



**Nine Months 2006 Results
WestLB Deutschland Conference**

**Robin J. Stalker, CFO
November 15, 2006
Frankfurt a. Main**

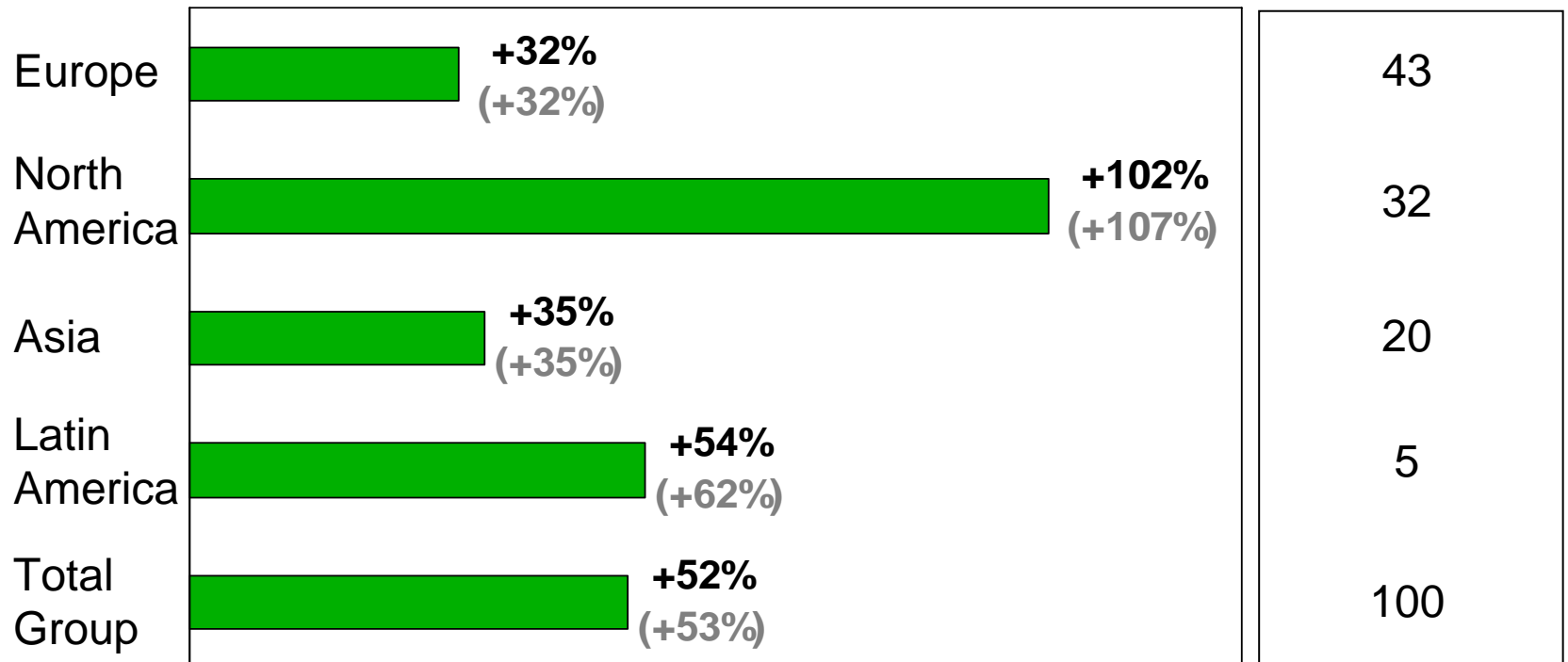
Strong Year-To-Date Operational Progress And Financial Results

- Currency-neutral sales up 52%
- Double-digit currency-neutral sales growth in all regions
- Double-digit currency-neutral sales growth for adidas and TaylorMade-adidas Golf
- Net income grows 22%
- Reebok integration continues



Strong Group Sales Growth In All Regions

Currency-neutral adidas Group YTD Net Sales Growth



(Growth rates in euros in brackets)

in % of total Group sales

Numerous Factors Impact Year-To-Date Gross Margin

adidas Group gross margin 44.9%

 **adidas**

46.9% (+1.1pp)

- Own retail
- Product mix improvements especially in North America

Reebok

34.8%





- PPA impact
- US exposure
- Inventory clearance measures
- Tough comps

 **TaylorMade**

44.0% (-1.7pp)

- Golf ball margins
- Metalwood promotion impact
- Greg Norman Collection dilution

