

For immediate release

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First Quarter 2013 Results:

Group sales stable on a currency-neutral basis
Gross margin grows 2.4 percentage points to record level of 50.1%
Net income attributable to shareholders up 6% to € 308 million
adidas Group confirms full year guidance

- **TaylorMade-adidas Golf sales increase 13% currency-neutral**
- **Group operating margin up 1.1 percentage points**
- **Net borrowings down 72% to € 180 million at quarter-end**
- **Inventories decrease 2% on currency-neutral basis**

adidas Group currency-neutral sales remain stable in the first quarter of 2013

In the first quarter of 2013, Group revenues were stable on a currency-neutral basis as a result of sales increases in Retail and Other Businesses. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 2% to € 3.751 billion in the first quarter of 2013 from € 3.824 billion in 2012.

Group sales supported by growth in Retail and Other Businesses

In the first quarter of 2013, currency-neutral **Wholesale** revenues decreased 3% due to double-digit sales declines at Reebok. Currency-neutral **Retail** sales increased 6% versus the prior year, driven by sales growth at both adidas and Reebok. Revenues in **Other Businesses** were up 9% on a currency-neutral basis, driven by double-digit sales increases at TaylorMade-adidas Golf.

Currency translation effects had a negative impact on segmental sales in euro terms. **Wholesale** revenues decreased 5% to € 2.481 billion in the first quarter of 2013 from € 2.614 billion in 2012. **Retail** sales grew 4% to € 722 million versus € 693 million in the prior year. Sales in **Other Businesses** rose 6% to € 548 million (2012: € 517 million).

“Our Group has delivered a solid performance in the first quarter of 2013,” commented Herbert Hainer, adidas Group CEO. “We delivered stable revenues, despite running against high prior year comparisons due to the sell-in of event-related products for the London Olympics and the European Football Championships as well as facing a continuation of macroeconomic challenges in Europe. And, we delivered strong margin progress which is our top priority for the year. Our relentless focus on quality sales growth resulted in our highest-ever quarterly gross margin, above 50% for only the second time in our history.”

	First quarter 2013	First quarter 2012	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Wholesale	2,481	2,614	(5)	(3)
Retail	722	693	4	6
Other Businesses	548	517	6	9
Total¹⁾	3,751	3,824	(2)	0

First quarter net sales development by segment

1) Rounding differences may arise in totals.

Currency-neutral sales increase in most regions

In the first quarter of 2013, currency-neutral adidas Group sales grew in all regions except Western Europe and Other Asian Markets. Revenues in **Western Europe** decreased 6% on a currency-neutral basis, as growth in France and Poland was more than offset by sales declines in Spain, Italy and the UK. In **European Emerging Markets**, Group sales increased 3% on a currency-neutral basis due to sales growth in the Middle East, South Africa and Russia/CIS. Sales for the adidas Group in **North America** grew 3% on a currency-neutral basis, driven by 5% growth at adidas and 19% growth at TaylorMade-adidas Golf. Sales in **Greater China** increased 6% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** declined 4%, as double-digit increases in South Korea were more than offset by sales declines in Japan. In **Latin America**, sales grew 12% 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 quarter 2013	First quarter 2012	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Western Europe	1,096	1,174	(7)	(6)
European Emerging Markets	433	430	1	3
North America	890	869	2	3
Greater China	409	385	6	6
Other Asian Markets	533	594	(10)	(4)
Latin America	390	372	4	12
Total¹⁾	3,751	3,824	(2)	0

First quarter net sales development by region

1) Rounding differences may arise in totals.

Group gross margin increases 2.4 percentage points

The gross margin of the adidas Group increased 2.4 percentage points to 50.1% in the first quarter of 2013 (2012: 47.7%). The positive impact from a more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales contributed to this development. Gross

profit for the adidas Group grew 3% in the first quarter of 2013 to € 1.881 billion versus € 1.826 billion in the prior year.

Operating margin improves 1.1 percentage points

Group operating profit increased 8% to € 442 million in the first quarter of 2013 versus € 409 million in 2012. As a result, the operating margin of the adidas Group improved 1.1 percentage points to 11.8% (2012: 10.7%). This was primarily due to the positive effects from the increase in gross margin, which more than offset higher other operating expenses as a percentage of sales. Other operating expenses as a percentage of sales rose 1.2 percentage points to 39.5% in the first quarter of 2013 from 38.4% in 2012. In euro terms, other operating expenses increased 1% to € 1.482 billion (2012: € 1.467 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 expenditures amounted to € 437 million, which represents an increase of 3% versus the prior year level (2012: € 426 million).

Financial income down 47%

Financial income decreased 47% to € 4 million in the first quarter of 2013 from € 8 million in the prior year, mainly due to a decrease in interest income.

Financial expenses decrease 30%

Financial expenses decreased 30% to € 19 million in the first quarter of 2013 (2012: € 28 million). The decrease in interest expenses mainly contributed to the decline.

