

An aerial photograph of a lush green football pitch, showing the texture of the grass and the overall shape of the field. The text is overlaid on this image.

# Nine Months 2006 Results Roadshow Presentation

**November 2006**

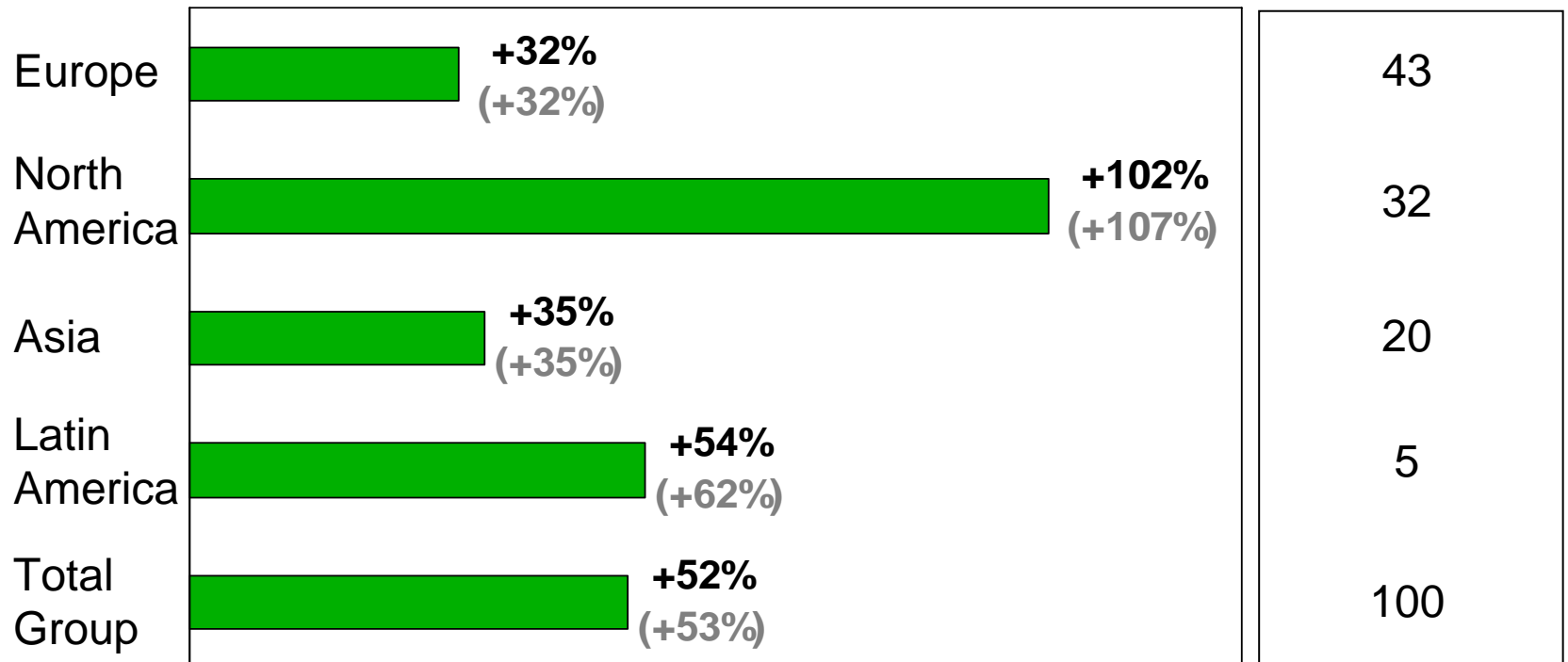
# Strong Year-To-Date Operational Progress And Financial Results

- Currency-neutral sales up 52%
- Double-digit currency-neutral sales growth in all regions
- Double-digit currency-neutral sales growth for adidas and TaylorMade-adidas Golf
- Net income grows 22%
- Reebok integration continues



# Strong Group Sales Growth In All Regions

Currency-neutral adidas Group YTD Net Sales Growth



(Growth rates in euros in brackets)

in % of total Group sales

# Numerous Factors Impact Year-To-Date Gross Margin

adidas Group gross margin 44.9%

 **adidas**

46.9% (+1.1pp)

- Own retail
- Product mix improvements especially in North America

**Reebok**

34.8%





- PPA impact
- US exposure
- Inventory clearance measures
- Tough comps

 **TaylorMade**

44.0% (-1.7pp)

- Golf ball margins
- Metalwood promotion impact
- Greg Norman Collection dilution

## Positive Operating Expense Development

Opex as % of sales	YTD 2006		
 <b>adidas</b>	33.1%	↑	+1.2pp
 <b>Reebok</b>	32.0%	-	-
 <b>TaylorMade</b>	34.4%	↓	(1.7pp)
 <b>adidas</b> GROUP	35.1%	↓	(0.9pp)

