

First Half Year 2007 Results:

**Net income attributable to shareholders up 27% in the second quarter
Q2 gross margin increases strongly by 2.8 percentage points to 47.4%**

- **Currency-neutral Group sales grow 6% in the first half year**
- **First half net income attributable to shareholders increases 3%**
- **adidas currency-neutral backlogs increase 9% with growth in all regions**
- **Reebok currency-neutral backlogs stable versus prior year**
- **Full year guidance confirmed**

Second quarter adidas Group currency-neutral sales grow 3%

During the second quarter of 2007, Group revenues grew 3% on a currency-neutral basis despite a tough comparison with the prior year as a result of high sales related to the 2006 FIFA World Cup™. This development was driven by a strong sales increase at brand adidas as well as underlying sales growth in the TaylorMade-adidas Golf segment. Reebok sales, however, declined in the second quarter. Currency movements negatively impacted reported revenues. In euro terms, Group sales decreased by 1% to € 2.400 billion in the second quarter of 2007 from € 2.428 billion in 2006.

Second quarter net income attributable to shareholders up 27%

Second quarter gross margin increased 2.8 percentage points to 47.4% (2006: 44.6%) as a result of integration-driven cost synergies which positively impacted the cost of sales of both adidas and Reebok and underlying improvements in the Reebok segment. The non-recurrence of negative impacts from purchase price allocation in the Reebok segment also positively impacted gross margin development. Group gross profit increased 5% to € 1.138 billion (2006: € 1.084 billion). As a result of the strong gross margin increase, which more than offset higher operating expenses as a percentage of sales, the Group's operating margin increased 0.7 percentage points to 7.8% in the second quarter of 2007 versus 7.1% in the prior year. Operating profit grew 9% to € 188 million versus € 173 million in 2006. In the second quarter of 2007, the Group's net income attributable to shareholders increased 27% to € 104 million (2006: € 82 million) due to higher operating profit as well as lower net financial expenses and a lower tax rate.

adidas Group currency-neutral sales grow 6% in the first half of 2007

During the first six months of 2007, Group revenues increased 6% on a currency-neutral basis, driven by sales growth in the adidas segment, the inclusion of an additional month in the Reebok segment versus the prior year and underlying sales increases at TaylorMade-adidas Golf. On a reported basis, however, TaylorMade-adidas Golf revenues declined, negatively impacted by the divestiture of the Greg Norman Collection (GNC) wholesale business. From a regional perspective, adidas Group currency-neutral sales grew in all regions except North America. In euro terms, Group revenues grew 1% to € 4.938 billion in the first half of 2007 from € 4.887 billion in 2006. On a like-for-like basis, including Reebok's revenues for the full six-month periods and excluding the effect from the divestiture of the GNC wholesale business, Group sales increased 4% on a currency-neutral basis.

"In the first six months of 2007, we have built on the tremendous success of the prior year," commented adidas AG Chairman and CEO Herbert Hainer. "Ongoing strength in key performance categories has driven solid top-line growth at adidas and like-for-like sales increases at TaylorMade-adidas Golf. We have made important investments at Reebok as we continue to implement our strategies to bring the brand back to the top of its game."

adidas segment drives top-line growth in the first half of 2007

The adidas segment set the pace for the Group's organic sales growth in the first six months of 2007. Currency-neutral **adidas** revenues increased 9% in the first half of 2007. Currency-neutral sales in the **Reebok** segment grew 4% driven by the inclusion of January, which was not consolidated in 2006. On a like-for-like basis, comparing sales for the full six-month periods and excluding the transfer of the NBA and Liverpool licensed businesses to brand adidas, however, currency-neutral sales declined by 6% in the first six months of 2007. At **TaylorMade-adidas Golf**, currency-neutral revenues decreased 3%, negatively impacted by the divestiture of the GNC wholesale business. On a like-for-like basis, sales increased 5%. Currency translation effects negatively impacted sales at all brands in euro terms. **adidas** sales increased 4% to € 3.454 billion in the first half of 2007 from € 3.308 billion in 2006. Sales at **Reebok** decreased 1% to € 1.038 billion versus € 1.050 billion in the prior year. **TaylorMade-adidas Golf** sales declined 10% to € 419 million in 2007 from € 464 million in 2006.

