

First Half 2011 Results:

**Group sales increase 14% on a currency-neutral basis
Net income attributable to shareholders up 19% to record € 349 million
adidas Group to achieve record sales and earnings in 2011**

- **Both adidas and Reebok sales up 14% currency-neutral year-to-date**
- **Comparable Retail store sales grow 15% currency-neutral in the first half of 2011**
- **Gross margin improves 20 basis points to 49.2% in the second quarter despite rising input costs**
- **Operating margin increases 0.3pp to 8.4% in the first half of 2011**
- **Net borrowings down 21% to € 863 million at end of June 2011**

adidas Group currency-neutral sales increase 10% in the second quarter of 2011

In the second quarter of 2011, Group revenues grew 10% on a currency-neutral basis. Currency-neutral revenues in Western Europe increased 5%, supported by double-digit growth at TaylorMade-adidas Golf and sales increases at adidas. In European Emerging Markets, currency-neutral sales were up 21% as a result of strong increases at both adidas and Reebok. Group sales in North America grew 5% on a currency-neutral basis, supported by double-digit increases at adidas as well as TaylorMade-adidas Golf. In Greater China, Group sales were up 41% on a currency-neutral basis, supported by strong growth in all major categories. Currency-neutral revenues in Other Asian Markets and Latin America grew 6% and 8%, respectively. In contrast to previous quarters, currency translation effects had a negative impact on sales in euro terms. Group revenues grew 5% to € 3.064 billion in the second quarter of 2011 from € 2.917 billion in 2010.

Second quarter gross margin increases 20 basis points

The Group's gross margin increased 0.2 percentage points to 49.2% (2010: 48.9%) in the second quarter as a larger share of higher-margin Retail sales as well as a more favourable product and regional sales mix more than offset an increase in input costs. Group gross profit increased 6% to € 1.506 billion (2010: € 1.427 billion). Other operating expenses as a percentage of sales decreased 60 basis points to 43.3% compared to 43.9% the prior year, primarily due to lower marketing expenses. As a result of the higher gross margin and lower other operating expenses as a percentage of sales, the Group's operating margin increased 0.5 percentage points to 7.1% versus 6.7% in 2010. Operating profit increased 12% to € 219 million compared to € 195 million in 2010. The Group's net income attributable to shareholders

amounted to € 140 million (2010: € 126 million). Diluted earnings per share for the second quarter increased 11% to € 0.67 (2010: € 0.60).

“After outlining our strategic vision for the company through to 2015 late last year, we have wasted no time and come out of the starting blocks in typical adidas Group fashion – fast and focused,” commented Herbert Hainer, adidas Group CEO. “No matter which way we break down our results - by segment, by region or by brand – all facets of our business are excelling.”

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

In the first half 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 13% to € 6.337 billion in the first half of 2011 from € 5.590 billion in 2010.

First half adidas Group sales increase driven by double-digit growth in all segments

Currency-neutral Wholesale revenues increased 13% in the first half of 2011, driven by double-digit sales growth at both adidas and Reebok. Currency-neutral Retail sales increased 21% versus the prior year as a result of double-digit adidas and Reebok sales growth. Comparable store sales grew 15% on a currency-neutral basis. Revenues in Other Businesses increased 13% on a currency-neutral basis, mainly due to double-digit sales growth at TaylorMade-adidas Golf. Currency translation effects had a negative impact on segmental sales in euro terms.

	First Half Year 2011	First Half Year 2010	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Wholesale	4,292	3,826	12	13
Retail	1,258	1,061	19	21
Other Businesses	787	703	12	13
Total¹⁾	6,337	5,590	13	14

First half net sales development by segment

1) Rounding differences may arise in totals.

Currency-neutral sales increase in all regions

In the first half of 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 15% on a currency-neutral basis due to double-digit sales increases in both the USA and Canada. Sales in Greater China increased 38% on a currency-neutral basis. Currency-neutral revenues in Other Asian Markets grew 6% due to increases in most markets, in particular South Korea. In Latin America, sales

grew 11% on a currency-neutral basis, with double-digit increases in most of the region's major markets. Currency translation effects had a mixed impact on regional sales in euro terms.

	First Half Year 2011	First Half Year 2010	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Western Europe	1,961	1,772	11	10
European Emerging Markets	751	633	19	23
North America	1,452	1,312	11	15
Greater China	552	403	37	38
Other Asian Markets	956	868	10	6
Latin America	666	601	11	11
Total¹⁾	6,337	5,590	13	14

First half net sales development by region

1) Rounding differences may arise in totals.