**Operating profit +23% to €829 million**  
**Operating margin 10.6% (-2.6pp)**

## Strong IBT And Earnings Performance

- Net financial expenses increase to € 121 million
- Income before taxes grows 10% to € 709 million
- Group tax rate decreases to 31.9%
- Net income from continuing operations increases to € 483 million

**Net income attributable to shareholders  
reaches €469 million**

**Basic earnings per share from continuing and  
discontinued operations increase 10% to €2.31**

## Operating Working Capital Remains A Key Priority

Currency-neutral	adidas Group	adidas Group excl. Reebok
Inventories	+48%	+9%
Receivables	+62%	+10%

- ✓ Inventory development shows sequential improvement
- ✓ Receivables growth clearly lower than quarterly sales growth
- ✓ 95% financial leverage already better than 100% year-end target

## Outstanding adidas Financial Performance

- Year-to-date currency-neutral sales up 15% (+15% in euros)
- Double-digit growth in all divisions
- Q3 currency-neutral sales up 15% (+12% in euros)
- Year-to-date currency-neutral sales in Europe grow 11% (+15% in Q3)





adidas

GROUP

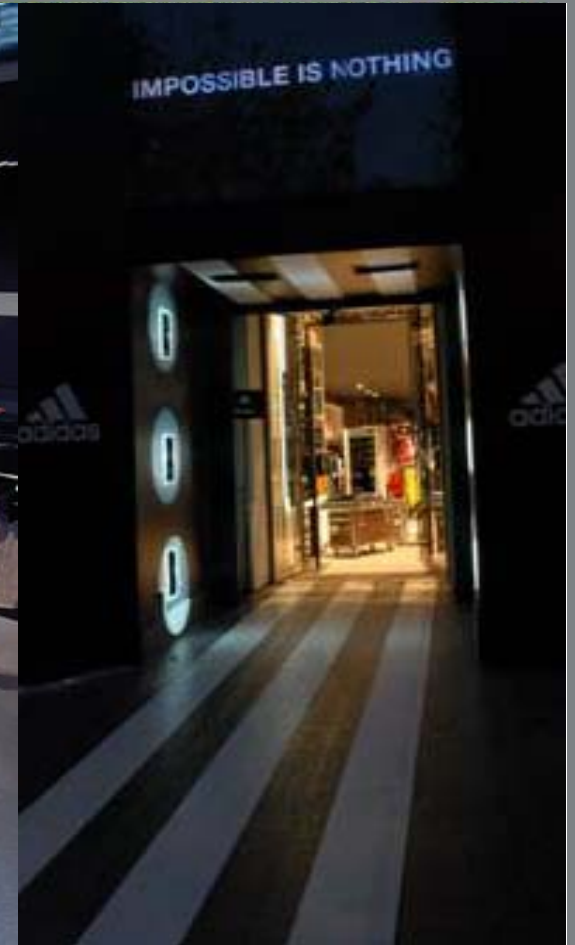
# Successful Performance Category Product Launches



## Continued Focus On Strategic Partnerships



# Largest Sport Performance Store Opens In Paris



## JJB Shop-In-Shop Initiative Kicked Off



## adidas Backlogs Grow 3%

	Change	Currency-neutral change
Footwear	(2%)	2%
Apparel	2%	5%
Total	0%	3%

- European backlogs reflect tough World Cup comparables
- Asian backlogs impacted by trade show timing