Income before taxes as a percentage of sales increases 1.2 percentage points

Income before taxes (IBT) for the adidas Group increased 10% to € 427 million from € 389 million in 2012. IBT as a percentage of sales improved 1.2 percentage points to 11.4% in the first quarter of 2013 from 10.2% in 2012. This was a result of the Group's operating margin increase and lower net financial expenses.

Net income attributable to shareholders up 6%

The Group's net income attributable to shareholders increased to € 308 million in the first quarter of 2013 from € 289 million in 2012. This represents an increase of 6% versus the prior year level. The Group's tax rate increased 2.0 percentage points to 27.5% in the first quarter of 2013 (2012: 25.5%), mainly due to a less favourable earnings mix.

Basic and diluted earnings per share reach € 1.47

In the first quarter of 2013, basic and diluted earnings per share amounted to € 1.47 (2012: € 1.38), representing an increase of 6%. The weighted average number of shares used in the calculation of both basic and diluted earnings per share was 209,216,186 (2012 average: 209,216,186) as there were no potential dilutive shares in the quarter.

Group inventories decline 2% currency-neutral

Group inventories decreased 2% to € 2.346 billion at the end of March 2013 versus € 2.395 billion in 2012. On a currency-neutral basis, inventories were also down 2%, reflecting the Group's ongoing strong focus on inventory management.

Accounts receivable increase 3% currency-neutral

At the end of March 2013, Group receivables increased 3% to € 2.328 billion (2012: € 2.253 billion). On a currency-neutral basis, receivables were also up 3%. The reduction in allowances for doubtful debts contributed to this development.

Net borrowings decrease € 460 million

Net borrowings at March 31, 2013 amounted to € 180 million, which represents a decrease of € 460 million, or 72%, versus € 640 million at the end of March 2012. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a positive effect of € 37 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.1 at the end of March 2013 versus 0.5 in the prior year.

adidas Group confirms guidance for the full year 2013

adidas Group sales are forecasted to increase at a mid-single-digit rate on a currency-neutral basis in 2013. Currency translation is expected to negatively impact top-line development in reported terms. Despite a high degree of uncertainty regarding the global economic outlook and consumer spending, Group sales development will be favourably impacted by the Group's high exposure to fast-growing emerging markets as well as the further expansion of Retail. In addition, the Group's strength in innovation will lead to major product launches throughout 2013, which will more than offset the non-recurrence of sales related to the UEFA EURO 2012 and the London 2012 Olympic Games. In terms of phasing, sales growth is projected to be weighted towards the second half of the year.

In 2013, the adidas Group gross margin is forecasted to increase to a level between 48.0% and 48.5% (2012: 47.7%). Improvements are expected in all segments. Group gross margin will benefit from positive regional and channel mix effects, as growth rates in high-margin emerging markets and Retail are projected to be above growth rates in more mature markets and Wholesale. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence Group gross margin development. However, these positive effects will be partly offset by less favourable hedging terms compared to the prior year as well as increasing labour costs, which are expected to negatively impact cost of sales.

In 2013, the Group's other operating expenses as a percentage of sales are expected to decrease modestly (2012: 41.3%). Sales and marketing working budget expenses as a percentage of sales are projected to be at a similar level compared to the prior year. Marketing investments to support new product launches at all brands, as well as the expansion of Reebok's activities in the fitness category, will be offset by the non-recurrence of expenses in relation to the UEFA EURO 2012 as well as the London 2012 Olympic Games. Operating overhead expenditure as a percentage of sales is forecasted to decline modestly in 2013. Higher administrative and personnel expenses in the Retail segment due to the planned expansion of the Group's store base will be offset by leverage in the Group's non-allocated central costs.

In 2013, the Group expects the operating margin for the adidas Group to increase to a level approaching 9.0% (2012 excluding goodwill impairment losses: 8.0%). Improvements in the Group's gross margin as well as lower other operating expenses as a percentage of sales are expected to be the primary drivers of the improvement. The Group tax rate is expected to be at a level between 28.0% and 28.5% and thus more favourable compared to the prior year tax rate of 29.3% excluding goodwill impairment losses. As a result of these developments, earnings per share are expected to increase at a rate of 12% to 16% to a level between € 4.25 and € 4.40 (2012 excluding goodwill impairment losses: € 3.78). This represents net income attributable to shareholders of € 890 million to € 920 million.

Herbert Hainer stated: "The strong first quarter results confirm our expectations to deliver another year of double-digit earnings growth and strong cash flow generation. Given the strong reception to our latest product innovations and our full pipeline for the second half of 2013, I am confident our earnings momentum will accelerate in line with our expectations as we move through the year."

