adidas
GROUP

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Full Year 2008 Results:

Record year for the adidas Group
Full year basic and diluted earnings per share up 20%
Group gross margin reaches new record level at 48.7%
Currency-neutral Group sales grow 9% in 2008

- **Currency-neutral Group sales grow 4% in the fourth quarter**
- **Currency-neutral adidas and Reebok backlogs decline**
- **Group sales and earnings per share expected to decrease in 2009**

Fourth quarter adidas Group currency-neutral sales grow 4%
Fourth quarter Group revenues grew 4% on a currency-neutral basis. This development was due to higher sales in the adidas segment. Reebok and TaylorMade-adidas Golf revenues declined. On a regional basis, currency-neutral sales grew by double-digit rates in both Asia and Latin America. Revenues in Europe remained stable on a currency-neutral basis, while sales in North America decreased. Currency movements had a positive impact on revenues in euro terms. Group sales in euro terms increased 6% to € 2.574 billion in the fourth quarter of 2008 (2007: € 2.419 billion).

Fourth quarter net income attributable to shareholders increases strongly
Fourth quarter gross margin declined 0.2 percentage points to 46.4% (2007: 46.6%). A higher gross margin in the adidas segment could not offset declines in the Reebok segment as a result of higher clearance sales at lower margins and in the TaylorMade-adidas Golf segment. At TaylorMade-adidas Golf, a promotional golf retail environment had a negative effect on gross margin development. Group gross profit grew 6% to € 1.194 billion (2007: € 1.127 billion). Net operating expenses and income as a percentage of sales decreased mainly due to lower marketing expenses in the adidas segment. The realisation of a book gain in an amount of € 21 million related to the acquisition of Ashworth, Inc. was partially offset by restructuring costs and other one-time expenses of € 7 million. As a result, the Group's operating margin increased 1.7 percentage points to 4.2% in the fourth quarter of 2008 versus 2.5% in the prior year. Operating profit grew 77% to € 107 million versus € 61 million in 2007. The Group's net income attributable to shareholders increased 151% to € 54 million (2007: € 21 million) due to higher operating profit and a lower tax rate. The Group tax rate declined strongly as a result of one-time tax benefits. Net financial expenses, however, increased primarily as a result of net foreign currency exchange losses resulting from the revaluation of balance sheet positions in foreign currencies.

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adidas Group currency-neutral sales grow 9% in 2008

In 2008, Group revenues increased 9% on a currency-neutral basis, as a result of strong sales growth in the adidas and TaylorMade-adidas Golf segments. Currency translation effects negatively impacted Group sales in euro terms. Group revenues grew 5% in euro terms to € 10.799 billion in 2008 from € 10.299 billion in 2007.

"2008 was another record year for our Group," commented Herbert Hainer, adidas Group CEO and Chairman. "This performance is clearly a testament to the underlying strength of our business model – being global, diversified and consumer focused."

adidas and TaylorMade-adidas Golf segments drive top-line performance

The adidas segment was the most significant contributor to Group sales growth in 2008. Currency-neutral **adidas** segment revenues increased 14% during the period, driven by double-digit increases in all major performance categories. Currency-neutral sales in the **Reebok** segment decreased 2% versus the prior year. Growth in the running category was offset by declines in most other categories. At **TaylorMade-adidas Golf**, currency-neutral revenues increased 7%, due to positive sales momentum in apparel, footwear, balls and putters. Currency translation effects negatively impacted sales in all segments in euro terms. **adidas** sales increased 10% to € 7.821 billion in 2008 from € 7.113 billion in 2007. Sales at **Reebok** decreased 8% to € 2.148 billion versus € 2.333 billion in the prior year. **TaylorMade-adidas Golf** sales increased 1% to € 812 million in 2008 from € 804 million in 2007.

