



**Société Générale**  
**The Premium Review Conference 2009**  
**Paris, December 2, 2009**  
**Robin Stalker, CFO**



# Agenda

- Nine Months 2009 Results Recap
- Positioning the Group for future growth
- Upcoming Brand Initiatives
- Outlook

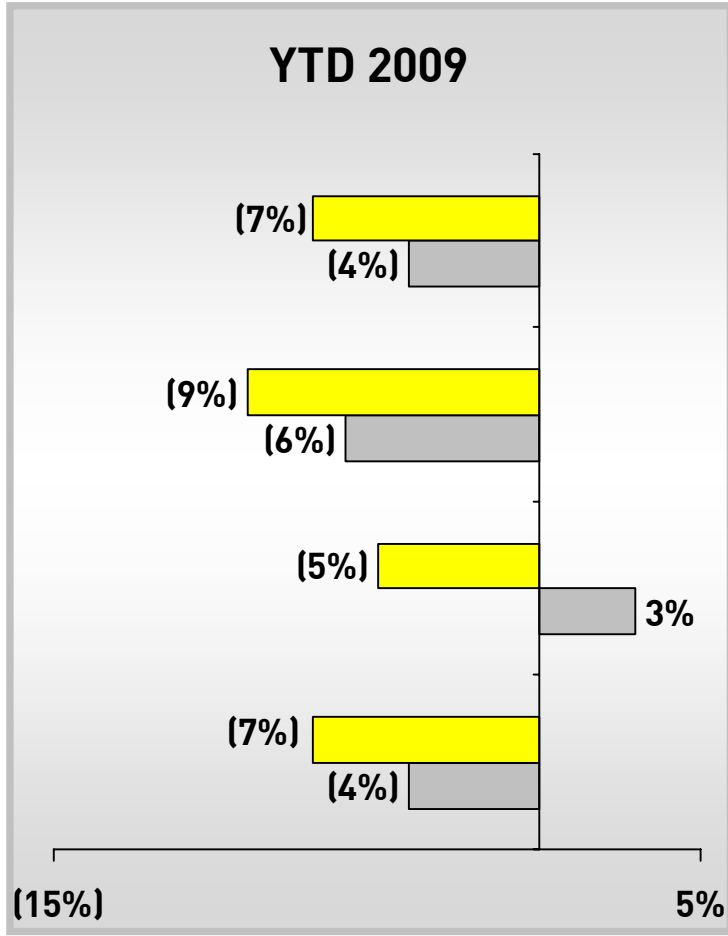
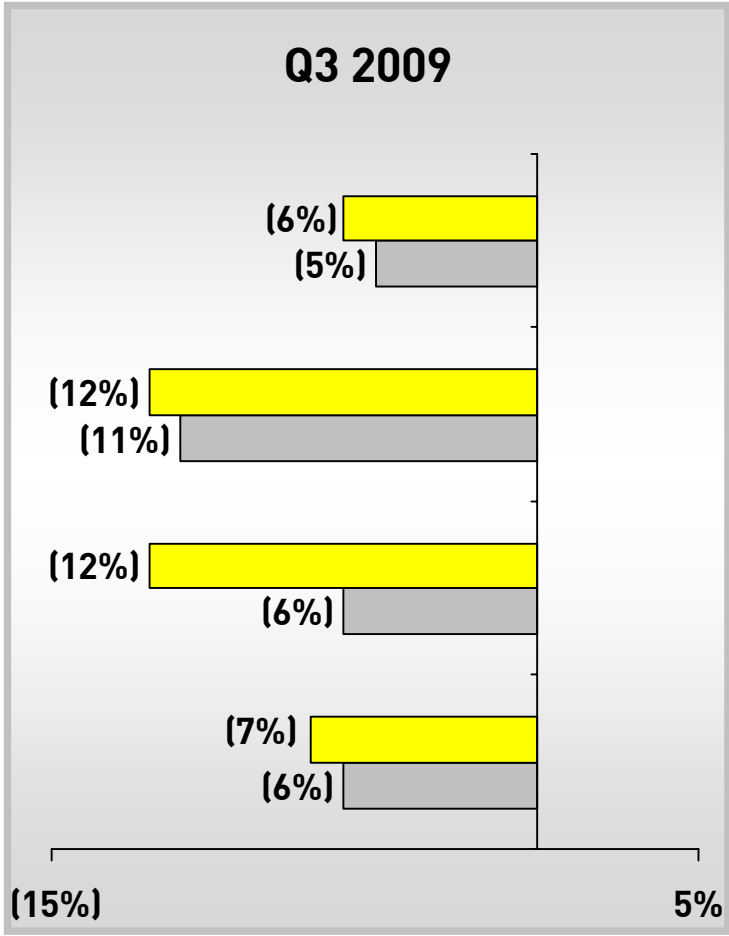
# adidas Group Financial Position Improves Sequentially

