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

- Salomon: 11%
- TaylorMade-adidas Golf: 10%
- adidas: 79%

...by region

- Europe: 54%
- North America: 25%
- Asia: 18%
- Latin America: 3%
Consumer-Group Oriented Structure

Consumer

- fashion-conscious consumers
- sports lifestyle consumers
- performance athletes
- freeride athletes
- golfers

Focused Resources

Marketing
Operations
Sales
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
Partnersing 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 ⇒ 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