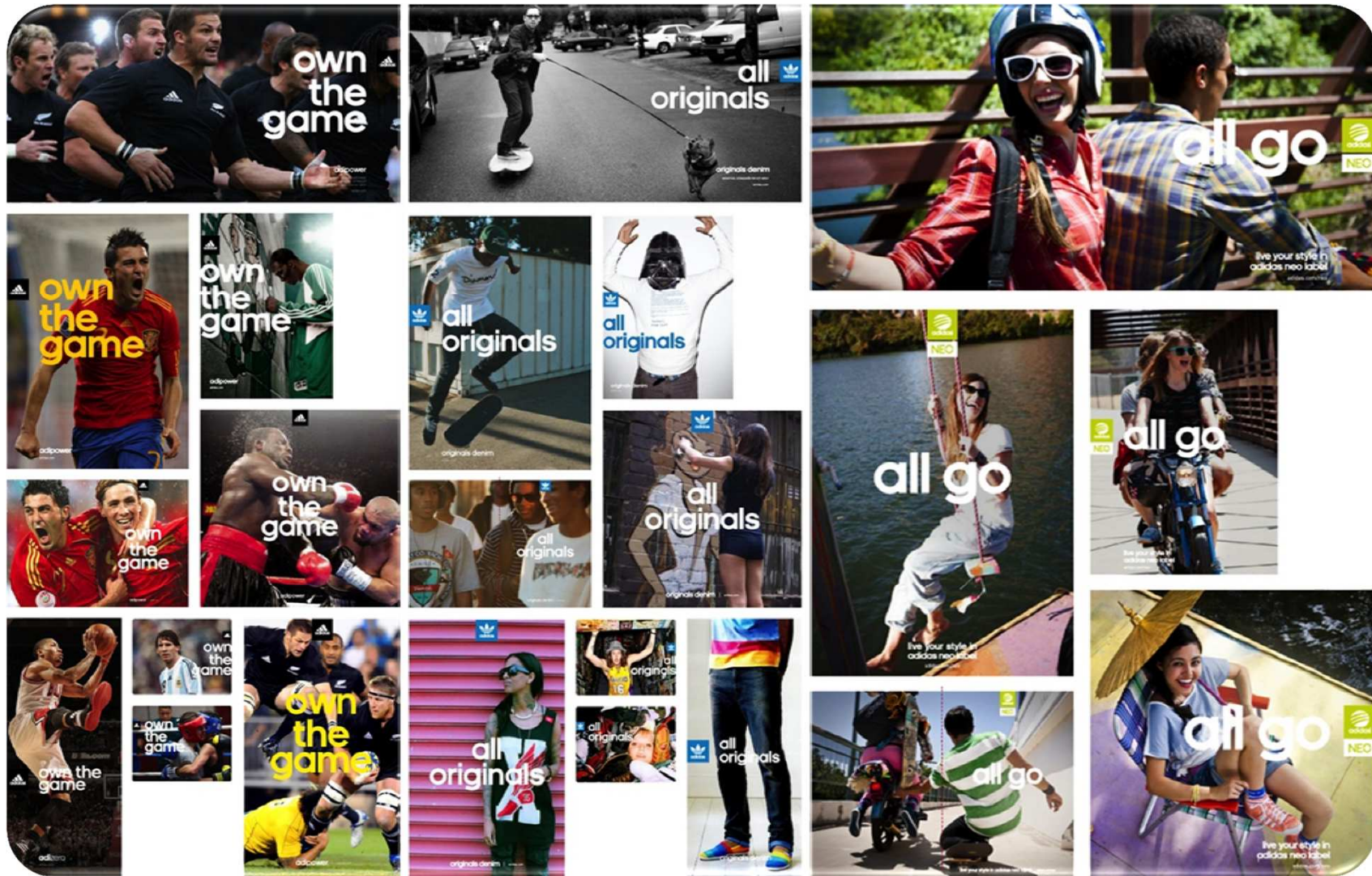
**adidas Sport Performance**  
Up 13%



**adidas Sport Style**  
Up 20%



# “all in” Campaign Drives Awareness And Engagement





# adidas Running Sales Increase 20% In Q3

- **Yohan Blake becomes 100m world champion in adizero Prime**
- **Patrick Makau sets new marathon world record in adizero adios 2**
- **Runner's World Global "Best Update Award" for Response Trail 18**