	<b>Q3 2009</b>	<b>YTD 2009</b>
Net sales (in millions)	€ 2,888 (7%) c-n	€ 7,923 (7%) c-n
Gross margin	45.3% (3.7pp)	45.1% (4.3pp)
Diluted EPS	€ 1.03 (29%)	€ 1.13 (59%)

- Balance sheet significantly strengthened
- Strong cash flow generation
- Ongoing weak consumer and retailer demand



# Sales Decline In All Segments In Q3 2009



■ In euros    ■ Currency-neutral

# Group Gross Margin Declines 3.7pp In Third Quarter











- Clearance of excess inventories
- Higher input costs
- Currency devaluation effects, in particular related to the Russian rouble

 **adidas**

**Reebok**

 **taylorMade**













**adidas**  
GROUP

	Q3 2009	YTD 2009
 <b>adidas</b>	 (2.7pp) 47.1%	 (2.2pp) 46.9%
<b>Reebok</b>	 (1.8pp) 34.7%	 (5.5pp) 32.6%
 <b>taylorMade</b>	 (3.8pp) 39.0%	 (6.0pp) 39.3%
<b>adidas</b> GROUP	 (3.7pp) 45.3% <sup>1)</sup>	 (4.3pp) 45.1% <sup>1)</sup>

Group gross profit declines 12% to € 3.576 billion

1) Includes HQ/Consolidation

# Other Operating Expenses Down 6% In Third Quarter

	Q3 2009	YTD 2009
Other operating expenses	 € 1.014 billion (6%)	 € 3.246 billion +1%
Operating profit	 € 336 million (29%)	 € 465 million (52%)
Net financial expenses	 € 30 million (28%)	 € 123 million +9%
Income tax rate	 30.3% +0.7pp	 34.2% +3.7pp
Net income attributable to shareholders	 € 213 million (30%)	 € 226 million (62%)
Diluted earnings per share	 € 1.03 (29%)	 € 1.13 (59%)

# Redemption Of Convertible Bond Announced

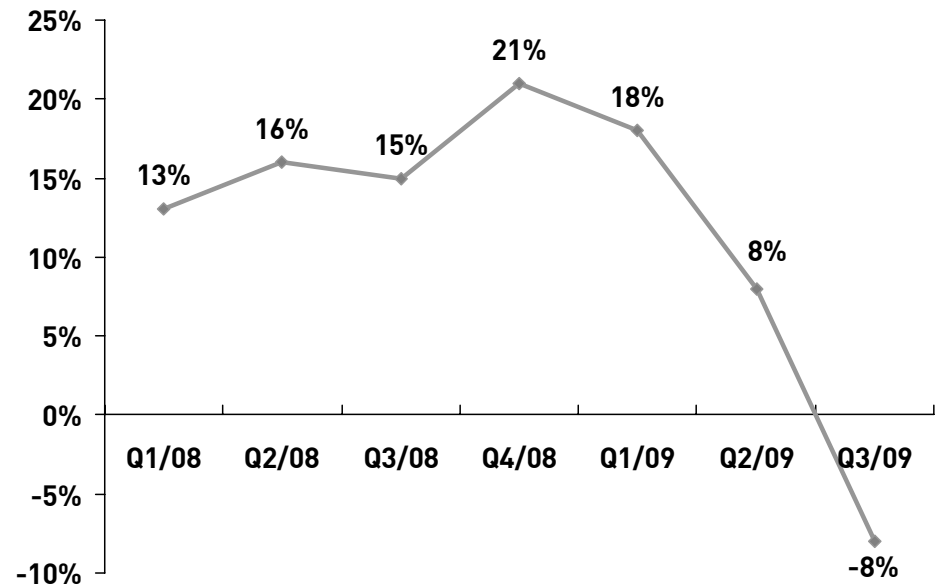
- Early redemption of € 400 million convertible bond 2003/2018 announced at the beginning of October
- Call option exercised: Average share price over 20 day period above € 33.15 in 35 day period preceding the notification
- All bondholders converted prior to redemption



