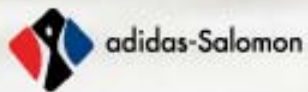


adidas-Salomon AG

DrKW German Investment Seminar

January 12, 2005

Robin Stalker, CFO



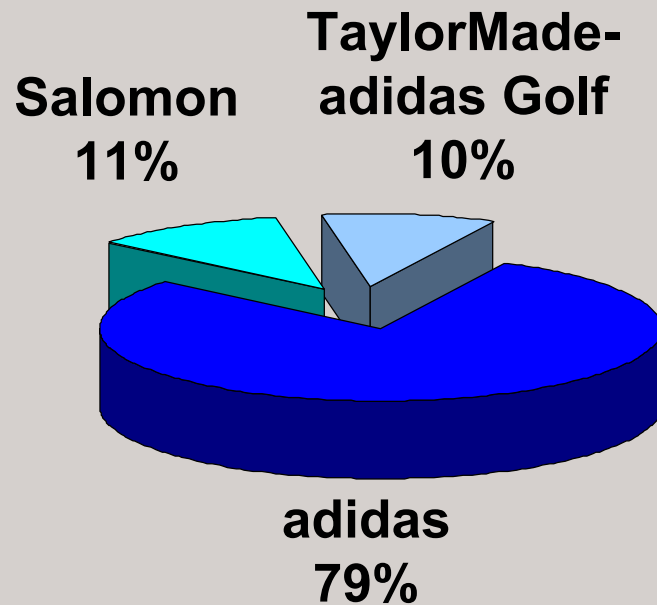
# Agenda

- adidas-Salomon overview
- Group strategic priorities 2004-2008
- Brands and regions
- Group outlook