# adidas Athletes Rack Up Medals At IAAF In South Korea

- **33 Medals**
  - **7 Gold**
  - **13 Silver**
  - **13 Bronze**



# adidas Basketball North America Sales Up 21% In Q3

- **Global sales up 11% YTD**
- **Strong ASP increases in 2011 compared to 2010**
- **Sell through of 75% for adizero Crazy Light after 45 days**
- **adizero Rose 2 off to fast start**
- **adiPower Howard launches this week**



# adidas Sport Style Sales Increase 20% In Q3

- **Mega Vario is the best selling adidas shoe during back to school**
- **Originals now offering key Collegiate silhouettes**
- **Most successful Star Wars range ever in Q3**
- **NEO Label sales grow 40%**



# Reebok Sales Increase 9% Currency-Neutral YTD



- **Reebok sales grow 4% in North America, or 24% excluding toning in Q3 after 15% decline in Q2**
- **European Emerging Markets grow 22% and Other Asian Markets increase 7%**
- **John Wall basketball shoe ZigEncore (\$115) and Zig ProFuture (\$100) launched in basketball**
- **ZigDynamic debuts at Finish Line for \$115 with strong sell-throughs**



# Reebok Classics Turnaround Begins

- Reethym of Lite campaign viewed 3.8 million times on YouTube
- Campaign rolled out internationally in UK, Japan, South Korea and Russia in Q3
- Classics footwear average selling prices up 25%



# Reebok FTC Settlement

- **Reebok and the FTC have come to a settlement agreement on the FTC's allegations regarding the U.S. EasyTone advertising campaign**
- **Reebok has chosen to settle with the FTC. Settling does not mean we agreed with the FTC's allegations; we do not**
- **We stand behind our EasyTone technology**
- **Our consumers are our number one priority, and we will continue to deliver products that they trust and love**

# TaylorMade-adidas Golf Extends Market Leadership

- Sales increase 17% YTD and 16% in Q3
- Double-digit growth in Metalwoods and Irons
- Footwear up almost 40% driven by TOUR360 ATV launch
- Market share lead extended in irons
- Darren Clarke wins British Open
- Sergio Garcia wins two in two weeks