**Approximately 15.7 million new shares to be created in Q4**  
**Significant progress towards financial leverage of below 50%**

# Strong Operating Working Capital Progress

- Inventories decrease 8% on a currency-neutral basis with double-digit declines at TaylorMade-adidas Golf and Reebok
- Receivables down 7% on a currency-neutral basis
  - Slow receipt of payments
  - Lower sales level
- Payables increase 15% on a currency-neutral basis



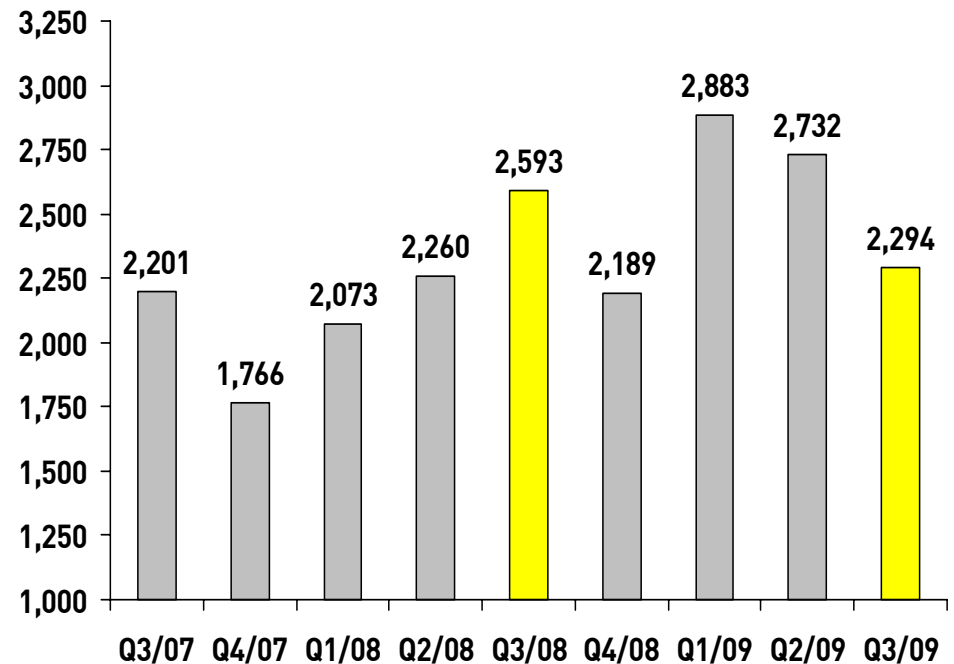
Currency-neutral inventory growth rates, at quarter-end

OWC source of cash in 2009



# Net Debt Decreases € 299 Million Year-Over-Year

- € 488 million net cash from operations generated in Q3
- Year-over-year net borrowings decrease 12% to € 2.294 billion
- Financial leverage decreases 8.3pp to 70.2%