Positive Operating Expense Development

Opex as % of sales	YTD 2006		
 adidas	33.1%	↑	+1.2pp
 Reebok	32.0%	-	-
 TaylorMade	34.4%	↓	(1.7pp)
 adidas GROUP	35.1%	↓	(0.9pp)

Operating profit +23% to €829 million
Operating margin 10.6% (-2.6pp)

Strong IBT And Earnings Performance

- Net financial expenses increase to € 121 million
- Income before taxes grows 10% to € 709 million
- Group tax rate decreases to 31.9%
- Net income from continuing operations increases to € 483 million

**Net income attributable to shareholders
reaches €469 million**

**Basic earnings per share from continuing and
discontinued operations increase 10% to €2.31**

Operating Working Capital Remains A Key Priority

Currency-neutral	adidas Group	adidas Group excl. Reebok
Inventories	+48%	+9%
Receivables	+62%	+10%

- ✓ Inventory development shows sequential improvement
- ✓ Receivables growth clearly lower than quarterly sales growth
- ✓ 95% financial leverage already better than 100% year-end target

Outstanding adidas Financial Performance

- Year-to-date currency-neutral sales up 15% (+15% in euros)
- Double-digit growth in all divisions
- Q3 currency-neutral sales up 15% (+12% in euros)
- Year-to-date currency-neutral sales in Europe grow 11% (+15% in Q3)



adidas

GROUP

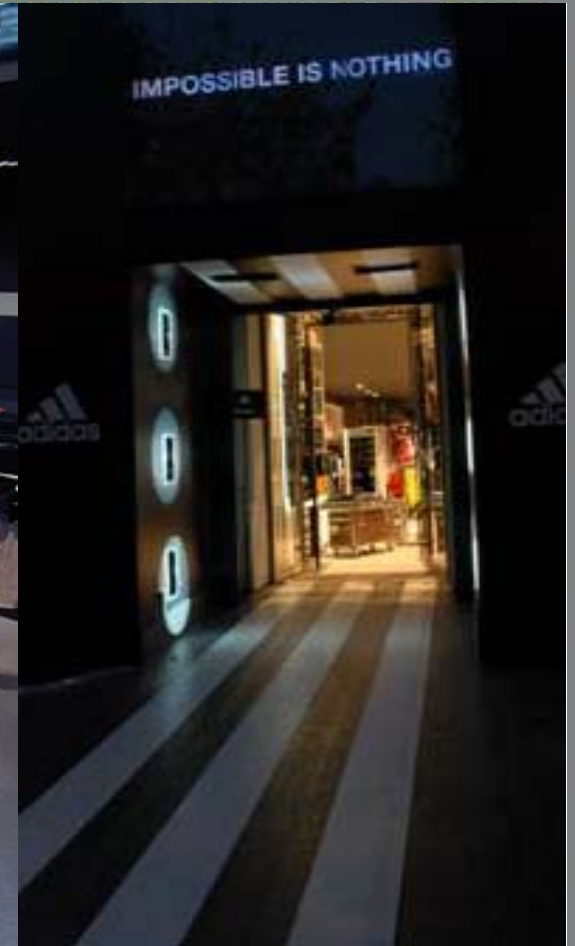
Successful Performance Category Product Launches



Continued Focus On Strategic Partnerships



Largest Sport Performance Store Opens In Paris



JJB Shop-In-Shop Initiative Kicked Off



adidas Backlogs Grow 3%

	Change	Currency-neutral change
Footwear	(2%)	2%
Apparel	2%	5%
Total	0%	3%

- European backlogs reflect tough World Cup comparables
- Asian backlogs impacted by trade show timing