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adidas AG Consolidated Income Statement (IFRS)

€ in millions	First Quarter 2013	First Quarter 2012	Change
Net sales	3,751	3,824	(1.9 %)
Cost of sales	1,870	1,998	(6.4 %)
Gross profit	1,881	1,826	3.0 %
<i>(% of net sales)</i>	50.1%	47.7%	2.4 pp
Royalty and commission income	25	25	1.2 %
Other operating income	18	25	(28.0 %)
Other operating expenses	1,482	1,467	1.1 %
<i>(% of net sales)</i>	39.5%	38.4%	1.2 pp
Operating profit	442	409	8.1 %
<i>(% of net sales)</i>	11.8%	10.7%	1.1 pp
Financial income	4	8	(46.9 %)
Financial expenses	19	28	(30.5 %)
Income before taxes	427	389	9.6 %
<i>(% of net sales)</i>	11.4%	10.2%	1.2 pp
Income taxes	118	99	18.1 %
<i>(% of income before taxes)</i>	27.5%	25.5%	2.0 pp
Net income	309	290	6.7 %
<i>(% of net sales)</i>	8.3%	7.6%	0.7 pp
Net income attributable to shareholders	308	289	6.5 %
<i>(% of net sales)</i>	8.2%	7.6%	0.6 pp
Net income attributable to non-controlling interests	1	1	117.3 %
Basic earnings per share (in €)	1.47	1.38	6.5 %
Diluted earnings per share (in €)	1.47	1.38	6.5 %

Net Sales

€ in millions	First Quarter 2013	First Quarter 2012	Change	Change (currency-neutral)
Wholesale	2,481	2,614	(5.1 %)	(3.2 %)
Retail	722	693	4.2 %	6.5 %
Other Businesses	548	517	6.1 %	8.7 %
Western Europe	1,096	1,174	(6.6 %)	(6.4 %)
European Emerging Markets	433	430	0.9 %	3.1 %
North America	890	869	2.4 %	3.2 %
Greater China	409	385	6.3 %	5.9 %
Other Asian Markets	533	594	(10.2 %)	(4.0 %)
Latin America	390	372	4.5 %	11.5 %
adidas	2,858	2,888	(1.0 %)	0.9 %
Reebok	378	451	(16.2 %)	(14.2 %)
TaylorMade-adidas Golf	423	387	9.4 %	12.6 %
Rockport	61	60	0.6 %	1.9 %
Reebok-CCM Hockey	31	38	(18.1 %)	(17.6 %)

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	Mar. 31, 2013	Mar. 31, 2012 ¹⁾	Change in %	Dec. 31, 2012
Cash and cash equivalents	1,021	599	70.4	1,670
Short-term financial assets	84	440	(81.0)	265
Accounts receivable	2,328	2,253	3.4	1,688
Other current financial assets	233	184	25.8	192
Inventories	2,346	2,395	(2.1)	2,486
Income tax receivables	99	85	16.9	76
Other current assets	574	517	11.1	489
Assets classified as held for sale	11	25	(55.2)	11
Total current assets	6,696	6,498	3.0	6,877
Property, plant and equipment	1,092	957	14.1	1,095
Goodwill	1,301	1,526	(14.8)	1,281
Trademarks	1,529	1,456	5.0	1,484
Other intangible assets	161	155	4.0	167
Long-term financial assets	115	100	14.5	112
Other non-current financial assets	25	27	(7.8)	21
Deferred tax assets	535	477	12.1	528
Other non-current assets	107	112	(4.0)	86
Total non-current assets	4,865	4,810	1.1	4,774
Total assets	11,561	11,308	2.2	11,651
Short-term borrowings	69	480	(85.7)	280
Accounts payable	1,351	1,447	(6.7)	1,790
Other current financial liabilities	54	66	(18.3)	83
Income taxes	316	288	9.5	275
Other current provisions	513	483	6.1	563
Current accrued liabilities	1,135	960	18.2	1,084
Other current liabilities	386	347	11.7	299
Liabilities classified as held for sale	-	0	(100.0)	-
Total current liabilities	3,824	4,071	(6.1)	4,374
Long-term borrowings	1,216	1,199	1.4	1,207
Other non-current financial liabilities	14	15	(3.1)	17
Pensions and similar obligations	256	208	23.0	251
Deferred tax liabilities	398	393	1.3	368
Other non-current provisions	59	49	22.5	69
Non-current accrued liabilities	36	31	18.5	40
Other non-current liabilities	28	33	(18.2)	34
Total non-current liabilities	2,007	1,928	4.1	1,986
Share capital	209	209	-	209
Reserves	772	682	13.1	641
Retained earnings	4,762	4,426	7.6	4,454
Shareholders' equity	5,743	5,317	8.0	5,304
Non-controlling interests	(13)	(8)	64.3	(13)
Total equity	5,730	5,309	7.9	5,291
Total liabilities and equity	11,561	11,308	2.2	11,651
Additional balance sheet information				
Operating working capital	3,324	3,201	3.8	2,384
Working capital	2,872	2,427	18.3	2,504
Net borrowings	180	640	(71.9)	(448)
Financial leverage	3.1%	12.0%	(8.9) pp	(8.5)%

1) Adjusted, see First Quarter Report, Note 07.
Rounding differences may arise in percentages and totals.