	2008	**2007**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
adidas	**7,821**	7,113	10	14
Reebok	**2,148**	2,333	(8)	(2)
TaylorMade-adidas Golf	**812**	804	1	7
HQ/Consolidation	**17**	48	(64)	(63)
Total	**10,799**	**10,299**	**5**	**9**

Double-digit currency-neutral sales increases in nearly all regions

adidas Group sales grew at double-digit rates on a currency-neutral basis in all regions except North America in 2008. Group sales in **Europe** grew 11% on a currency-neutral basis as a result of strong growth in emerging markets. In **North America**, Group sales declined 8% on a currency-neutral basis due to lower sales in the USA. Sales for the adidas Group in **Asia** increased 20% on a currency-neutral basis, driven by particularly strong growth in China. In **Latin America**, sales grew 42% on a currency-neutral basis, with double-digit increases coming from most of the region's major markets, supported by the new Reebok companies in Brazil/Paraguay and Argentina. Currency translation effects negatively impacted sales in euro terms in all regions. In euro terms, sales in **Europe** increased 7% to € 4.665 billion in 2008 from € 4.369 billion in 2007. Sales in **North America** decreased 14% to € 2.520 billion in 2008 from € 2.929 billion in the prior year. Revenues in **Asia** grew 18% to € 2.662 billion in 2008 from € 2.254 billion in 2007. Sales in **Latin America** grew 36% to € 893 million in 2008 from € 657 million in the prior year.

	2008	**2007**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
Europe	**4,665**	4,369	7	11
North America	**2,520**	2,929	(14)	(8)
Asia	**2,662**	2,254	18	20
Latin America	**893**	657	36	42
Total[1]	**10,799**	**10,299**	**5**	**9**

[1] Including HQ/Consolidation.

Gross margin reaches record level of 48.7%

The gross margin of the adidas Group increased 1.3 percentage points to 48.7% in 2008 (2007: 47.4%). This is the highest annual gross margin for the Group since the IPO in 1995. The improvement was mainly due to an improving regional mix, further own-retail expansion and a more favourable product mix. As a result, gross profit for the adidas Group rose 8% in 2008 to reach € 5.256 billion versus € 4.882 billion in the prior year.

Operating margin improves 0.7 percentage points

The operating margin of the adidas Group increased 0.7 percentage points to 9.9% in 2008 (2007: 9.2%). The operating margin increase was a result of the gross margin improvement and higher other operating income, which more than offset higher other operating expenses as a percentage of sales. Other operating expenses as a percentage of sales increased 0.6 percentage points to 40.5% in 2008 from 40.0% in 2007. Higher expenses to support the Group's growth in emerging markets were partly offset by efficiency improvements and a slight decrease in marketing working budget expenditure as a percentage of sales. Group operating profit increased 13% in 2008 to reach € 1.070 billion versus € 949 million in 2007.

Income before taxes increases 11%

Income before taxes grew 11% to € 904 million in 2008 from € 815 million in 2007. This was a result of the Group's operating margin increase, which more than offset higher net financial expenses. Net financial expenses increased 23% to € 166 million in 2008 from € 134 million in the prior year primarily due to foreign currency exchange losses resulting from the revaluation of balance sheet positions in foreign currencies.

Net income attributable to shareholders grows 16%

The Group's net income attributable to shareholders increased 16% to € 642 million in 2008 from € 551 million in 2007, representing the eighth consecutive year of double-digit earnings growth. The Group's higher operating profit, a lower tax rate and lower minority interests contributed to this development. The Group's tax rate decreased 3.0 percentage points to 28.8% in 2008 (2007: 31.8%) mainly due to a more favourable regional earnings mix throughout the Group as well as one-time tax benefits in the fourth quarter of 2008.

Basic and diluted earnings per share increase 20%

In 2008, earnings per share increased at a higher rate than the Group's net income attributable to shareholders due to a decrease in the number of shares outstanding related to the Group's share buyback programme. Basic earnings per share increased 20% to € 3.25 in 2008 versus € 2.71 in 2007. Diluted earnings per share grew 20% to € 3.07 from € 2.57 in the prior year.