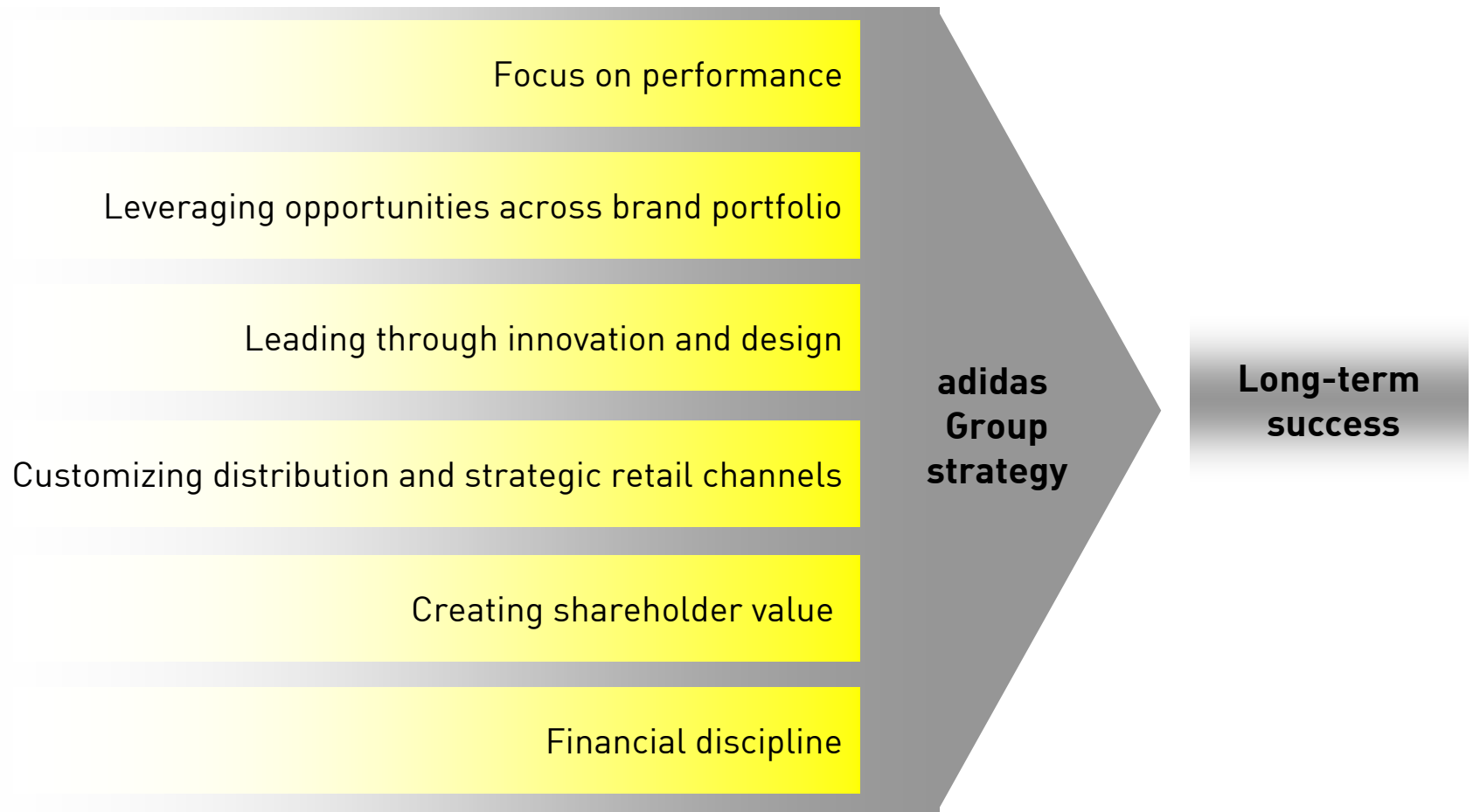
Net borrowings at quarter-end, € in millions

Year-end financial leverage to be below 50%

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# Execution Of Group Strategy Key To Future Success



# Leveraging And Enhancing Group Structures

Rightsizing and integration of business units



Implementation of separate wholesale and retail structures



Elimination of regional headquarters



Streamlining of sourcing and product creation processes and organisation



Annual cost savings to exceed € 100 million by 2010

All measures to be implemented by year-end

One-time costs of around € 50-60 million expected in 2009

# Principles Of New Group Structure

## Global Brands

- Foster further alignment between the brands
- Strengthen integrated brand management to support long-term growth strategies