Group gross margin remains stable

The gross margin of the adidas Group remained stable at 48.8% in the first half of 2011 (2010: 48.8%). The positive impact from a larger share of higher-margin Retail sales as well as a more favourable product and regional sales mix offset an increase in input costs. Gross profit for the adidas Group grew 13% in the first half of 2011 to € 3.093 billion versus € 2.727 billion in the prior year.

Operating margin increases 0.3 percentage points

In the first half of 2011, Group operating profit increased 17% to € 532 million versus € 454 million in 2010. As a percentage of sales, the operating margin of the adidas Group was up 0.3 percentage points to 8.4% (2010: 8.1%). This development was primarily due to the positive effects from lower other operating expenses as a percentage of sales, which more than offset the non-recurrence of prior year positive effects related to the settlement of a lawsuit and the divestiture of a trademark. Other operating expenses as a percentage of sales decreased 1.1 percentage points to 41.6% in the first half of 2011 from 42.8% in 2010. In euro terms, other operating expenses increased 10% to € 2.637 billion in the first half of 2011 (2010: € 2.390 billion), as a result of higher marketing expenditure as well as the expansion of the Group's own-retail activities. Thereof, sales and marketing working budget expenditure amounted to € 832 million, which represents an increase of 10% versus the prior year level (2010: € 756 million). Nevertheless, as a result of the strong revenue development, sales and marketing working budget expenditure as a percentage of sales decreased 0.4 percentage points to 13.1% (2010: 13.5%).

Financial income down 43%

Financial income decreased 43% to € 13 million in the first half of 2011 from € 23 million in the prior year, mainly due to the non-recurrence of positive exchange rate effects in the prior year.

Financial expenses up 8%

Financial expenses increased 8% to € 63 million in the first half of 2011 (2010: € 58 million), 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 11%.

Net income attributable to shareholders up 19%

Income before taxes (IBT) for the adidas Group increased 15% to € 482 million from € 419 million in 2010. The Group's tax rate decreased 2.0 percentage points to 27.5% in the first half of 2011 (2010: 29.5%). As a result, the Group's net income attributable to shareholders increased to € 349 million in the first half of 2011 from € 295 million in 2010. This represents an increase of 19% versus the prior year level.

Earnings per share reach € 1.67

In the first half of 2011, basic and diluted earnings per share amounted to € 1.67 (2010: € 1.41), representing an increase of 19%. The weighted average number of shares used in the calculation was 209,216,186.

Group inventories up 16%

Group inventories increased 16% to € 2.376 billion at the end of June 2011 versus € 2.049 billion in 2010. On a currency-neutral basis, inventories grew 26%, driven by a normalisation of inventory levels compared to the prior year as well as continued growth expectations in the coming quarters.

Accounts receivable increase 1%

At the end of June 2011, Group receivables increased 1% to € 2.023 billion (2010: € 1.999 billion) as a result of the Group's sales growth. On a currency-neutral basis, receivables were up 9%.

Net borrowings down € 227 million

Net borrowings at June 30, 2011 amounted to € 863 million, which represents a decrease of € 227 million, or 21%, versus € 1.090 billion at the end of June 2010. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a positive effect in an amount of € 25 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.7 at the end of June 2011 versus 1.0 in the prior year.

adidas Group increases full year 2011 sales and earnings guidance

After the stronger than expected first half year performance, Management has decided to increase the full year 2011 adidas Group sales and earnings guidance. Management now forecasts **adidas Group** sales to increase at around 10% on a currency-neutral basis in 2011 (previously: increase at high-single-digit rate). High exposure to fast-growing emerging markets, the further expansion of Retail as well as continued momentum at all key brands will more than offset the non-recurrence of sales related to the 2010 FIFA World Cup™. Currency-neutral **Wholesale** segment revenues are now projected to increase at a high-single-digit rate (previously: mid- to high-single-digit rate) compared to the prior year due to strong performance of the adidas brand in Greater China and North America and a less severe decline in Japan than originally expected in the aftermath of the disaster earlier this year. adidas Group currency-neutral **Retail** segment sales are projected to grow at a mid-teens rate in 2011 (previously: low-double-digit rate). Comparable store sales are expected to contribute to the revenue growth at a higher rate than the expansion of the Group's own-retail store base. Segmental revenues of **Other Businesses** are now projected to increase at a mid- to high-single-digit rate on a currency-neutral basis (previously: mid-single-digit rate).