**TaylorMade**<sup>®</sup>

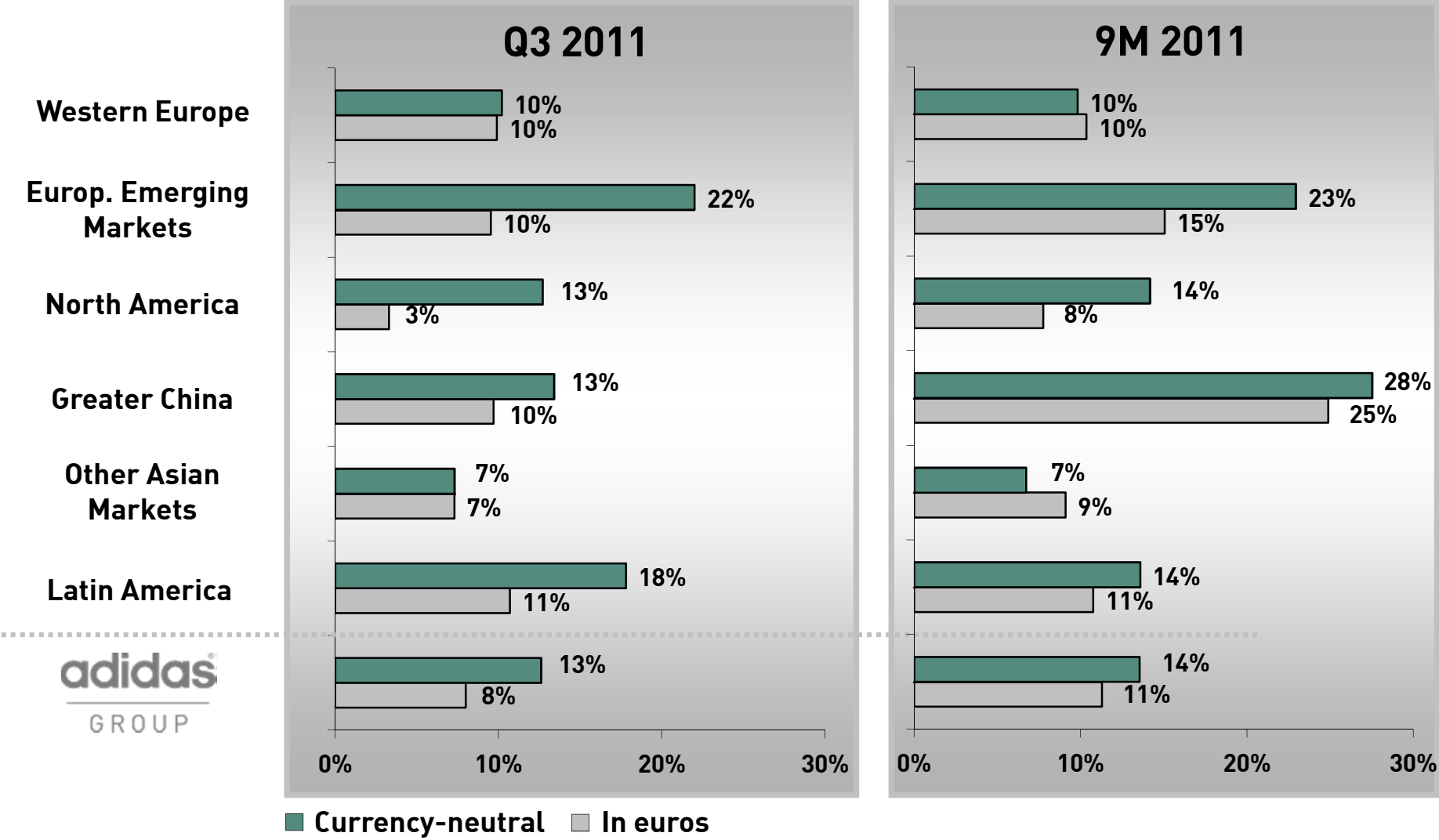




# FINANCIAL HIGHLIGHTS

Robin Stalker  
adidas Group CFO

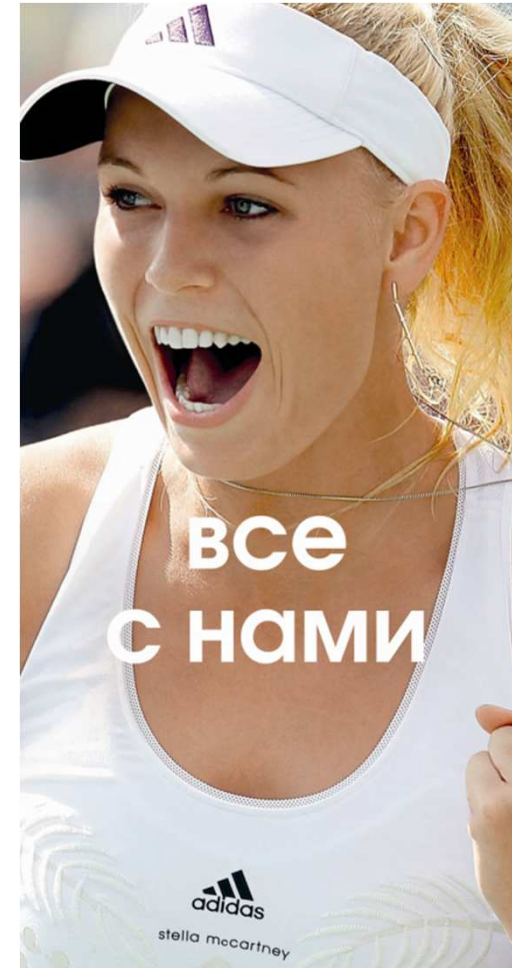
# Q3 Group Sales Increase 13% Currency-Neutral



# Expansion Of Market Leadership In Russia/CIS



- adidas and Reebok both grow at 23% in Q3
- Comp store sales up 26% in Q3 and 31% YTD
- adidas clearly setting the pace with key categories such as Training, Running and Outdoor
- Reebok exploits strong momentum