	1 st Half Year 2007	1 st Half Year 2006	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
adidas	3,454	3,308	4	9
Reebok ¹	1,038	1,050	(1)	4
TaylorMade-adidas Golf ²	419	464	(10)	(3)
HQ/Consolidation	28	65	(58)	(55)
Total	4,938	4,887	1	6

First half year net sales growth by segment

¹ Reebok first half 2006 results only included five months of the six-month period.

² Including Greg Norman apparel business from February 1, 2006 to November 30, 2006.

Strong sales increase in nearly all regions

adidas Group sales grew strongly in all regions except North America. This growth was driven by positive development at brand adidas as well as the consolidation of six months of Reebok's revenues in the first half of 2007 versus only five months in the prior year. adidas Group sales in **Europe** during the first six months of 2007 grew 7% on a currency-neutral basis. In **North America**, currency-neutral Group sales declined 3%. Sales for the adidas Group in **Asia** increased 15% on a currency-neutral basis in the first six months of 2007. In **Latin America**, currency-neutral sales increased 36% in the first half of the year. Currency translation effects negatively impacted reported revenues in all regions. Sales in **Europe** increased 6% in euro terms to € 2.116 billion in 2007 from € 2.004 billion in 2006. Sales in **North America** decreased 10% to € 1.429 billion from € 1.592 billion in the prior year. Revenues in **Asia** grew 7% to € 1.036 billion from € 964 million in 2006. Sales in **Latin America** grew 28% to € 310 million from € 241 million in the prior year.

	1 st Half Year 2007	1 st Half Year 2006	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Europe	2,116	2,004	6	7
North America	1,429	1,592	(10)	(3)
Asia	1,036	964	7	15
Latin America	310	241	28	36
Total¹	4,938	4,887	1	6

First half year net sales growth by region

¹ Including HQ/Consolidation.

Group gross margin increases by 2.3 percentage points

The gross margin of the adidas Group increased by 2.3 percentage points to 47.1% in the first six months of 2007 (2006: 44.8%), driven by improvements in all segments. This mainly reflects first cost synergies resulting from the integration of adidas and Reebok sourcing activities, which positively affected both segments' cost of sales, as well as the non-recurrence of negative impacts from purchase price allocation in the Reebok segment. A higher gross margin at TaylorMade-adidas Golf also contributed to the Group's gross margin increase. As a result, gross profit for the adidas Group rose 6% in the first six months of 2007 to reach € 2.326 billion versus € 2.191 billion in the prior year.

Operating profit declines 1%

The operating margin of the adidas Group declined 0.2 percentage points to 8.5% in the first half of 2007 (2006: 8.6%). This decrease reflects higher operating expenses as a percentage of sales primarily due to one-time costs associated with the Reebok integration. Increased expenses in the Reebok segment for advertising, product development and initiatives to grow the brand in emerging markets also contributed to this development. The operating expense increase more than offset gross profit improvements. As a result, operating profit for the adidas Group declined 1% in the first six months of 2007 to reach € 417 million versus € 420 million in 2006.

Net financial expenses increase 1%

Net financial expenses increased 1% to € 73 million in the first half of 2007 from € 72 million in the prior year as a result of lower financial income, which was only partly offset by lower financial expenses.

Income before taxes decreases by 1%

In line with the Group's operating profit decline, income before taxes for the adidas Group decreased 1% to € 344 million in the first six months of 2007 from € 348 million in 2006.