In 2011, the adidas Group's gross margin is forecasted to reach a level between 47.5% and 48.0% (2010: 47.8%). Group gross margin will benefit from positive regional mix effects. 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 tragic events in Japan during the first quarter of 2011, Group gross margin will be negatively impacted by sales declines in this market.

The adidas Group's other operating expenses as a percentage of sales are expected to decrease modestly in 2011 (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 men's training and women's fitness categories, as well as investments to support growth in the Group's 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™.

In 2011, the operating margin for the adidas Group is expected to increase to a level between 7.5% and 8.0% (2010: 7.5%). In addition, Management expects lower interest expenses in 2011 due to a lower average level of net borrowings. As a result of these developments and

in light of the Group's increased sales expectations, earnings per share are now projected to increase at a rate approaching 15% to a level between € 3.10 and € 3.12 (previously: increase at around 10% to 15% to a level between € 2.98 and € 3.12; 2010: € 2.71).

Herbert Hainer stated: "No matter which retailer I speak to, or which market share statistic I read, our product sell-throughs are stronger than they have ever been. Despite severe external pressures from currency volatility and rising commodity prices, we were able to defend our profitability as a result of our unparalleled strength in innovation and design as well as supply chain excellence. After the strong first half performance, we are on our way to record sales and earnings in 2011. This is all the more notable as various currencies have been weakening versus the euro, which negatively impacts our financial results in the short term."

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adidas AG Consolidated Income Statement (IFRS)

€ in millions	Second quarter 2011	Second quarter 2010	Change
Net sales	3,064	2,917	5.0 %
Cost of sales	1,558	1,490	4.6 %
Gross profit	1,506	1,427	5.5 %
<i>(% of net sales)</i>	49.2%	48.9%	0.2 pp
Royalty and commission income	22	24	(6.8) %
Other operating income	19	25	(25.4) %
Other operating expenses	1,328	1,281	3.6 %
<i>(% of net sales)</i>	43.3%	43.9%	(0.6) pp
Operating profit	219	195	12.3 %
<i>(% of net sales)</i>	7.1%	6.7%	0.5 pp
Financial income	8	11	(22.3) %
Financial expenses	30	30	2.0 %
Income before taxes	197	176	12.0 %
<i>(% of net sales)</i>	6.4%	6.0%	0.4 pp
Income taxes	57	50	15.4 %
<i>(% of income before taxes)</i>	29.0%	28.1%	0.9 pp
Net income	140	126	10.6 %
<i>(% of net sales)</i>	4.6%	4.3%	0.2 pp
Net income attributable to shareholders	140	126	10.7 %
<i>(% of net sales)</i>	4.6%	4.3%	0.2 pp
Net income attributable to non-controlling interests	(0)	(0)	(97.4) %
Basic earnings per share (in €)	0.67	0.60	10.7 %
Diluted earnings per share (in €)	0.67	0.60	10.7 %

Net Sales

€ in millions	Second quarter 2011	Second quarter 2010	Change	Change (currency-neutral)
Wholesale	1,973	1,928	2.3 %	6.3 %
Retail	681	602	13.1 %	19.5 %
Other Businesses	410	387	6.0 %	11.9 %
Western Europe	867	827	4.8 %	4.7 %
European Emerging Markets	380	343	10.8 %	20.9 %
North America	701	727	(3.7) %	5.4 %
Greater China	268	205	30.8 %	40.9 %
Other Asian Markets	509	484	5.2 %	6.0 %
Latin America	338	330	2.4 %	8.0 %
adidas	2,234	2,103	6.2 %	10.3 %
Reebok	427	435	(1.9) %	4.8 %
TaylorMade-adidas Golf	288	269	7.1 %	13.4 %
Rockport	59	58	2.8 %	11.2 %
Reebok-CCM Hockey	56	52	7.0 %	8.7 %

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions	First half year 2011	First half year 2010	Change
Net sales	6,337	5,590	13.4 %
Cost of sales	3,244	2,863	13.3 %
Gross profit	3,093	2,727	13.4 %
<i>(% of net sales)</i>	48.8%	48.8%	0.0 pp
Royalty and commission income	40	45	(11.1) %
Other operating income	36	72	(50.1) %
Other operating expenses	2,637	2,390	10.3 %
<i>(% of net sales)</i>	41.6%	42.8%	(1.1) pp
Operating profit	532	454	17.1 %
<i>(% of net sales)</i>	8.4%	8.1%	0.3 pp
Financial income	13	23	(43.0) %
Financial expenses	63	58	7.9 %
Income before taxes	482	419	15.1 %
<i>(% of net sales)</i>	7.6%	7.5%	0.1 pp
Income taxes	133	124	7.3 %
<i>(% of income before taxes)</i>	27.5%	29.5%	(2.0) pp
Net income	349	295	18.3 %
<i>(% of net sales)</i>	5.5%	5.3%	0.2 pp
Net income attributable to shareholders	349	295	18.6 %
<i>(% of net sales)</i>	5.5%	5.3%	0.2 pp
Net income attributable to non-controlling interests	0	0	(76.6) %
Basic earnings per share (in €)	1.67	1.41	18.6 %
Diluted earnings per share (in €)	1.67	1.41	18.6 %

