

adidas-Salomon AG

CA Cheuvreux

4th German Corporate Conference

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Robin Stalker, CFO



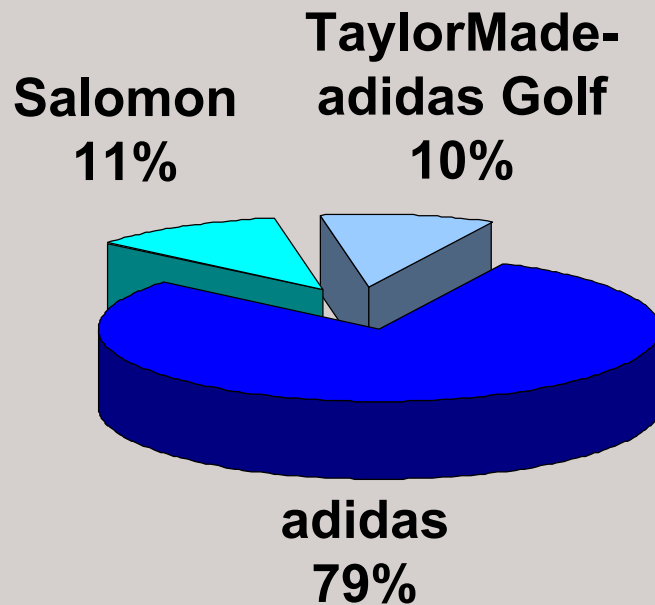
Agenda

- adidas-Salomon overview
- Group strategic priorities 2004-2008
- Brands and regions
- Group outlook