Net income attributable to shareholders up 3%

The Group's net income attributable to shareholders increased 3% to € 232 million in the first half of 2007 from € 226 million in 2006. The slight decline of the Group's operating profit was more than compensated for by lower minority interests. The Group's minority interests declined by 78% to € 2 million in the first half of 2007 (2006: € 8 million) due to the buyout of the Group's joint venture partner in Korea, which became effective on September 1, 2006. A lower tax rate, which decreased 0.9 percentage points to 32.0% in the first six months of 2007 from 32.9% in the prior year, also contributed to this development.

Basic and diluted earnings per share increase 3%

In line with the increase of the Group's net income attributable to shareholders, basic earnings per share also increased 3% to € 1.14 in the first six months of 2007 versus € 1.11 in 2006. Diluted earnings per share in the first six months of 2007 also increased 3% to € 1.09 from € 1.06 in the prior year. The dilutive effect mainly results from approximately sixteen million additional potential shares that could be created in relation to the outstanding convertible bond, for which conversion criteria were met for the first time at the end of the fourth quarter of 2004.

Working capital progress continues

Group inventories decreased 2% to € 1.716 billion at the end of the first half of 2007 versus € 1.754 billion in 2006. On a currency-neutral basis, inventories increased 1%, which is below sales growth expectations for the adidas Group. Group receivables increased 1% (+3% currency-neutral) to € 1.689 billion at the end of the first half of 2007 versus € 1.679 billion in the prior year. This increase is in line with sales growth during the second quarter of 2007.

Net borrowings reduced by € 435 million

Net borrowings at June 30, 2007 were € 2.395 billion, down 15% or € 435 million versus € 2.829 billion in the prior year. Strong bottom-line profitability and continued tight working capital management were the drivers of this reduction.

adidas backlogs grow 9% on a currency-neutral basis

Backlogs for the adidas brand at the end of June 2007 increased 9% versus the prior year on a currency-neutral basis. This improvement highlights the brand's strong product pipeline for the second half of the year. First orders for the UEFA EURO 2008™ also positively impacted this development. In euro terms, adidas backlogs grew 6%. Footwear backlogs grew 7% in currency-neutral terms (+5% in euros). A modest decline in North America was more than offset by growth in both Asia and Europe. Apparel backlogs grew 11% on a currency-neutral basis (+ 8% in euros), driven by strong increases in all regions.

	Footwear		Apparel		Total ¹	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	7	7	8	8	8	8
North America	(9)	(3)	8	15	(1)	5
Asia	16	21	7	12	8	14
Total	5	7	8	11	6	9

Year-over-year development of adidas order backlogs by product category and region as at June 30, 2007 (in %)

¹ Includes hardware backlogs.

Reebok currency-neutral backlogs stable versus prior year

Backlogs for the Reebok brand at the end of the second quarter of 2007 were stable versus the prior year on a currency-neutral basis. In euro terms, this represents a decline of 3%. Footwear backlogs declined 17% in currency-neutral terms (-20% in euros) primarily as a result of lower footwear orders from mall-based retailers in North America in several categories such as Classics and basketball. Apparel backlogs, however, grew by 21% on a currency-neutral basis (+17% in euros), largely driven by strong growth in seasonal categories such as hockey and American football.

	Footwear		Apparel		Total ¹	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	(8)	(8)	10	10	0	(0)
North America	(31)	(27)	16	22	(9)	(4)
Asia	9	16	143	155	42	50
Total	(20)	(17)	17	21	(3)	(0)

Year-over-year development of Reebok order backlogs by product category and region as at June 30, 2007 (in %)

¹ Includes hardware backlogs.