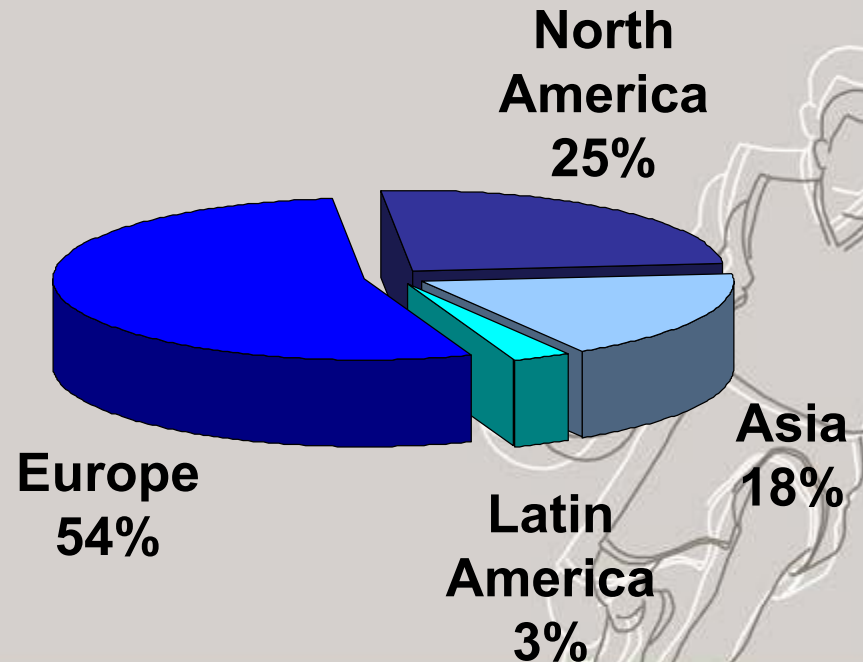


# Currency-Neutral adidas-Salomon Sales Increase 5% in 2003

...by brand



...by region

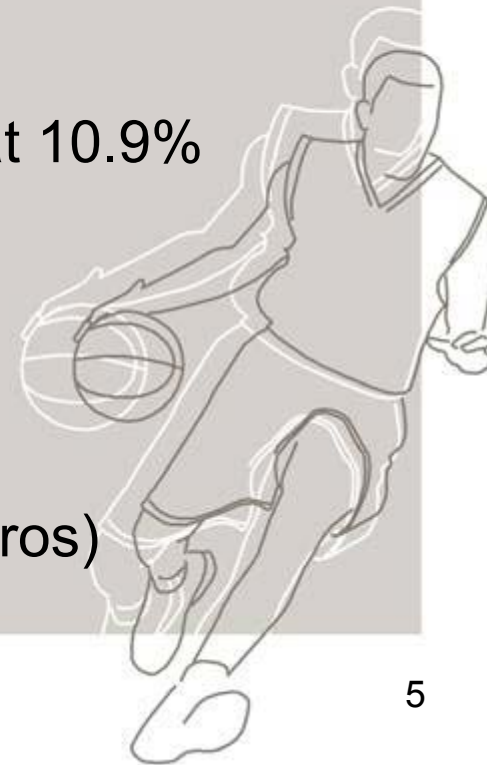


# Consumer-Group Oriented Structure



## Solid YTD Performance

- Currency-neutral sales up 6% (+3% in euros)
- Gross margin increases 330 basis points to 47.4%
- Operating profit grows 22%, operating margin at 10.9%
- Net debt reduced by € 510 million
- Currency-neutral backlogs grow 5% (+2% in euros)



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# Group Strategic Priorities 2004-2008

- Maximizing brand image and value
- Growing the top line
- Driving operating margin improvement
- Increasing returns to shareholders