Reebok Performance Shows Underlying Improvements

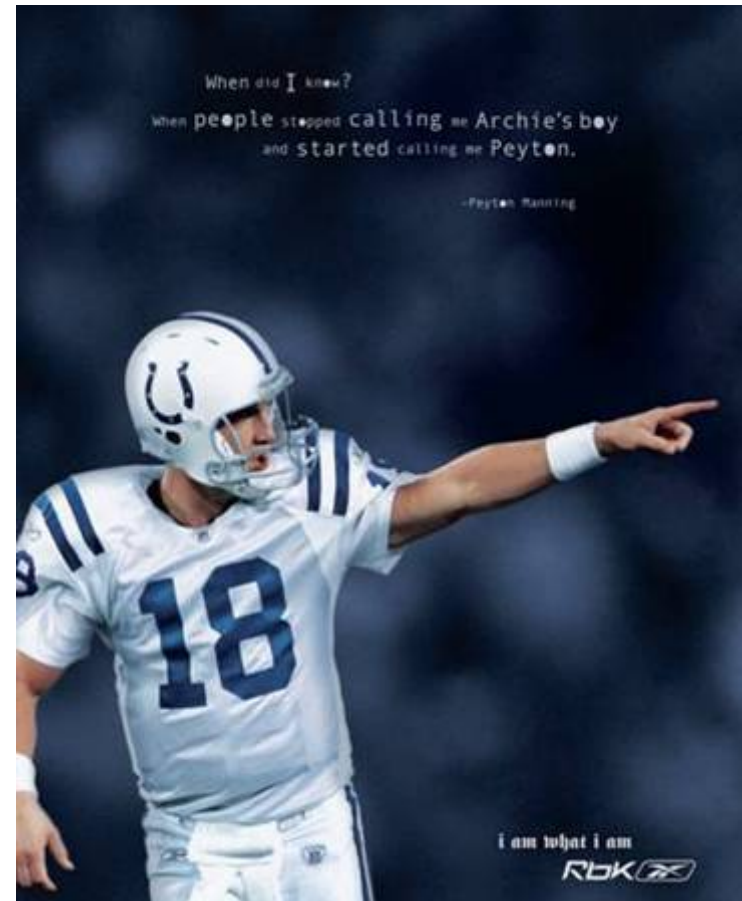
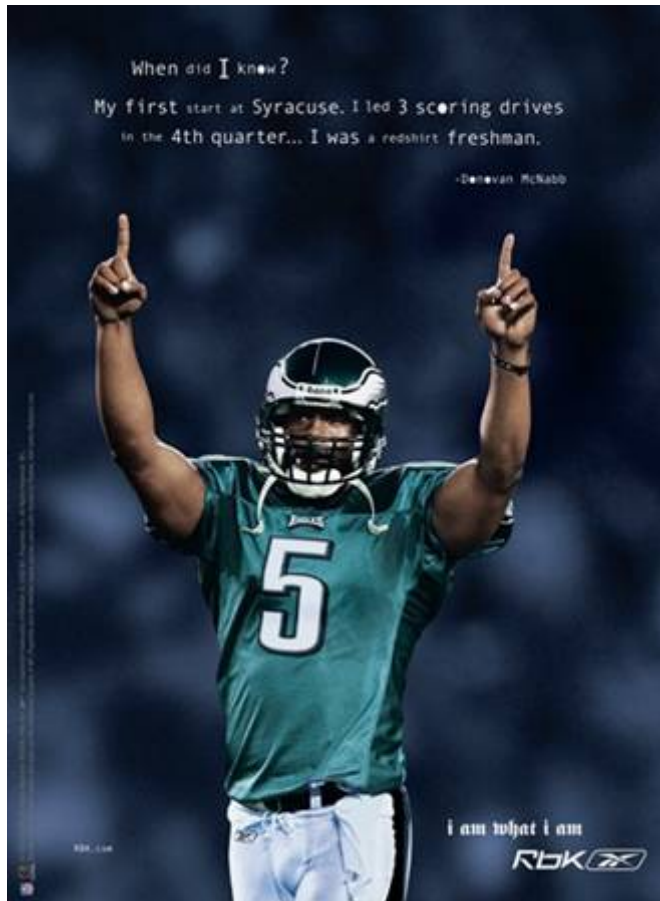
- Year-to-date currency-neutral sales down 9%
- Q3 currency-neutral sales down 4%
- Sequential improvement at brand Reebok
- Challenges continue in US and UK
- Double-digit growth in Asia

The Reebok logo is displayed in a bold, blue, sans-serif font. The letters are thick and closely spaced, with a distinctive slanted design for the 'R' and 'e's.

adidas

GROUP

Focus On Performance With “When Did I Know” Campaign



adidas

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Focus On Performance With Strong NHL Positioning



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Focus On Performance With Addition Of Football Superstar Andriy Shevchenko



EXPLOIT
your
OPPONENT'S
WEAKNESS.
boxing
TAUGHT me
that.