Full year guidance confirmed

adidas Group sales in 2007 are expected to grow at a mid-single-digit rate on a currency-neutral basis. Sales at brand adidas are also expected to increase at a mid-single-digit rate on a currency-neutral basis in 2007. Currency-neutral revenues at Reebok are forecasted to improve at a low-single-digit rate compared to the prior year. Currency-neutral TaylorMade-adidas Golf revenues will increase at a mid-single-digit rate on a like-for-like basis. However, due to the divestiture of the GNC wholesale business in November 2006, reported sales for TaylorMade-adidas Golf will decline compared to the prior year. The Group gross margin is expected to be in the range of between 45 and 47%, driven by underlying improvements in all three brand segments and the non-recurrence of purchase price allocation charges following the Reebok acquisition, which negatively impacted the Reebok gross margin in 2006. The Group's operating margin is forecasted to be around 9%, which will be modestly higher than in 2006. Net income attributable to shareholders for the adidas Group is expected to grow at a double-digit rate, approaching 15%.

Herbert Hainer stated: "Our strong first half year reflects the strength and diversity of our Group despite challenging market conditions in some of our key markets. Today marks the one-year countdown to the 2008 Beijing Olympics which promises to be one of the most exciting sporting events ever. And I am fully confident in our ability to deliver sustained profitable momentum in 2007 and beyond."

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Please visit our corporate website: www.adidas-Group.com

adidas Group
Consolidated Income Statement (IFRS)

€ in millions	2nd Quarter 2007	2nd Quarter 2006	Change
Net sales	2,400	2,428	(1.2) %
Cost of sales	1,262	1,344	(6.1) %
Gross profit	1,138	1,084	5.0 %
<i>(% of net sales)</i>	47.4%	44.6%	2.8 pp
Royalty and commission income	22	23	(4.5) %
Other operating income and expenses	972	934	4.0 %
<i>(% of net sales)</i>	40.5%	38.5%	2.0 pp
Operating profit	188	173	9.1 %
<i>(% of net sales)</i>	7.8%	7.1%	0.7 pp
Financial income	10	5	81.4 %
Financial expenses	45	50	(8.7) %
Income before taxes	153	128	19.3 %
<i>(% of net sales)</i>	6.4%	5.3%	1.1 pp
Income taxes	49	45	8.4 %
<i>(% of income before taxes)</i>	31.6%	34.8%	(3.2) pp
Net income	104	83	25.1 %
<i>(% of net sales)</i>	4.4%	3.4%	0.9 pp
Net income attributable to shareholders	104	82	26.9 %
<i>(% of net sales)</i>	4.3%	3.4%	1.0 pp
Net income attributable to minority interests	0	1	(75.2) %
Basic earnings per share (in €)	0.51	0.40	26.7 %
Diluted earnings per share (in €)	0.49	0.39	26.0 %

Net Sales

€ in millions	2nd Quarter 2007	2nd Quarter 2006	Change
adidas	1,635	1,532	6.8 %
TaylorMade-adidas Golf ¹⁾	239	264	(9.2) %
Reebok	514	595	(13.7) %
Europe	967	936	3.2 %
North America	730	834	(12.4) %
Asia	535	490	9.2 %
Latin America	152	115	32.4 %

Rounding differences may arise in percentages and totals.

¹⁾ Including Greg Norman apparel business from February 1, 2006 to November 30, 2006.

adidas Group
Consolidated Income Statement (IFRS)

€ in millions	1st Half Year 2007	1st Half Year 2006	Change
Net sales	4,938	4,887	1.0 %
Cost of sales	2,612	2,696	(3.1) %
Gross profit	2,326	2,191	6.2 %
<i>(% of net sales)</i>	47.1%	44.8%	2.3 pp
Royalty and commission income	45	38	17.2 %
Other operating income and expenses	1,954	1,809	8.0 %
<i>(% of net sales)</i>	39.6%	37.0%	2.6 pp
Operating profit	417	420	(0.7) %
<i>(% of net sales)</i>	8.5%	8.6%	(0.2) pp
Financial income	17	27	(38.1) %
Financial expenses	90	99	(9.4) %
Income before taxes	344	348	(1.2) %
<i>(% of net sales)</i>	7.0%	7.1%	(0.2) pp
Income taxes	110	114	(3.8) %
<i>(% of income before taxes)</i>	32.0%	32.9%	(0.9) pp
Net income	234	234	0.1 %
<i>(% of net sales)</i>	4.7%	4.8%	(0.0) pp
Net income attributable to shareholders	232	226	2.8 %
<i>(% of net sales)</i>	4.7%	4.6%	0.1 pp
Net income attributable to minority interests	2	8	(77.9) %
Basic earnings per share (in €)	1.14	1.11	2.7 %
Diluted earnings per share (in €)	1.09	1.06	2.8 %