Higher Group inventories and receivables

Group inventories increased 22% to € 1.995 billion at the end of 2008 versus € 1.629 billion in 2007. On a currency-neutral basis, inventories grew 21%. This was a result of a higher volume of product shipments received from suppliers towards the end of the year. Hesitant customer order patterns also impacted this development. Inventory ageing, however, improved compared to the prior year. Group receivables increased 11% to € 1.624 billion (2007: € 1.459 billion). On a currency-neutral basis, receivables grew 13%. This increase mainly reflects slower receipt of payments due to the difficult economic situation in some markets.

Net borrowings increase

Net borrowings at December 31, 2008 amounted to € 2.189 billion, which represents an increase of € 423 million, or 24%, versus € 1.766 billion in the prior year. The Group's share buyback in an amount of € 409 million, higher working capital requirements and negative currency effects contributed to this development. Consequently, the Group's financial leverage increased to 64.6% at the end of 2008 versus 58.4% in the prior year.

adidas backlogs decrease 6% currency-neutral

Backlogs for the adidas brand at the end of 2008 decreased 6% versus the prior year on a currency-neutral basis. In euro terms, adidas backlogs declined 4%. This development reflects the difficult retail environment in many major markets. In addition, order backlogs in Europe were negatively impacted by the non-recurrence of strong prior year orders for football products supported by the UEFA EURO 2008™. Differences in order timing had a negative effect on the development of backlogs in Asia. Footwear backlogs decreased 4% in currency-neutral terms (–2% in euros). Growth in North America could not offset declines in Europe and Asia. Apparel backlogs decreased 6% on a currency-neutral basis (–4% in euros) with declines in all regions.

adidas	Footwear		Apparel		Total[1]	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	(7)	(3)	(9)	(4)	(9)	(5)
North America	8	4	(1)	(5)	4	0
Asia	(1)	(11)	4	(8)	1	(10)
Total	**(2)**	**(4)**	**(4)**	**(6)**	**(4)**	**(6)**

Year-over-year development adidas order backlogs by product category and region as at December 31, 2008

[1] Includes hardware backlogs.

Currency-neutral Reebok backlogs decline

Currency-neutral Reebok backlogs at the end of 2008 were down 17% versus the prior year. In euro terms, this represents a decline of 18%. Footwear backlogs decreased 10% in currency-neutral terms (–11% in euros) as a result of declines in all regions. Apparel backlogs declined 33% on a currency-neutral basis (–33% in euros) driven by lower orders for licensed apparel in particular in North America. Due to the exclusion of the own-retail business and the high share of at-once business in Reebok's sales mix, order backlogs in this segment are not indicative of expected sales development.

Reebok	Footwear		Apparel		Total[1]	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	(18)	(12)	(25)	(22)	(20)	(15)
North America	(19)	(22)	(49)	(50)	(26)	(29)
Asia	(7)	(11)	(12)	(16)	(9)	(13)
Total	**(11)**	**(10)**	**(33)**	**(33)**	**(18)**	**(17)**

Year-over-year development Reebok order backlogs by product category and region as at December 31, 2008

[1] Includes hardware backlogs.

Group business outlook affected by uncertain global macroeconomic development

Expectations for the development of the global economy and its impact on the sporting goods industry in 2009 are currently subject to a high degree of uncertainty. Consequently, the effect global macroeconomic developments could have on the adidas Group's business outlook is difficult to forecast, especially with regard to the second half of the year. In addition, due to current foreign exchange rate volatility, it is difficult to quantify the impact negative currency translation effects could have on the Group's top- and bottom-line performance.

Group sales to decrease at a low- to mid-single-digit rate
adidas Group sales are forecasted to decline at a low- to mid-single-digit rate on a currency-neutral basis in 2009. Revenues in the adidas segment are projected to decrease at a low- to mid-single-digit rate on a currency-neutral basis. Reebok segment sales are expected to be at least stable compared to the prior year on a currency-neutral basis. Currency-neutral TaylorMade-adidas Golf sales are forecasted to grow at a low-single-digit rate due to the consolidation of Ashworth, Inc. for the full 12-month period.