# adidas Clearly Outperforming In Greater China

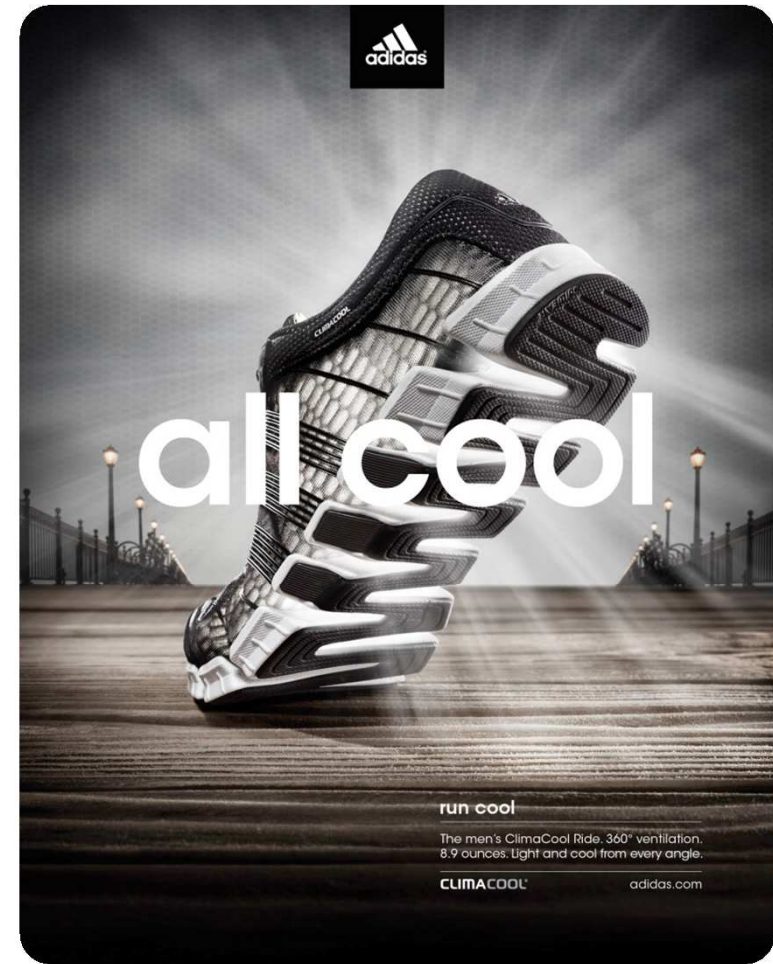
- **Record nine months sales of € 900 million**
- **adidas Sport Performance enjoys strong momentum in Running, Training and Outdoor**
- **adidas Originals and adidas NEO Label drive Sport Style sales up 22%**
- **Reebok sales advance 29% in Q3 although from a low base**
- **Healthy inventory situation and clean store base give confidence for future growth opportunities**



# adidas And TMaG Drive Growth In North America



- Group sales up 13% currency-neutral in Q3
- adidas and TaylorMade-adidas Golf grow at strong double-digit rates
- Reebok returns to growth
- Presence in the mall and sporting goods channel further improved



# Q3 Wholesale Sales Up 10% Currency-Neutral

<b>Wholesale</b>	<b>9M 2011</b>	<b>Change</b>
<b>Net sales (€ in millions)</b>	<b>6,869</b>	<b>12%<sup>1)</sup></b>
<b>Gross margin</b>	<b>41.1%</b>	<b>(0.9pp)</b>
<b>Segmental operating margin</b>	<b>32.0%</b>	<b>(0.7pp)</b>

<sup>1)</sup> Currency-neutral



# Retail Comparable Store Sales Increase 14% In Q3

<b>Retail</b>	<b>9M 2011</b>	<b>Change</b>
<b>Net sales (€ in millions)</b>	<b>2,015</b>	<b>21%<sup>1)</sup></b>
adidas comp store sales		15% <sup>1)</sup>
Reebok comp store sales		13% <sup>1)</sup>
Total comp store sales		15% <sup>1)</sup>
<b>Gross margin</b>	<b>63.2%</b>	<b>+1.5pp</b>
<b>Segmental operating margin</b>	<b>21.7%</b>	<b>+1.5pp</b>



