Merrill Lynch All Stars 2009 Conference
Robin J. Stalker, CFO
New York, March 2009
Agenda

• 2008 Operational Highlights
• 2008 Financial Highlights
• Outlook and Strategic Initiatives 2009
• Summary
Strong Momentum At adidas And TaylorMade

- adidas never stronger in 60-year history
- TaylorMade-adidas Golf on its way to be the number 1 golf company in the world
- Important strategic decisions taken at Reebok
Major Sporting Events Reinforce adidas Brand Image
Partnership Portfolio Secured And Extended
adidas Delivers Excellent Financial Performance

<table>
<thead>
<tr>
<th></th>
<th>Q4</th>
<th>FY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales growth (currency-neutral)</td>
<td>+7%</td>
<td>+14%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>47.0% +0.6pp</td>
<td>48.6% +1.2pp</td>
</tr>
<tr>
<td>Operating margin</td>
<td>8.1%  +4.2pp</td>
<td>14.0% +1.1pp</td>
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</tbody>
</table>
Reebok Distribution Improved Through Controlled Space Rollout
Reebok Ready To Implement Joint Operating Model
Reebok Still A Work In Progress

<table>
<thead>
<tr>
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<th>FY</th>
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<tbody>
<tr>
<td>Sales growth (currency-neutral)</td>
<td>(3%)</td>
<td>(2%)</td>
</tr>
<tr>
<td>Gross margin</td>
<td>34.1% (4.0pp)</td>
<td>37.0% (1.7pp)</td>
</tr>
<tr>
<td>Operating margin</td>
<td>(1.5%) (5.1pp)</td>
<td>(0.3%) (5.0pp)</td>
</tr>
</tbody>
</table>
TMaG Metalwoods Market Share Grows Strongly

• Most-played driver on tours
• Metalwoods leadership further strengthened
• Progress made in balls and putters
Acquisition of Ashworth Adds New Lifestyle Dimension

- Authentic golf-inspired lifestyle brand
- TaylorMade-adidas Golf now global market leader in golf apparel
- Integration under way
**TaylorMade-adidas Golf Delivers Solid Performance**

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<thead>
<tr>
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<th>FY</th>
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<tbody>
<tr>
<td>Sales growth (currency-neutral)</td>
<td>(4%)</td>
<td>+7%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>41.0%</td>
<td>44.3%</td>
</tr>
<tr>
<td></td>
<td>(5.1pp)</td>
<td>(0.5pp)</td>
</tr>
<tr>
<td>Operating margin</td>
<td>12.2%</td>
<td>9.6%</td>
</tr>
<tr>
<td></td>
<td>+0.1pp</td>
<td>+1.5pp</td>
</tr>
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</table>
Strong 2008 Creates Solid Foundation

- 2008 an important year for all our brands
- Challenges ahead
- Decisive measures taken
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Full Year Currency-Neutral Group Revenues Up 9%
## Group Operating Margin Approaches 10%

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<tr>
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<th>Q4 2008</th>
<th>Full Year 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Gross margin</strong></td>
<td>46.4% (0.2pp)</td>
<td>48.7% 1.3pp</td>
</tr>
<tr>
<td><strong>R&amp;C income</strong></td>
<td>€ 25m (20%)</td>
<td>€ 89m (13%)</td>
</tr>
<tr>
<td><strong>Opex as a % of sales</strong></td>
<td>45.1% (1.8pp)</td>
<td>40.5% +0.6pp</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>€ 107m +77%</td>
<td>€ 1,070m +13%</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>4.2% +1.7pp</td>
<td>9.9% +0.7pp</td>
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</table>
## Basic EPS Grow 20% in 2008

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<tr>
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<th>Full Year 2008</th>
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<tbody>
<tr>
<td><strong>Net financial expenses</strong></td>
<td>+71%  € 53m</td>
<td>+23%  € 166m</td>
</tr>
<tr>
<td><strong>Income before taxes</strong></td>
<td>+82%  € 54m</td>
<td>+11%  € 904m</td>
</tr>
<tr>
<td><strong>Effective tax rate</strong></td>
<td>(26.1pp)  1.6%</td>
<td>(3.0pp)  28.8%</td>
</tr>
<tr>
<td><strong>Net income attrib. to shareholders</strong></td>
<td>+151%  € 54m</td>
<td>+16%  € 642m</td>
</tr>
<tr>
<td><strong>Basic EPS</strong></td>
<td>+164%  € 0.28</td>
<td>+20%  € 3.25</td>
</tr>
</tbody>
</table>
Progress On Operating Working Capital Reduction

- Average operating working capital as a percentage of sales reduced by 70bp to 24.5%
- Inventories increase 21% on a currency-neutral basis
- Receivables up 13% on a currency-neutral basis

Average operating working capital as a % of net sales, at quarter-end
Reduction Of Net Borrowings A Key Priority

- Net borrowings increase 24% to €2.189 billion
- Financial leverage increases 6.2pp to 64.6%