Earnings per share to decline in 2009
In 2009, the adidas Group gross margin is expected to decline compared to the prior year. A promotional environment in mature markets, as well as expected higher sourcing costs due to increased raw material and wage costs, in particular in the first half of the year, will contribute to this development. The Group's operating expenses as a percentage of sales are expected to increase mainly as a result of higher expenses for controlled space initiatives in the adidas and Reebok segments. Consequently, the Group's operating margin and earnings per share are projected to decline.

Management to propose unchanged dividend of € 0.50
At the Annual General Meeting on May 7, 2009, the Executive Board intends to propose an unchanged dividend per share of € 0.50 for the financial year 2008. Management has decided to maintain the dividend level despite the tough business environment and the Group's focus on reducing net borrowings. Based on the number of shares outstanding at the end of 2008, the dividend payout will decrease 2% to € 97 million (2007: € 99 million). This represents a payout ratio of 15% versus 18% in 2007.

Herbert Hainer: "We cannot ignore the unprecedented economic crisis all global businesses are facing today. I believe the real winners of this crisis will be the ones who remain consistent with their long-term strategies. We have the resources and the energy to tackle the challenges that come."

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

adidas Group
Consolidated Income Statement (IFRS)

€ in millions	4th quarter 2008	4th quarter 2007	Change
Net sales	2,574	2,419	*6.4 %*
Cost of sales	1,380	1,292	*6.8 %*
Gross profit	**1,194**	**1,127**	*5.9 %*
(% of net sales)	46.4%	46.6%	*(0.2) pp*
Royalty and commission income	25	32	*(20.5) %*
Other operating income	49	36	*36.1 %*
Other operating expenses	1,161	1,134	*2.4 %*
(% of net sales)	45.1%	46.9%	*(1.8) pp*
Operating profit	**107**	**61**	*76.6 %*
(% of net sales)	4.2%	2.5%	*1.7 pp*
Financial income	7	10	*(29.5) %*
Financial expenses	60	41	*46.6 %*
Income before taxes	**54**	**30**	*82.0 %*
(% of net sales)	2.1%	1.2%	*0.9 pp*
Income taxes	1	8	*(89.8) %*
(% of income before taxes)	1.6%	27.6%	*(26.1) pp*
Net income	**54**	**22**	*147.5 %*
(% of net sales)	2.1%	0.9%	*1.2 pp*
Net income attributable to shareholders	**54**	**21**	*150.6 %*
(% of net sales)	2.1%	0.9%	*1.2 pp*
Net income attributable to minority interests	**0**	**0**	*(203.7) %*
Basic earnings per share (in €)	**0.28**	**0.11**	*163.5 %*
Diluted earnings per share (in €)	**0.27**	**0.11**	*144.3 %*

Net Sales

€ in millions	4th quarter 2008	4th quarter 2007	Change
adidas	1,817	1,648	*10.3 %*
Reebok	561	567	*(1.1) %*
TaylorMade-adidas Golf	198	195	*1.4 %*
Europe	889	915	*(2.7) %*
North America	649	681	*(4.7) %*
Asia	787	639	*23.3 %*
Latin America	247	173	*42.3 %*

Rounding differences may arise in percentages and totals.