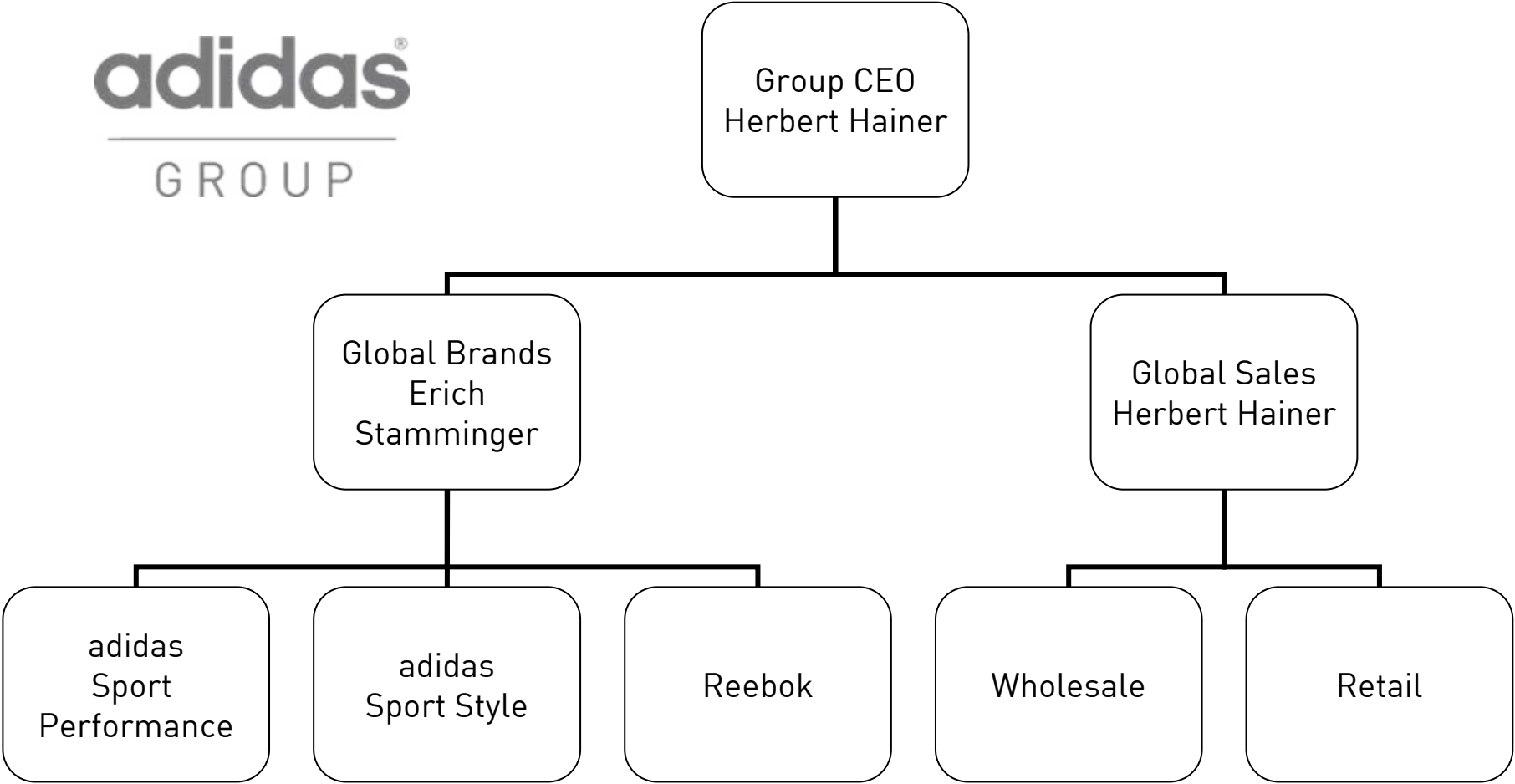
## Global Sales

- Drive well-coordinated and best practice execution in the marketplace for both brands
- Focus on the customer (wholesale) and the consumer (retail)

## Global Functions

- Multi-branded administrative and support functions to achieve cost synergies and optimal service to the operating business

# Reassignment Of Board Responsibilities



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# Twelve adidas Teams Heading To South Africa