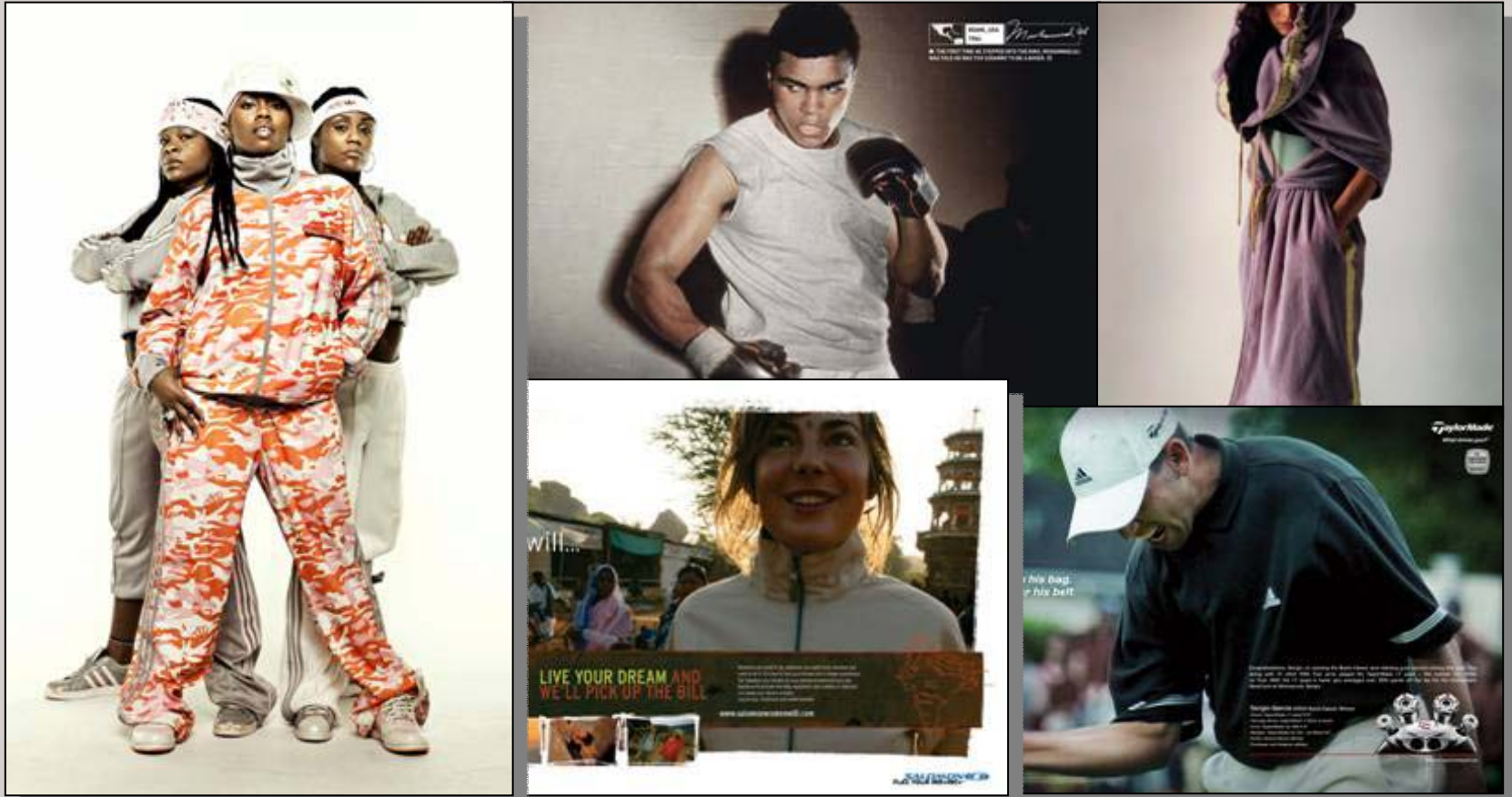


# Utilizing Major Sporting Events

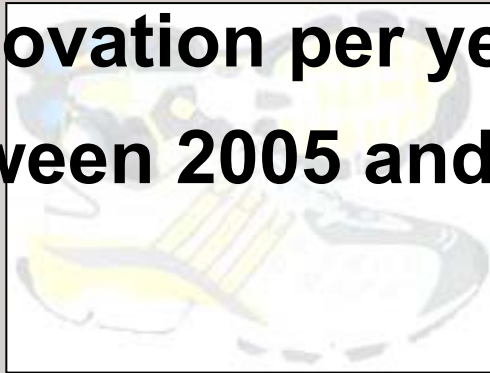




# Ongoing Brand-Building Activities



# Continued Innovation Leadership



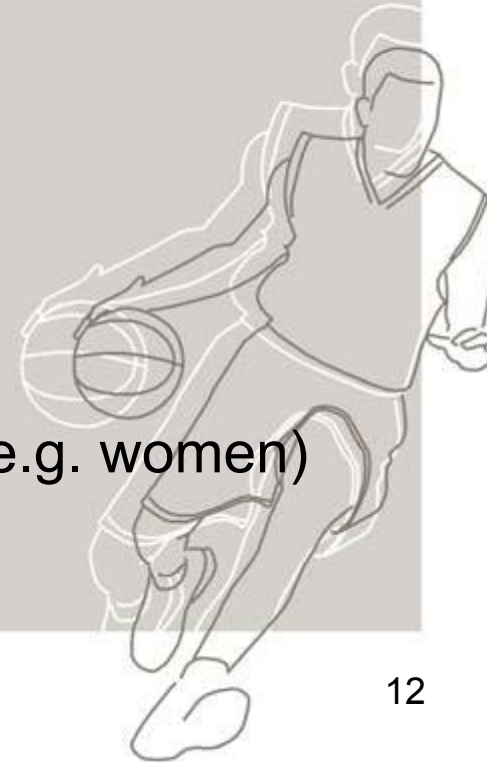
**At least  
one major technological  
innovation per year  
between 2005 and 2008**

# Partnering with the World's Leading Athletes



# Accelerating Top-Line Growth

- Market conditions aren't getting any easier
- Key account focus
- Own-retail initiatives
- Focus on under-penetrated consumer groups (e.g. women)





# Driving Operating Margin Improvement

- Increasing efficiency drives cost side progress
  - ⇒ Major contracts as profit centers
- 10% operating margin target in 2006
  - ⇒ Profitability gains to continue in Europe
  - ⇒ Strong top- and bottom-line growth in Asia
  - ⇒ Steady build-up in North America