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adidas Group
Consolidated Income Statement (IFRS)

€ in millions	Full Year 2008	Full Year 2007	Change
Net sales	10,799	10,299	*4.9 %*
Cost of sales	5,543	5,417	*2.3 %*
Gross profit	**5,256**	**4,882**	*7.7 %*
(% of net sales)	48.7%	47.4%	*1.3 pp*
Royalty and commission income	89	102	*(12.7) %*
Other operating income	103	80	*28.4 %*
Other operating expenses	4,378	4,115	*6.4 %*
(% of net sales)	40.5%	40.0%	*0.6 pp*
Operating profit	**1,070**	**949**	*12.7 %*
(% of net sales)	9.9%	9.2%	*0.7 pp*
Financial income	37	36	*5.4 %*
Financial expenses	203	170	*19.2 %*
Income before taxes	**904**	**815**	*11.0 %*
(% of net sales)	8.4%	7.9%	*0.5 pp*
Income taxes	260	260	*0.4 %*
(% of income before taxes)	28.8%	31.8%	*(3.0) pp*
Net income	**644**	**555**	*16.0 %*
(% of net sales)	6.0%	5.4%	*0.6 pp*
Net income attributable to shareholders	**642**	**551**	*16.4 %*
(% of net sales)	5.9%	5.4%	*0.6 pp*
Net income attributable to minority interests	**2**	**4**	*(38.9) %*
Basic earnings per share (in €)	**3.25**	**2.71**	*19.9 %*
Diluted earnings per share (in €)	**3.07**	**2.57**	*19.6 %*

Net Sales

€ in millions	Full Year 2008	Full Year 2007	Change
adidas	7,821	7,113	*10.0 %*
Reebok	2,148	2,333	*(7.9) %*
TaylorMade-adidas Golf	812	804	*1.0 %*
Europe	4,665	4,369	*6.8 %*
North America	2,520	2,929	*(14.0) %*
Asia	2,662	2,254	*18.1 %*
Latin America	893	657	*36.0 %*

Rounding differences may arise in percentages and totals.

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adidas Group
Consolidated Balance Sheet (IFRS)

€ in millions	Dec. 31 2008	Dec. 31 2007	Change
Cash and cash equivalents	244	295	(17.3)%
Short-term financial assets	141	86	64.1%
Accounts receivable	1,624	1,459	11.3%
Inventories	1,995	1,629	22.5%
Income tax receivables	110	60	82.9%
Other current assets	789	529	49.1%
Assets classified as held for sale	31	80	(60.2)%
Total current assets	**4,934**	**4,138**	**19.3%**
Property, plant and equipment	886	702	26.2%
Goodwill	1,499	1,436	4.3%
Trademarks	1,390	1,291	7.6%
Other intangible assets	204	194	4.9%
Long-term financial assets	96	103	(6.8)%
Deferred tax assets	344	315	9.2%
Other non-current assets	180	147	24.9%
Total non-current assets	**4,599**	**4,188**	**9.8%**
Total assets	**9,533**	**8,325**	**14.5%**
Short-term borrowings	797	186	328.3%
Accounts payable	1,218	849	43.5%
Income taxes	321	285	12.9%
Accrued liabilities and provisions	1,008	1,025	(1.7)%
Other current liabilities	295	266	10.6%
Liabilities classified as held for sale	6	4	33.8%
Total current liabilities	**3,645**	**2,615**	**39.3%**
Long-term borrowings	1,776	1,960	(9.4)%
Pensions and similar obligations	132	124	6.3%
Deferred tax liabilities	463	450	2.9%
Non-current accrued liabilities and provisions	65	73	(11.3)%
Other non-current liabilities	52	69	(23.3)%
Total non-current liabilities	**2,488**	**2,676**	**(7.0%)**
Share capital	194	204	(5.0)%
Reserves	(10)	161	(104.9)%
Retained earnings	3,202	2,658	20.4%
Shareholders' equity	3,386	3,023	12.0%
Minority interests	14	11	25.5%
Total equity	**3,400**	**3,034**	**12.1%**
Total liabilities and equity	**9,533**	**8,325**	**14.5%**
Additional balance sheet information			
Operating working capital	2,401	2,239	*7.2%*
Working capital	1,290	1,522	*(15.3)%*
Net total borrowings	2,189	1,766	*24.0%*
Financial leverage	64.6%	58.4%	*6.2 pp*

Rounding differences may arise in percentages and totals.