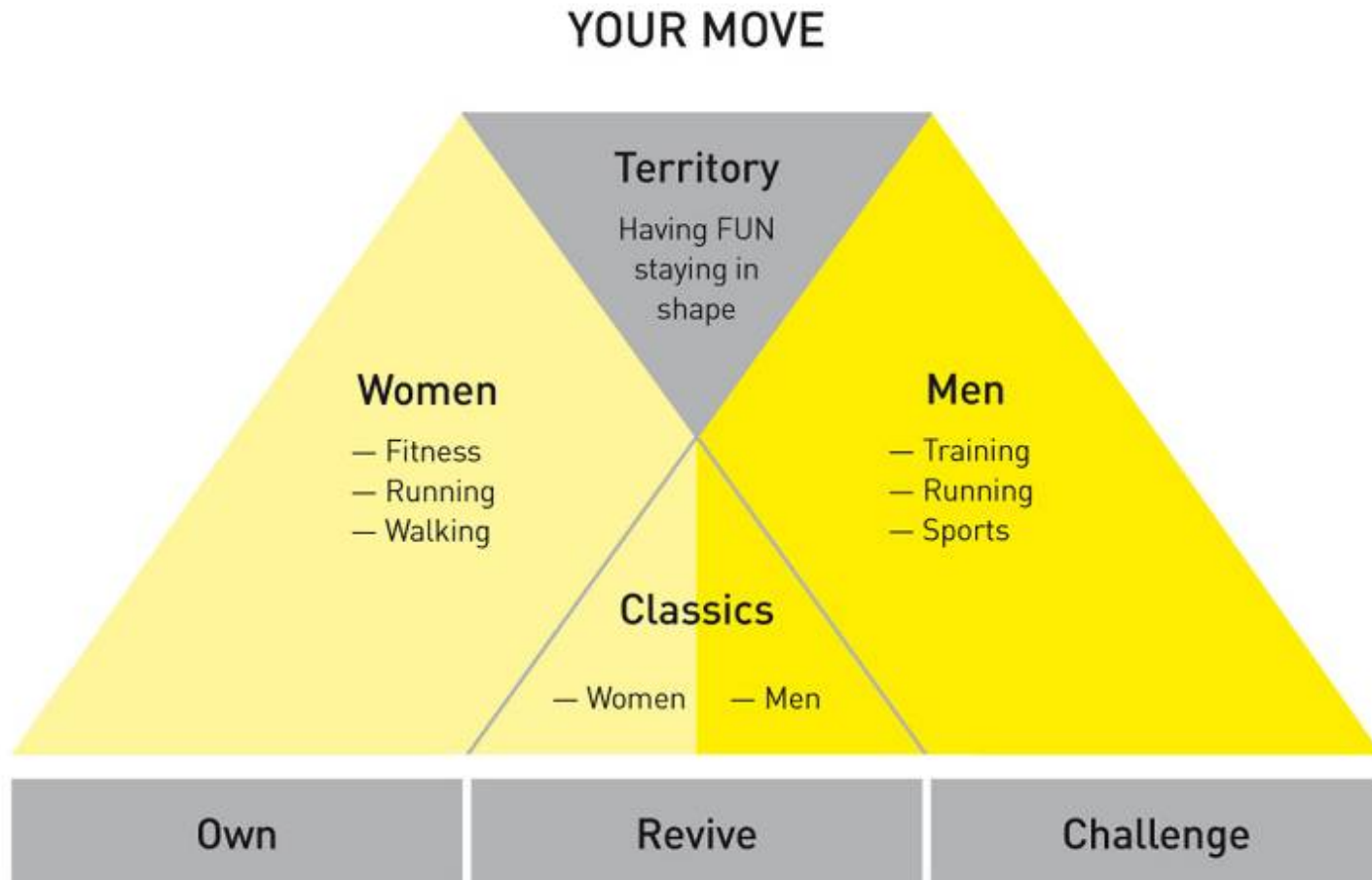




# New Football Products Launch Monthly Until Event Kick-Off



# Reebok Brand Priorities Refined



# Expanding The Toning Category Beyond Walking And Women's



# The Next Wave Of JUKARI





# Introducing Reebok's New Global Brand Campaign



# Continuous Flow Of Innovation At TMaG



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# Group Outlook For 2009

## adidas Group

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Sales (currency-neutral)	low- to mid-single-digit decline
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Gross margin	45.0% to 45.5%
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Operating margin	around 5%
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Diluted earnings per share	€ 1.15 to € 1.30
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# adidas Group Prepared For The Future

- Financial position to further strengthen in fourth quarter
- First positives and negatives for 2010 visible already
- Group in the starting blocks for an eventful year ahead



adidas®

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GROUP

QUESTIONS & ANSWERS

# APPENDIX

# Financial Calendar

- March 3, 2010  
2009 Full Year Results  
Analyst and press conferences in Herzogenaurach, Germany  
Press release, conference call and webcast
- May 4, 2010  
First Quarter 2010 Results  
Press release, conference call and webcast
- May 6, 2010  
Annual General Meeting in Fürth (Bavaria), Germany  
Webcast
- May 7, 2010  
Dividend paid  
(Subject to Annual General Meeting approval)
- August 4, 2010  
First Half 2010 Results  
Press release, conference call and webcast
- November 4, 2010  
Nine Months 2010 Results  
Press release, conference call and webcast