Net Sales

€ in millions	First half year 2011	First half year 2010	Change	Change (currency-neutral)
Wholesale	4,292	3,826	12.2 %	12.5 %
Retail	1,258	1,061	18.6 %	20.6 %
Other Businesses	787	703	11.9 %	13.0 %
Western Europe	1,961	1,772	10.7 %	9.6 %
European Emerging Markets	751	633	18.5 %	23.5 %
North America	1,452	1,312	10.6 %	15.0 %
Greater China	552	403	36.8 %	38.4 %
Other Asian Markets	956	868	10.1 %	6.4 %
Latin America	666	601	10.8 %	11.4 %
adidas	4,673	4,101	13.9 %	14.3 %
Reebok	904	811	11.5 %	14.0 %
TaylorMade-adidas Golf	570	492	15.8 %	16.8 %
Rockport	114	114	(0.1) %	2.4 %
Reebok-CCM Hockey	77	73	6.4 %	6.2 %

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	June 30 2011	June 30 2010	Change	Dec. 31 2010
Cash and cash equivalents	451	594	(24.1)%	1,156
Short-term financial assets	267	90	197.9%	233
Accounts receivable	2,023	1,999	1.2%	1,667
Other current financial assets	162	311	(47.9)%	197
Inventories	2,376	2,049	16.0%	2,119
Income tax receivables	53	91	(41.8)%	71
Other current assets	433	428	1.3%	390
Assets classified as held for sale	30	79	(61.6)%	47
Total current assets	5,795	5,641	2.8%	5,880
Property, plant and equipment	836	816	2.4%	855
Goodwill	1,479	1,610	(8.2)%	1,539
Trademarks	1,338	1,575	(15.1)%	1,447
Other intangible assets	130	161	(19.2)%	142
Long-term financial assets	95	93	1.9%	93
Other non-current financial assets	36	124	(70.6)%	54
Deferred tax assets	456	463	(1.4)%	508
Other non-current assets	100	125	(20.4)%	100
Total non-current assets	4,470	4,967	(10.0)%	4,738
Total assets	10,265	10,608	(3.2)%	10,618
Short-term borrowings	158	292	(45.9)%	273
Accounts payable	1,605	1,464	9.6%	1,694
Other current financial liabilities	137	107	27.9%	123
Income taxes	230	247	(6.9)%	265
Other current provisions	449	400	12.3%	470
Current accrued liabilities	843	823	2.3%	842
Other current liabilities	265	268	(0.9)%	241
Liabilities classified as held for sale	0	1	(33.8)%	0
Total current liabilities	3,687	3,602	2.3%	3,908
Long-term borrowings	1,423	1,482	(3.9)%	1,337
Other non-current financial liabilities	15	23	(36.8)%	15
Pensions and similar obligations	188	167	12.4%	180
Deferred tax liabilities	378	515	(26.5)%	451
Other non-current provisions	36	23	56.2%	29
Non-current accrued liabilities	35	35	1.0%	39
Other non-current liabilities	29	25	18.2%	36
Total non-current liabilities	2,104	2,270	(7.3)%	2,087
Share capital	209	209	-	209
Reserves	232	948	(75.6)%	563
Retained earnings	4,026	3,572	12.7%	3,844
Shareholders' equity	4,467	4,729	(5.5)%	4,616
Non-controlling interests	7	7	(5.3)%	7
Total equity	4,474	4,736	(5.5)%	4,623
Total liabilities and equity	10,265	10,608	(3.2)%	10,618
Additional balance sheet information				
Operating working capital	2,795	2,583	8.2%	2,093
Working capital	2,109	2,038	3.5%	1,972
Net total borrowings	863	1,090	(20.8)%	221
Financial leverage	19.3%	23.1%	(3.7) pp	4.8%

Rounding differences may arise in percentages and totals.