2009 focus on reduction of net borrowings
Foreign Exchange Rate Volatility To Affect Results

• Exchange rate volatility to potentially impact Group top- and bottom-line results

• Several important currencies have significantly depreciated compared to the prior year

• No gross margin support from hedging
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### adidas Currency-Neutral Backlogs Decline 6%

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<th></th>
<th>Europe</th>
<th>North America</th>
<th>Asia</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>FW</td>
<td>(3)</td>
<td>4</td>
<td>(11)</td>
<td>(4)</td>
</tr>
<tr>
<td>APP</td>
<td>(4)</td>
<td>(5)</td>
<td>(8)</td>
<td>(6)</td>
</tr>
<tr>
<td>Total</td>
<td>(5)</td>
<td>0</td>
<td>(10)</td>
<td>(6)</td>
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</tbody>
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- Order decline reflects tougher environment
- Non-recurrence of UEFA EURO 2008™ impacts backlogs in Europe
- Differences in order timing affect backlogs in Asia

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Currency-neutral development of adidas order backlogs by product category and region at December 31, 2008 (in %)

1) Includes hardware backlogs
Reebok Backlogs Not Indicative Of Future Sales

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<td>(10)</td>
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<tr>
<td>APP</td>
<td>(22)</td>
<td>(50)</td>
<td>(16)</td>
<td>(33)</td>
</tr>
<tr>
<td>Total</td>
<td>(15)</td>
<td>(29)</td>
<td>(13)</td>
<td>(17)</td>
</tr>
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Currency-neutral development of Reebok order backlogs by product category and region at December 31, 2008 (in %)

1) Includes hardware backlogs

- UK and Spain continue to weigh on European backlogs
- Declines in licensed apparel business affect North American backlogs
- Declines in China impact Asian backlogs
2009 Sales And Earnings Per Share To Decline

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<tr>
<th></th>
<th>adidas Group</th>
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<tbody>
<tr>
<td>Sales (currency-neutral)</td>
<td>Low- to mid-single-digit decline</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Decline</td>
</tr>
<tr>
<td>Operating margin</td>
<td>Decline</td>
</tr>
<tr>
<td>Net income</td>
<td>Decline</td>
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</table>
Cost Control Measures Already In Full Swing

- Joint operating model in Europe and Latin America
- Streamlining Complexity programme at adidas
- Cut back on travel costs, external consultants
- Hiring freeze implemented
- Scale back of workforce in the US and UK
Committed To Long-Term Strategic Priorities

Long-term strategies

Invest

- Product & Innovation
- Controlled Space
- Promotion Partnerships
- Infrastructure Projects
- Retail Support

Reduce costs

- Hiring Freeze
- Joint Operating Models
- Travel Cost Reductions
- “Streamlining Complexity” Programme
adidas Taking Interactive Training To A New Level
Extending Leadership In High-Performance Apparel

- **+1.1% SPEED***
  
  Increased sprinting speed of 1.1% on a 50m sprint track.

- **+4% JUMP***
  
  4% improvement on vertical jump heights in a controlled laboratory test protocol.

- **+5.3% POWER***
  
  Improved core strength and body posture and a 5.3% increase of the average power output.

- **+0.8% ENDURANCE***
  
  Increased efficiency and improved spatial awareness as a result of decreasing oxygen consumption by 0.8%.

*adidas TECHFIT™ POWERWEB compared to conventional Sportswear. Proven by research of the University of Calgary – Human Performance Lab and global adidas research.
Build-Up To 2010 FIFA World Cup™
New Labels Add Momentum To adidas Sport Style
Reebok Brand Priorities Refined

YOUR MOVE

Territory
- Having FUN
- staying in shape

Women
- Fitness
- Running
- Walking

Men
- Training
- Running
- Sports

Classics
- Women
- Men

Own
Revive
Challenge
Women’s Takes Centre Stage For Reebok In 2009
JUKARI Fit to Fly™ Revolutionises Women’s Workout

burn and fly
YOUR MOVE

INTRODUCING
JUKARI
FIT TO FLY.
A new gym experience from
Reebok & Cirque du Soleil
Let the fun begin at
reebok.com/women
Exciting Reebok Product Innovations For 2009
TMaG Initiatives Already Making Headlines
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adidas Group Ready For The Challenges Ahead

- Leading industry position
- Well-balanced product, brand and partnership portfolio
- Building a long-term sustainable growth company
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 5, 2009</td>
<td>First Quarter 2009 Results</td>
</tr>
<tr>
<td>May 7, 2009</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>May 8, 2009</td>
<td>Dividend Payment(^1))</td>
</tr>
<tr>
<td>Aug 5, 2009</td>
<td>First Half 2009 Results</td>
</tr>
<tr>
<td>Nov 4, 2009</td>
<td>Nine Months 2009 Results</td>
</tr>
</tbody>
</table>

\(^1\) Subject to Annual General Meeting approval