## Reebok Performance Shows Underlying Improvements

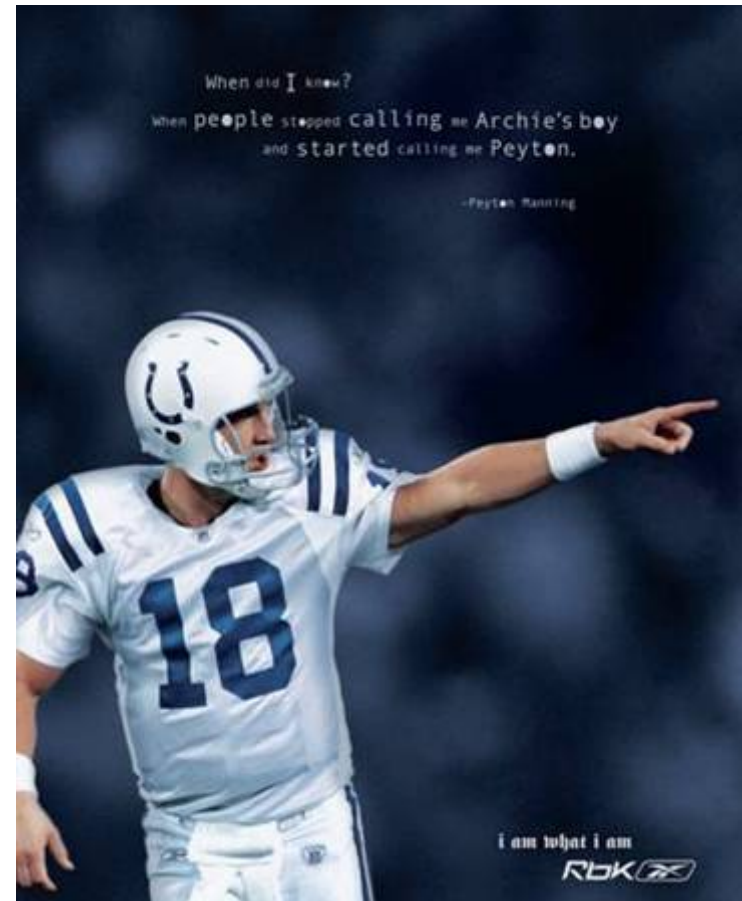
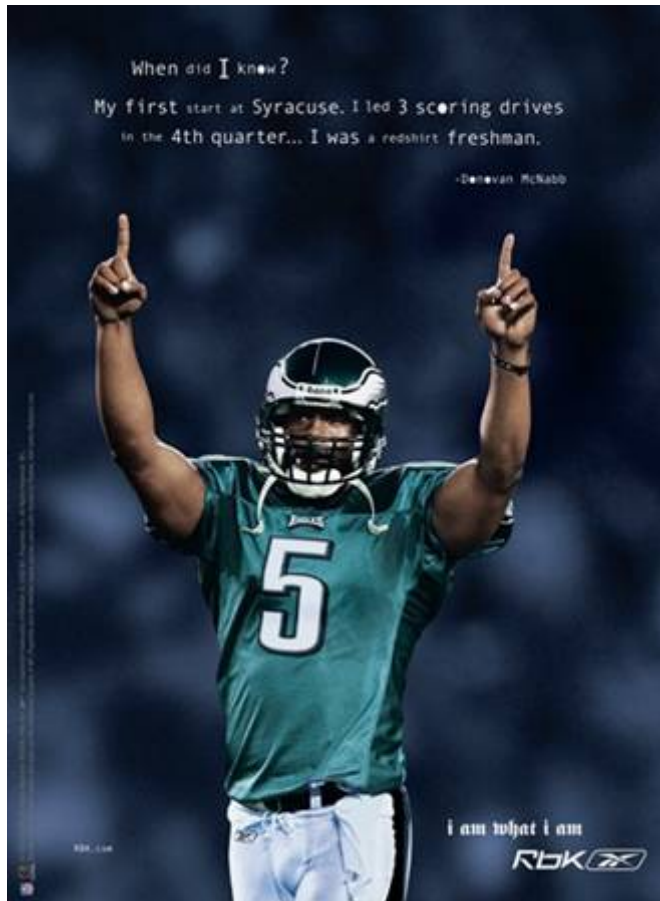
- Year-to-date currency-neutral sales down 9%
- Q3 currency-neutral sales down 4%
- Sequential improvement at brand Reebok
- Challenges continue in US and UK
- Double-digit growth in Asia

**Reebok**

adidas

GROUP

# Focus On Performance With “When Did I Know” Campaign



adidas

GROUP

# Focus On Performance With Strong NHL Positioning





adidas

GROUP

# Focus On Performance With Addition Of Football Superstar Andriy Shevchenko



**EXPLOIT**  
*your*  
**OPPONENT'S**  
**WEAKNESS.**  
**boxing**  
*TAUGHT me*  
**that.**

**MORE** [RBK.com](http://RBK.com) 



## Continued Emphasis On Revitalizing The Reebok Brand

- Cleaning up inventories
- Sales continue to outperform backlogs
- Cancellations significantly reduced
- At-once business grows strongly
- Diversifying distribution
- Broadening lifestyle offering
- Performance categories gaining momentum



## Reebok Initiatives In Full Swing

- Strengthening Global Marketing function
- “Passion Starts Here” employee program
- Performance focus sharpened



# Reebok Synergies As Focal Point Within The Group

**Maximize annual revenue synergies of €500 million**

Branded apparel

Licensed product

Regional initiatives

Distributor buyouts

**Maximize annual cost synergies of €175 million**

## Phasing of Revenue Synergies on the Fast-Track

€ in millions	<b>2007</b>	<b>2008</b>	<b>2009</b>
Synergy	100	250	500

- Savings equally spread over Asia, North America and Europe
- One-time expenses to average € 15 – 25 million per year

## Phasing of Cost Synergies Leads to Full Impact in 2009

€ in millions	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Synergy	35	87.5	175	175
One-time cost	35	70	70	-
<b>Net effect</b>	<b>0</b>	<b>17.5</b>	<b>105</b>	<b>175</b>