# Increasing Shareholder Returns

- Strong operational performance to drive continued capital gains
- Increasing dividends for 2004 and beyond
- Convertible bond now “in the money”



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# adidas in the Coming Years

- Utilize upcoming events to create excitement around the brand
- Football sales to reach € 1 billion in 2006
- Continue “Apparel Breakthrough” initiative
- Further own-retail roll-out

**Focus on long-term, profitable growth**





# Salomon's Path to Success in 2005-2007

- Strong growth of soft goods product lines
- “Women Will” consumer communication and retail solutions
- Margin improvement through manufacturing and sourcing optimization

**Improving profitability is our highest priority**

# TaylorMade-adidas Golf in the Next Three Years

- Continue metalwood dominance
- Become #1 in irons
- Double-digit growth in Asia and at adidas Golf

**Innovative products continue to fuel growth**



# European Core Levers for Growth in 2005 / 2006



Football



Running



Apparel



Own Retail



Key Accounts



Emerging Markets

# Five Major Initiatives in North America

- Create excitement around brand adidas
- Extend strong global sports marketing foundation into US sports
- Establish product leadership in the USA
- Improve presence at the point of sale
- Optimize sales and distribution



# Major Growth Engines/Strategies in Asia

- Retail expansion & development
- Increase sell-through at POS
- Maximize opportunities of incremental sales (e.g. major sporting events)
- Growth management



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# adidas-Salomon on Track for Improved 2004 Targets

- Currency-neutral sales growth of around 5%
- Gross margin to clearly exceed 45%
- Earnings to grow by around 20%



## Strong Basketball Line-Up

- T-MAC 4 follow-up in February
- GDL in stores now with strong sell-throughs
- a<sup>3</sup> Garnett 2 available in February





## *adidas by Stella McCartney*

- First sports performance designer collection for women
- Products in four sports categories
- High-end department stores as US distribution focus



# Ali by adidas

- Complete range of men's
  - ⇒ Apparel
  - ⇒ Footwear
  - ⇒ Accessories
- Debut in spring/summer 2005



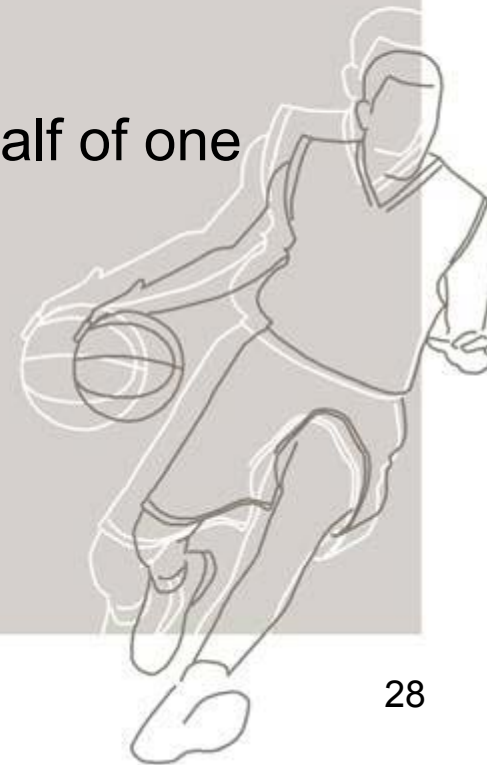
# adidas\_1

- First shoe to feature intelligent cushioning by automatically and continuously adjusting itself
- On sale in spring 2005
- Retail price at \$ 250 / € 250



# adidas-Salomon Establishes Sponsored ADR Program in the US

- ADRs trade on the over-the-counter market
- Symbol: ADDYY
- ADR ratio 2:1  $\Rightarrow$  i.e. one ADR represents one-half of one common share of adidas-Salomon
- Depositary: The Bank of New York
- Program will facilitate US shareholdings



## 2005 Outlook

- Mid- to high-single-digit currency-neutral sales growth
- Continued strong gross margins
- Operating margin improvement
- 10-15% earnings improvement





# QUESTIONS AND ANSWERS