<sup>1)</sup> Currency-neutral



# Other Businesses Grow 13% Currency-Neutral In Q3

Other Businesses	9M 2011	Change
Net sales (€ in millions)	1,197	13% <sup>1)</sup>
Gross margin	44.4%	(0.4pp)
Segmental operating margin	28.1%	(0.1pp)



<sup>1)</sup> Currency-neutral



# 9M Group Gross Margin Virtually Flat At 48.2%



- Higher input costs















- Higher Retail sales at higher margins
- Overproportionate growth in emerging markets
- More favourable sales mix
- Improvements at Reebok

	Q3 2011	9M 2011
Wholesale	40.4% (1.5pp)	41.1% (0.9pp)
Retail	62.3% +1.4pp	63.2% +1.5pp
Other Businesses	42.9% (2.4pp)	44.4% (0.4pp)
	47.1% <sup>1)</sup> (0.3pp)	48.2% <sup>1)</sup> (0.1pp)











9M Group gross profit up 11% to € 4.855 billion

1) Total Group includes HQ/Consolidation

## 9M Group Operating Profit Increases 12%

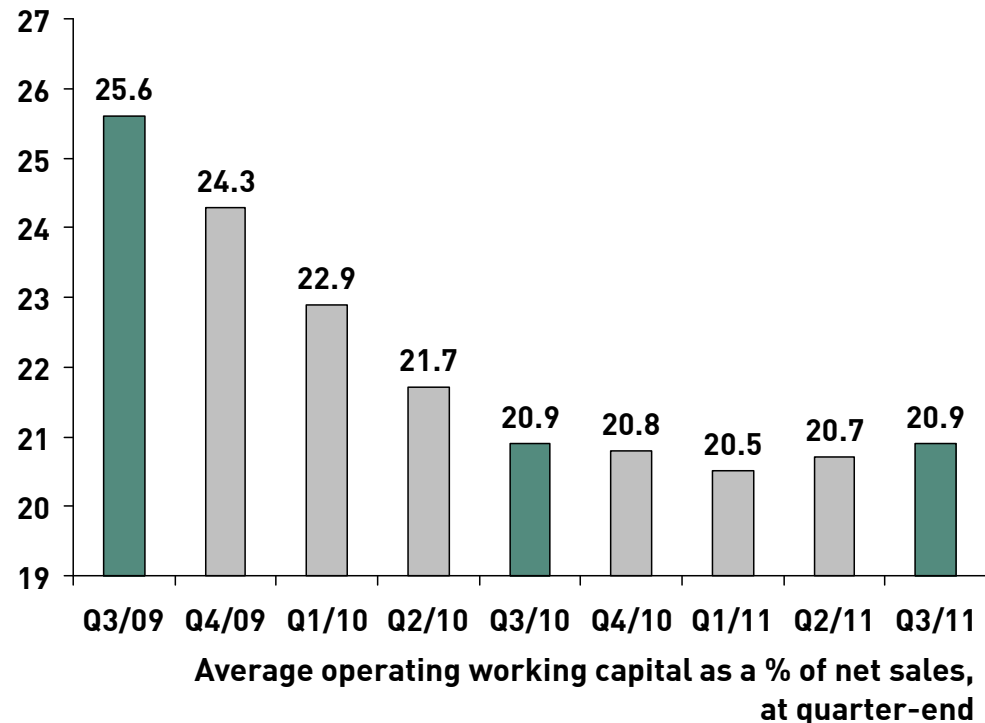
	Q3 2011	9M 2011
Royalty and commission income	 (12%) € 23 million	 (11%) € 64 million
Other operating income	 (23%) € 14 million	 (45%) € 50 million
Other operating expenses	 +7% € 1.358 billion	 +9% € 3.996 billion
Other operating expenses as a percentage of sales	 (0.5pp) 36.3%	 (0.8pp) 39.6 %
Operating profit	 +7% € 441 million	 +12% € 973 million
Operating margin	 (0.1pp) 11.8%	 +0.1pp 9.7%