## Reebok Backlogs Down 14%

	Change	Currency-neutral change
Footwear	(14)	(11)
Apparel	(21)	(19)
Total	(16)	(14)

- Sequential improvement in Europe and Asia
- Continuing challenges in North America

## TaylorMade-adidas Golf Growth Continues

- Year-to-date currency-neutral sales grow 23%
- Currency-neutral sales up 15% in the third quarter
- Positive Greg Norman Collection impact
- ispo vision award recognizes brand's industry leadership in performance golf apparel





## Strong Year-To-Date Group Performance

- Outstanding performance of adidas crowned by strong World Cup showing
- Reebok integration on track to realize synergies in 2007
- TaylorMade-adidas Golf continues to grow in a challenging industry

 **adidas**<sup>®</sup>

**Reebok**

 **TaylorMade**<sup>®</sup>

## 2006 Full Year Targets Confirmed

<b>adidas Group 2006</b>	<b><u>Target</u></b>
Net sales	ca. € 10 billion
Gross margin	44 - 46%
Operating margin	ca. 9%
Net income attributable to shareholders	€ 480 - € 490 million

## Looking Out Into 2007

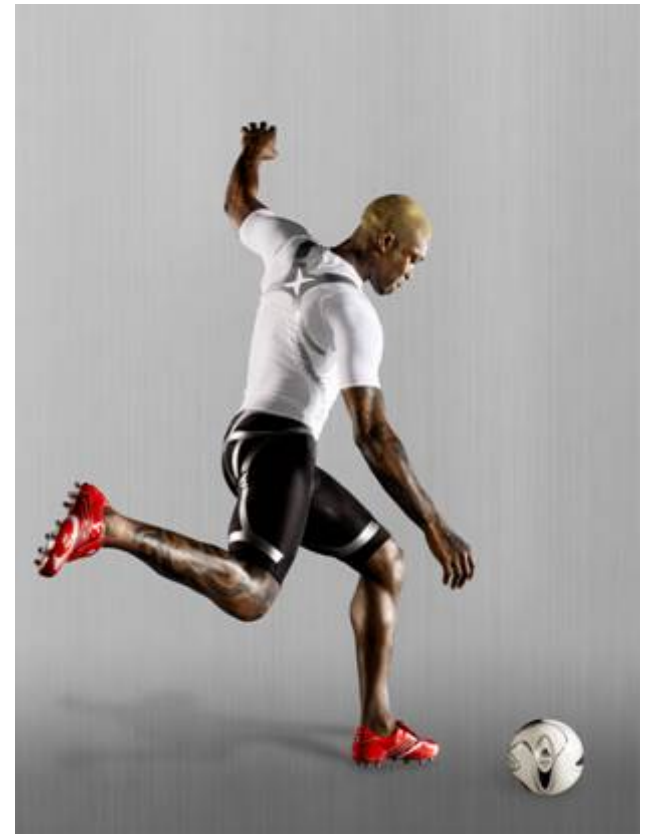
- Investing in Reebok's growth opportunities
  - Brand building
  - Product development
  - Emerging markets



**adidas Group net income growth  
to approach 15% in 2007**

## Aiming At Peak Performance

- Strong year-to-date performance
- 2006 guidance confirmed
- Reebok turnaround as Group's highest priority
- On track to deliver medium-term guidance



An aerial, top-down view of a vibrant green football pitch. The grass is short and dense, with subtle variations in shade and texture across the field. The word "Appendix" is centered in the lower half of the image in a large, white, sans-serif font.

# Appendix

# adidas Backlogs By Product Category And Region

- Development of adidas order backlogs (in %)

	Europe	North America	Asia	Total
Footwear	(7)	(1)	10	(2)
Apparel	(7)	4	14	2
<b>Total</b>	<b>(8)</b>	<b>2</b>	<b>12</b>	<b>0</b>

- Currency-neutral development of adidas order backlogs (in %)

	Europe	North America	Asia	Total
Footwear	(5)	4	16	2
Apparel	(5)	9	20	5
<b>Total</b>	<b>(6)</b>	<b>6</b>	<b>18</b>	<b>3</b>

# Reebok Backlogs By Product Category And Region

- Development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	3	(30)	(14)
Apparel	(19)	(25)	(21)
<b>Total</b>	<b>(6)</b>	<b>(29)</b>	<b>(16)</b>

- Currency-neutral development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	4	(27)	(11)
Apparel	(18)	(22)	(19)
<b>Total</b>	<b>(5)</b>	<b>(25)</b>	<b>(14)</b>

## Reebok Sales By Region

YTD 2006 Net Sales of Brand Reebok (€ in millions)

in % of total brand sales