MORE RBK.com 



Continued Emphasis On Turning Around The Reebok Brand

- Cleaning up inventories
- Sales continue to outperform backlogs
- Cancellations significantly reduced
- At-once business grows strongly
- Diversifying distribution
- Broadening lifestyle offering
- Performance categories gaining momentum



Reebok Initiatives In Full Swing

- Strengthening Global Marketing function
- “Passion Starts Here” employee program
- Performance focus sharpened



Reebok Synergies As Focal Point Within The Group

Maximize annual revenue synergies of €500 million

Branded apparel

Licensed product

Regional initiatives

Distributor buyouts

Maximize annual cost synergies of €175 million

Integration Cost Synergies Update

€in millions	2006	2007
Synergy	35	87.5
Drivers	<ul style="list-style-type: none"> • Corporate and finance functions • Transportation and logistics 	<ul style="list-style-type: none"> • Scale benefits in sourcing
One-time cost	35	70
Net effect	0	17.5

Reebok Backlogs Down 14%

	Change	Currency-neutral change
Footwear	(14)	(11)
Apparel	(21)	(19)
Total	(16)	(14)

- Sequential improvement in Europe and Asia
- Continuing challenges in North America

TaylorMade-adidas Golf Growth Continues

- Year-to-date currency-neutral sales grow 23%
- Currency-neutral sales up 15% in the third quarter
- Positive Greg Norman Collection impact
- ispo vision award recognizes brand's industry leadership in performance golf apparel



Strong Year-To-Date Group Performance

- Outstanding performance of adidas crowned by strong World Cup showing
- Reebok integration on track to realize synergies in 2007
- TaylorMade-adidas Golf continues to grow in a challenging industry

 **adidas**[®]

Reebok

 **TaylorMade**[®]

2006 Full Year Targets Confirmed

adidas Group 2006	<u>Target</u>
Net sales	ca. € 10 billion
Gross margin	44 - 46%
Operating margin	ca. 9%
Net income attributable to shareholders	€ 480 - € 490 million

Looking Out Into 2007

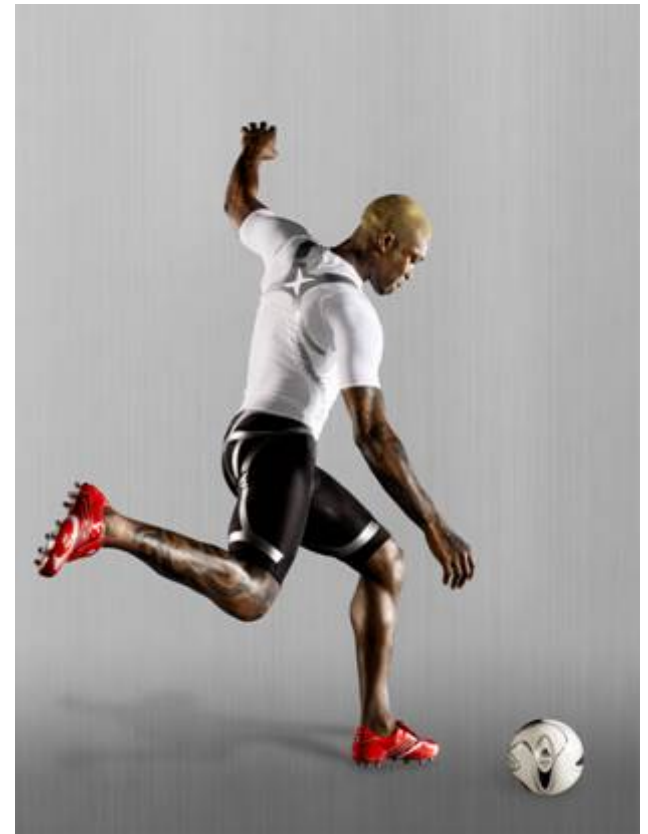
- Investing in Reebok's growth opportunities
 - Brand building
 - Product development
 - Emerging markets



**adidas Group net income growth
to approach 15% in 2007**

Aiming At Peak Performance

- Strong year-to-date performance
- 2006 guidance confirmed
- Reebok turnaround as Group's highest priority
- On track to deliver medium-term guidance





Appendix

adidas Backlogs By Product Category And Region

- Development of adidas order backlogs (in %)

	Europe	North America	Asia	Total
Footwear	(7)	(1)	10	(2)
Apparel	(7)	4	14	2
Total	(8)	2	12	0

- Currency-neutral development of adidas order backlogs (in %)

	Europe	North America	Asia	Total
Footwear	(5)	4	16	2
Apparel	(5)	9	20	5
Total	(6)	6	18	3

Reebok Backlogs By Product Category And Region

- Development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	3	(30)	(14)
Apparel	(19)	(25)	(21)
Total	(6)	(29)	(16)

- Currency-neutral development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	4	(27)	(11)
Apparel	(18)	(22)	(19)
Total	(5)	(25)	(14)

Reebok Sales By Region

YTD 2006 Net Sales of Brand Reebok (€ in millions)

in % of total brand sales