# Record Diluted EPS

	Q3 2011	9M 2011
Financial income	 +81% € 10 million	 +13% € 24 million
Financial expenses	 (9%) € 33 million	 +11% € 97 million
Income tax rate	 (2.7pp) 27.3%	 (2.3pp) 27.4%
Net income attributable to shareholders	 +14% € 303 million	 +16% € 652 million
Diluted earnings per share	 +14% € 1.45	 +16% € 3.12

# Operating Working Capital As A Percentage Of Sales Remains At Low Levels

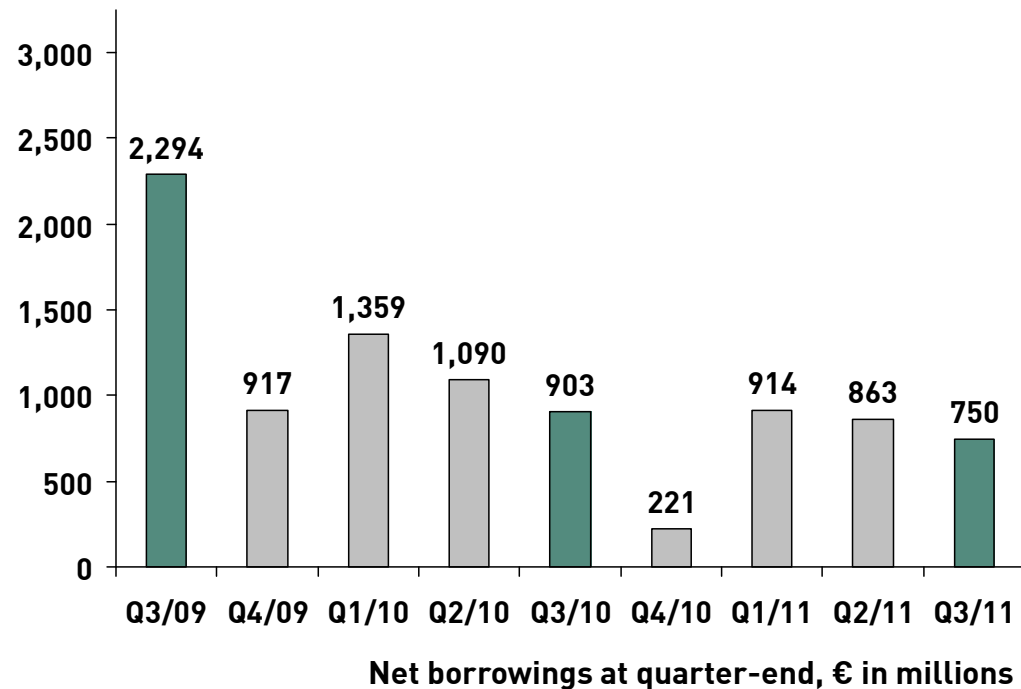
- **Inventories increase 20% on a currency-neutral basis**
  - Sequential decline in growth rate (+26% in Q2)
  - Reflects FOB impact and growth expectations
- **Receivables up 5% on a currency-neutral basis**
  - Increase below Group's sales growth in Q3
- **Payables increase 8% on a currency-neutral basis**



Operating working capital as a percentage of sales at 20.9% stable versus 9M 2010

# Net Debt Declines Year-Over-Year

- **Net borrowings decrease 17% versus prior year to € 750 million**
- **Ratio of net borrowings/EBITDA decreases to 0.6 from 0.7 in 2010**
- **Equity ratio increases 2.4 percentage points to 46.9%**



# adidas Group Will Deliver Record 2011 Results

**Group sales (currency-neutral)**

**increase at a rate  
approaching 12%** ↑

Wholesale sales (currency-neutral)

high-single-digit increase

Retail sales (currency-neutral)

high-teens increase ↑

Other Businesses sales (currency-neutral)

high-single-digit increase ↑

**Gross margin**

**47.5% to 48.0%**

**Operating margin**

**7.5% to 8.0%**

**Diluted earnings per share**

**increase at a rate approaching  
16% to ca. € 3.15** ↑

# STRATEGIC INITIATIVES & OUTLOOK

Herbert Hainer  
adidas Group CEO

# adidas Outdoor Well On Track For Route 2015 Goals

- Sales increase almost 40% YTD
- Strong growth in Outdoor driven by Terrex
- Good start to US roll-out
- € 500 million organic sales target for 2015