Net Sales

€ in millions	1st Half Year 2007	1st Half Year 2006	Change
adidas	3,454	3,308	4.4 %
TaylorMade-adidas Golf ¹⁾	419	464	(9.7) %
Reebok ²⁾	1,038	1,050	(1.2) %
Europe	2,116	2,004	5.6 %
North America	1,429	1,592	(10.3) %
Asia	1,036	964	7.5 %
Latin America	310	241	28.4 %

Rounding differences may arise in percentages and totals.

¹⁾ Including Greg Norman apparel business from February 1, 2006 to November 30, 2006.

²⁾ Reebok first half 2006 results only included five months of the six-month period.

**adidas Group
Consolidated Balance Sheet (IFRS)**

€ in millions	Jun. 30 2007	Jun. 30 2006	Change	Dec. 31 2006
Cash and cash equivalents	276	213	29.6%	311
Short-term financial assets	36	24	51.4%	36
Accounts receivable	1,689	1,679	0.6%	1,415
Inventories	1,716	1,754	(2.2)%	1,607
Income tax receivables	46	76	(39.3)%	84
Other current assets	477	525	(9.3)%	413
Assets classified as held for sale	56	-	-	59
Total current assets	4,296	4,271	0.6%	3,925
Property, plant and equipment, net	694	666	4.2%	689
Goodwill, net	1,499	1,531	(2.1)%	1,516
Trademarks, net	1,421	1,509	(5.9)%	1,454
Other intangible assets, net	194	252	(23.1)%	223
Long-term financial assets	107	120	(11.0)%	106
Deferred tax assets	395	503	(21.5)%	332
Other non-current assets	155	147	6.8%	134
Total non-current assets	4,465	4,728	(5.5)%	4,454
Total assets	8,761	8,999	(2.6)%	8,379
Accounts payable	783	836	(6.3)%	752
Income taxes	295	351	(15.7)%	283
Accrued liabilities and provisions	982	909	8.1%	921
Other current liabilities	256	237	7.1%	232
Liabilities classified as held for sale	2	-	-	4
Total current liabilities	2,318	2,333	(0.6)%	2,192
Long-term borrowings	2,707	3,066	(11.7)%	2,578
Pensions and similar obligations	137	154	(11.5)%	134
Deferred tax liabilities	540	668	(19.1)%	522
Non-current accrued liabilities and provisions	59	75	(20.8)%	74
Other non-current liabilities	43	31	39.4%	43
Total non-current liabilities	3,486	3,994	(12.7)%	3,351
Share capital	204	203	0.1%	204
Reserves	405	491	(17.6)%	425
Retained earnings	2,339	1,942	20.5%	2,199
Shareholders' equity	2,948	2,636	11.8%	2,828
Minority interests	9	36	(74.9)%	8
Total equity	2,957	2,672	10.7%	2,836
Total liabilities and equity	8,761	8,999	(2.6)%	8,379
Additional balance sheet information				
Operating working capital	2,622	2,597	0.9%	2,270
Working capital	1,978	1,938	2.0%	1,733
Net total borrowings	2,395	2,829	(15.4)%	2,231
Financial leverage	81.2%	107.3%	(26.1) pp	78.9%

Rounding differences may arise in percentages and totals.