

adidas Group announces preliminary first quarter results and increases its 2012 financial outlook

Herzogenaurach – The adidas Group today announces exceptional results for the first quarter of 2012. Based on preliminary figures, Group revenues increased 14% on a currency-neutral basis or 17% in euro terms to € 3.8 billion. This fifth consecutive quarter of double-digit growth was driven by increases in all regions and segments. In particular, growth rates in Greater China and Japan as well as at TaylorMade-adidas Golf were significantly above initial expectations.

By region, sales in Greater China and in Other Asian markets increased 26% on a currency-neutral basis. Currency-neutral sales in Western Europe grew 7%. In European Emerging Markets, currency-neutral sales increased 15%. Sales for the adidas Group in North America grew 11% on a currency-neutral basis. In Latin America, sales were up 14% on a currency-neutral basis.

By brand, adidas sales increased 16% on a currency-neutral basis, with double-digit growth in all regions, and most major categories. TaylorMade-adidas Golf sales increased 32% on a currency-neutral basis, driven by significant growth and market share gains in metalwoods and irons. Reebok sales declined 7% on a currency-neutral basis mainly as a result of the transfer of sales to the Reebok-CCM Hockey segment.

Despite a 0.7 percentage points decline in the Group's gross margin to 47.7% due to input cost pressures, Group operating margin improved 1.1 percentage points to 10.7% from 9.6% in the prior year. As a result, Group operating profit grew 30% to € 409 million. Due to lower financial expenses as a result of the reduction in net borrowings, and a lower tax rate, the Group's net income attributable to shareholders increased 38% to € 289 million.

“Our first quarter performance confirms the outstanding brand momentum and global power of the adidas Group”, commented Herbert Hainer, adidas Group CEO. “Our investments in brands and channels are yielding an unprecedented period of growth for the Group, as we continue to excite consumers and customers with the ultimate in product and brand experiences.”

Taking into account the better than expected first quarter financial performance, the continuing strong momentum of the Group's brands in key markets, as well as the negative impacts from potential one-time charges related to today's announced restructuring of activities at Reebok India, the Group is in a position to increase full year top and bottom line guidance.

Full year sales are now expected to grow at a rate approaching 10% on a currency-neutral basis (previously: mid- to high-single-digit). Despite first half pressures, the Group continues to forecast a stable gross margin compared to the prior year. In addition, operating margin is expected to increase to a level approaching 8%, despite negative one-time charges of up to € 70 million related to today's announced potential restructuring and changes to commercial activities in India. As a result, net income attributable to shareholders is expected to increase at a rate between 12% and 17% (previously: between 10% and 15%), to a new record level of between € 750 million and € 785 million. More details on the first quarter financial results and the revised outlook will be given with the publication of quarterly results on May 3, 2012.

Herbert Hainer stated: "Driving meaningful improvements in our profitability is a central pillar of our Route 2015 strategy. The situation in India, although unfortunate, will allow us to now accelerate plans to improve a specific underperforming part of our business. Looking at the bigger picture, we are right where we want to be. We are manoeuvring through the still challenging economic environment in a diligent way, while at the same time ensuring we capture the opportunities that will deliver on our promise – to secure long-term quality growth and enduring success for our Group."

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