# adidas Group To Acquire Outdoor Specialist Five Ten

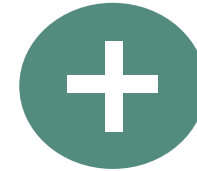
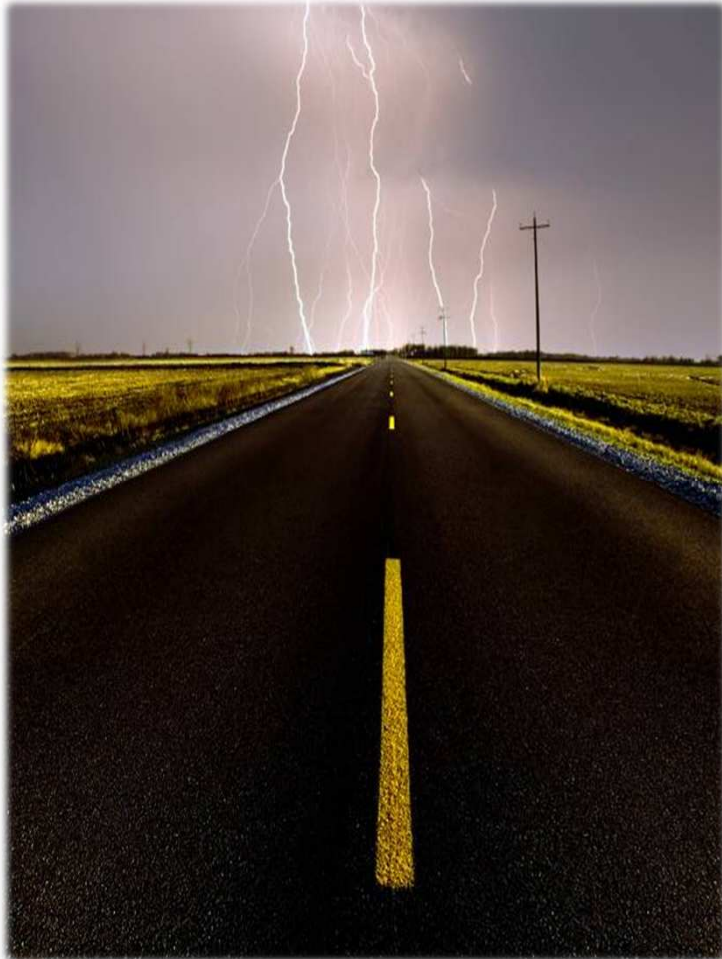
- “The Brand Of The Brave”
- Leading performance brand in Outdoor action sports with clear focus on Climbing and Mountain Biking
- Complementary to adidas product offering
- Efficiency opportunities in sourcing, sales and logistics
- 2011 sales of ca. € 16 million
- Total purchase price of \$25 million in cash



**STEALTH**



# Well Positioned To Weather Economic Challenges



- **Resilience of sporting goods industry**
- **Reebok brand revived**
- **Regained momentum in China**
- **Less currency risk**
- **All brands much stronger in North America**
- **Excellent balance sheet**
- **Event year ahead**

# adidas Football Sales Already Up In Q3

- Global football sales up 11% in Q3; footwear sales up 22%
- Six adidas teams qualified for EURO 2012
- Major product launches every month between now and next summer's event
- New record sales of above € 1.5 billion expected in 2012



UEFA  
**EURO2012**  
POLAND-UKRAINE



# adizero f50 Powered By miCoach

**compare**                      **share**                      **compete**



adidas®

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GROUP

QUESTIONS & ANSWERS

# Upcoming Financial Reporting Dates

<b>Mar 7, 2012</b>	<b>Full Year 2011 Results</b>
<b>May 3, 2012</b>	<b>First Quarter 2012 Results</b>
<b>May 10, 2012</b>	<b>Annual General Meeting</b>
<b>May 11, 2012</b>	<b>Dividend Paid<sup>1)</sup></b>
<b>Aug 2, 2012</b>	<b>First Half 2012 Results</b>
<b>Nov 8, 2012</b>	<b>Nine Months 2012 Results</b>

<sup>1)</sup> Subject to Annual General Meeting approval