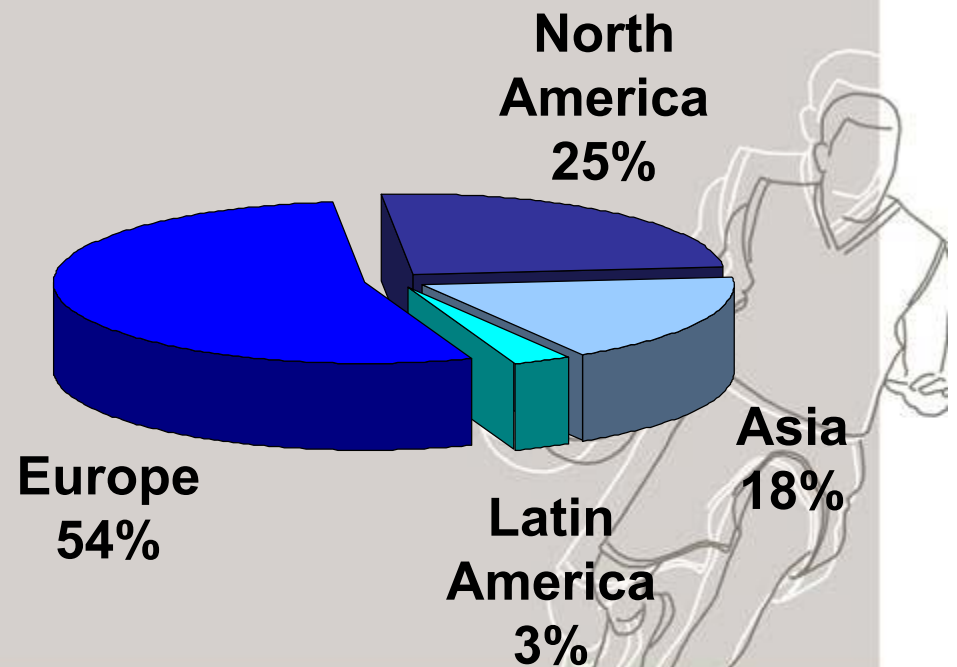


Currency-Neutral adidas-Salomon Sales Increase 5% in 2003

...by brand



...by region

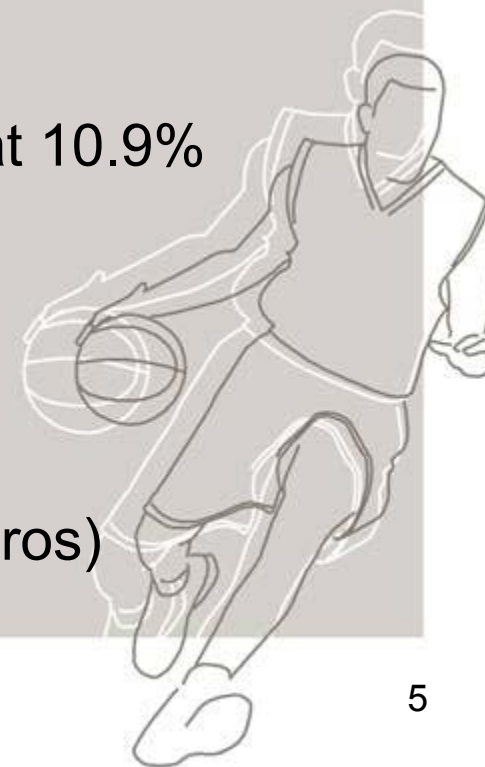


Consumer-Group Oriented Structure



Solid YTD Performance

- Currency-neutral sales up 6% (+3% in euros)
- Gross margin increases 330 basis points to 47.4%
- Operating profit grows 22%, operating margin at 10.9%
- Net debt reduced by € 510 million
- Currency-neutral backlogs grow 5% (+2% in euros)



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Group Strategic Priorities 2004-2008

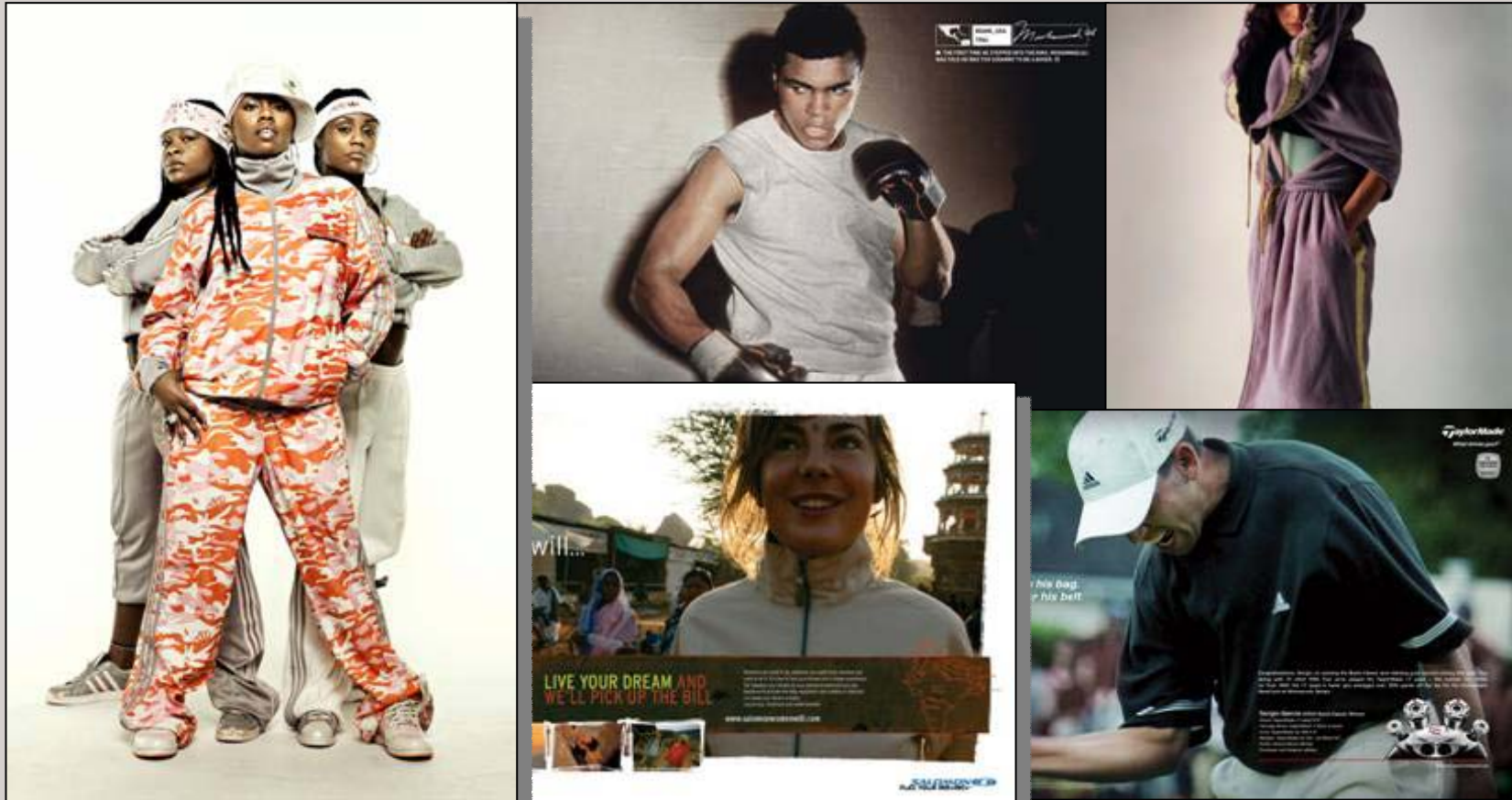
- Maximizing brand image and value
- Growing the top line
- Driving operating margin improvement
- Increasing returns to shareholders



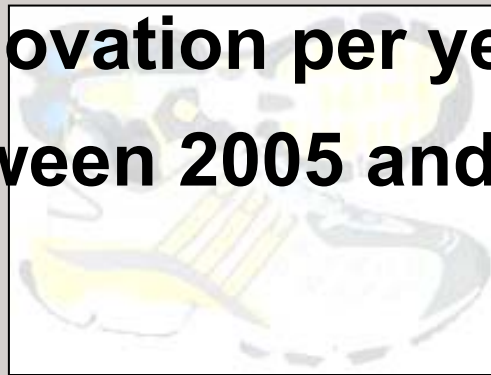
Utilizing Major Sporting Events



Ongoing Brand-Building Activities



Continued Innovation Leadership



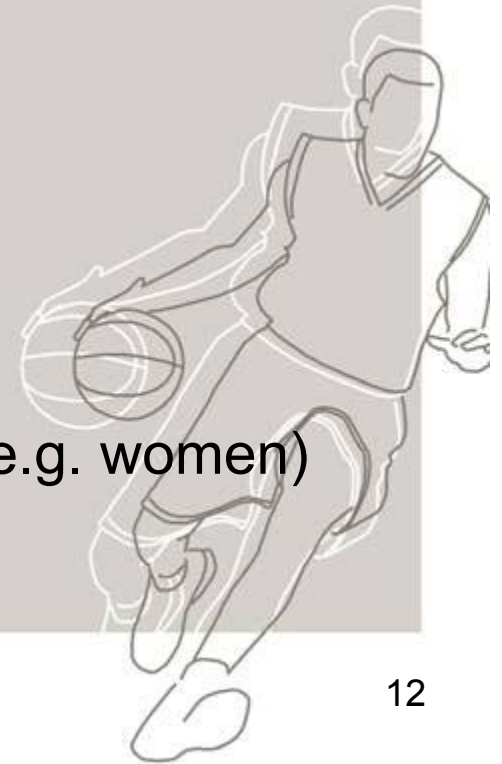
**At least
one major technological
innovation per year
between 2005 and 2008**

Partnering with the World's Leading Athletes



Accelerating Top-Line Growth

- Market conditions aren't getting any easier
- Key account focus
- Own-retail initiatives
- Focus on under-penetrated consumer groups (e.g. women)



Driving Operating Margin Improvement

- Increasing efficiency drives cost side progress
 - ⇒ Major contracts as profit centers
- 10% operating margin target in 2006
 - ⇒ Profitability gains to continue in Europe
 - ⇒ Strong top- and bottom-line growth in Asia
 - ⇒ Steady build-up in North America



Increasing Shareholder Returns

- Strong operational performance to drive continued capital gains
- Increasing dividends for 2004 and beyond
- Convertible bond now “in the money”



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adidas in the Coming Years

- Utilize upcoming events to create excitement around the brand
- Football sales to reach € 1 billion in 2006
- Continue “Apparel Breakthrough” initiative
- Further own-retail roll-out

Focus on long-term, profitable growth



Salomon's Path to Success in 2005-2007

- Strong growth of soft goods product lines
- “Women Will” consumer communication and retail solutions
- Margin improvement through manufacturing and sourcing optimization

Improving profitability is our highest priority



TaylorMade-adidas Golf in the Next Three Years

- Continue metalwood dominance
- Become #1 in irons
- Double-digit growth in Asia and at adidas Golf

Innovative products continue to fuel growth



European Core Levers for Growth in 2005 / 2006



Football



Running



Apparel



Own Retail



Key Accounts



Emerging Markets

Five Major Initiatives in North America

- Create excitement around brand adidas
- Extend strong global sports marketing foundation into US sports
- Establish product leadership in the USA
- Improve presence at the point of sale
- Optimize sales and distribution



Major Growth Engines/Strategies in Asia

- Retail expansion & development
- Increase sell-through at POS
- Maximize opportunities of incremental sales (e.g. major sporting events)
- Growth management



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adidas-Salomon on Track for Improved 2004 Targets

- Currency-neutral sales growth of around 5%
- Gross margin to clearly exceed 45%
- Earnings to grow by around 20%



Strong Basketball Line-Up

- T-MAC 4 follow-up in February
- GDL in stores now with strong sell-throughs
- a³ Garnett 2 available in February



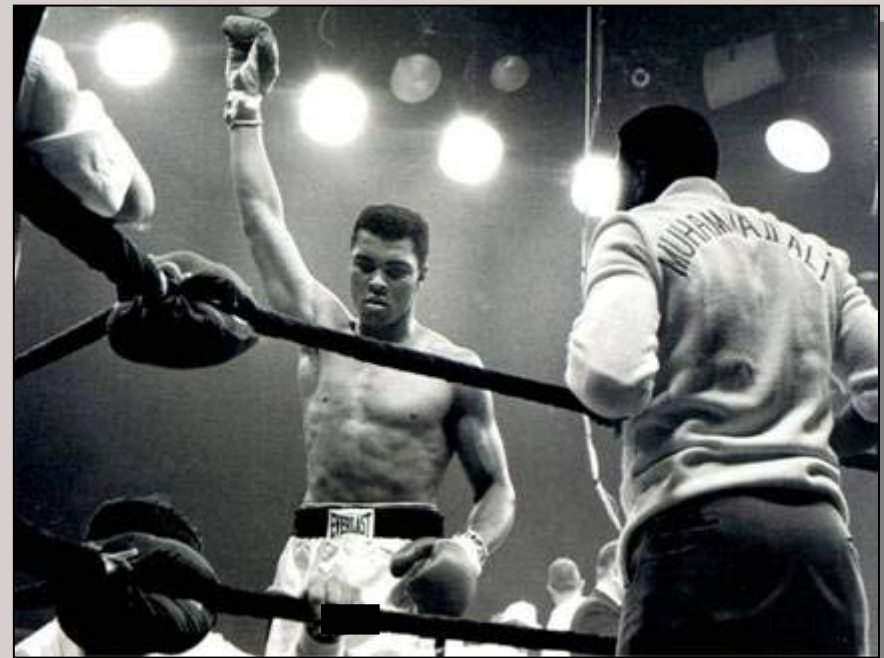
adidas by Stella McCartney

- First sports performance designer collection for women
- Products in four sports categories
- High-end department stores as US distribution focus



Ali by adidas

- Complete range of men's
 - ⇒ Apparel
 - ⇒ Footwear
 - ⇒ Accessories
- Debut in spring/summer 2005



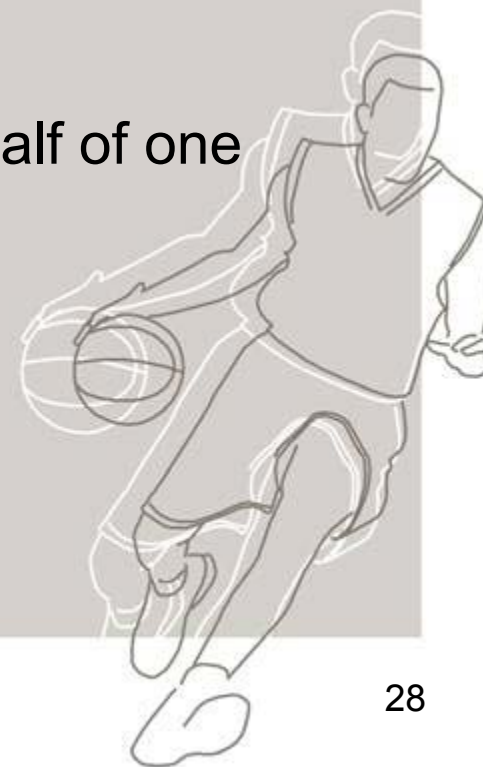
adidas_1

- First shoe to feature intelligent cushioning by automatically and continuously adjusting itself
- On sale in spring 2005
- Retail price at \$ 250 / € 250



adidas-Salomon Establishes Sponsored ADR Program in the US

- ADRs trade on the over-the-counter market
- Symbol: ADDYY
- ADR ratio 2:1 \Rightarrow i.e. one ADR represents one-half of one common share of adidas-Salomon
- Depositary: The Bank of New York
- Program will facilitate US shareholdings



2005 Outlook

- Mid- to high-single-digit currency-neutral sales growth
- Continued strong gross margins
- Operating margin improvement
- 10-15% earnings improvement





QUESTIONS AND ANSWERS

