

**First Half 2013 Results:**

**Group sales stable on a currency-neutral basis**  
**Gross margin grows 2.1 percentage points to 50.1%**  
**Earnings per share increase 6% to new record level of € 2.29**

- **Strong momentum in Latin America and Greater China offsets declines in Western Europe**
- **Reebok returns to growth with revenues increasing 11% in Q2**
- **Inventories remain stable on a currency-neutral basis**
- **Management updates full year guidance**

**adidas Group currency-neutral sales remain stable in the second quarter of 2013**

During the second quarter of 2013, the adidas Group delivered a solid financial performance. Group sales were stable on a currency-neutral basis as growth in Retail offset sales declines in Wholesale and Other Businesses. From a regional perspective, currency-neutral revenues in Western Europe decreased 11%. This was mainly due to high prior year comparisons related to the sell-in of event-related products for the UEFA EURO 2012™ and the London 2012 Olympic Games as well as the ongoing macroeconomic challenges in the region. In European Emerging Markets, currency-neutral sales remained stable as growth in most of the region's markets was offset by double-digit declines in the Ukraine. Group sales in North America were down 2% on a currency-neutral basis. This development was mainly due to sales declines at TaylorMade-adidas Golf owing to a more challenging golf market due to a late seasonal start and lower rounds played. In Greater China, Group sales were up 6% on a currency-neutral basis, due to continued momentum across all channels. Currency-neutral revenues in Other Asian Markets increased 7%, driven by sales increases in most of the region's major markets. In Latin America, currency-neutral sales grew 21%, with strong growth in all key markets.

From a brand perspective, second quarter sales at adidas remained stable on a currency-neutral basis. Sales at Reebok grew 11% on a currency-neutral basis. Revenues in the TaylorMade-adidas Golf segment declined 8% on a currency-neutral basis. Rockport sales grew 7% currency-neutral and revenues at Reebok-CCM Hockey increased 2% on a currency-neutral basis. Currency translation effects had a negative impact on sales in euro terms. Group revenues declined 4% to € 3.383 billion in the second quarter of 2013 from € 3.517 billion in 2012.

### Second quarter gross margin increases 180 basis points

The Group's gross margin increased 1.8 percentage points to 50.1% (2012: 48.2%) in the second quarter. A more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales, more than offset the negative effect of a less favourable hedging rate. Group gross profit remained virtually unchanged at € 1.694 billion (2012: € 1.697 billion). Other operating expenses as a percentage of sales increased 1.9 percentage points to 44.3% compared to 42.4% the prior year. The Group's operating margin increased to 7.4% from 7.3% in 2012, as a result of the gross margin increase. Operating profit declined 2% to € 252 million compared to € 256 million in 2012. The Group's net income attributable to shareholders grew 4% to € 172 million (2012: € 165 million). Diluted earnings per share for the second quarter increased 4% to € 0.82 (2012: € 0.79).

"I am pleased to report that the adidas Group has again been able to deliver record earnings per share in the first six months of 2013," commented Herbert Hainer, adidas Group CEO. "This is all the more impressive considering the material challenges we faced from currency headwinds, the difficult prior year comparisons related to major sporting events and the continued soft trading environment in much of Europe."

### adidas Group currency-neutral sales remain stable in the first half of 2013

In the first half of 2013, Group revenues remained stable on a currency-neutral basis due to growth in Retail and Other Businesses, offsetting sales declines in Wholesale. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 3% to € 7.134 billion in the first half of 2013 from € 7.341 billion in 2012.

### First half Group sales supported by growth in Retail and Other Businesses

In the first half of 2013, currency-neutral **Wholesale** revenues decreased 2% during the period, driven by sales declines at both adidas and Reebok. Currency-neutral **Retail** sales increased 6% versus the prior year as a result of sales growth at adidas and Reebok. Revenues in **Other Businesses** increased 2% on a currency-neutral basis, mainly due to sales growth at TaylorMade-adidas Golf and Rockport. Sales for Other Centrally Managed Brands also grew. Currency translation effects had a negative impact on segmental sales in euro terms.

	First Half Year 2013	First Half Year 2012	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Wholesale	4,495	4,727	(5)	(2)
Retail	1,589	1,547	3	6
Other Businesses	1,050	1,067	(2)	2
<b>Total<sup>1)</sup></b>	<b>7,134</b>	<b>7,341</b>	<b>(3)</b>	<b>0</b>

First half net sales development by segment

1) Rounding differences may arise in totals.

### Currency-neutral Group sales increase in most regions

In the first half of 2013, currency-neutral adidas Group sales grew in all regions except **Western Europe**. Revenues in Western Europe decreased 9% on a currency-neutral basis, as growth in France and Poland was more than offset by double-digit sales declines in the UK, Italy and Spain. In **European Emerging Markets**, Group sales increased 1% on a currency-neutral basis due to sales growth in all the region's markets except Ukraine. Sales for the adidas Group in **North America** grew 1% on a currency-neutral basis due to increases in the USA. Sales in **Greater China** increased 6% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 1%, driven by sales increases in India, South Korea and Australia. In **Latin America**, sales grew 16% on a currency-neutral basis, with double-digit increases in most of the region's major markets. Currency translation effects had a negative impact on sales in euro terms in most regions.

	First Half Year 2013	First Half Year 2012	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Western Europe	1,907	2,098	(9)	(9)
European Emerging Markets	901	917	(2)	1
North America	1,716	1,728	(1)	1
Greater China	781	732	7	6
Other Asian Markets	1,064	1,162	(8)	1
Latin America	765	704	9	16
<b>Total<sup>1)</sup></b>	<b>7,134</b>	<b>7,341</b>	<b>(3)</b>	<b>0</b>

First half net sales development by region

1) Rounding differences may arise in totals.

### Group gross margin increases 2.1 percentage points

The gross margin of the adidas Group increased 2.1 percentage points to 50.1% in the first half of 2013 (2012: 48.0%). This development was due to a more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales, which more than offset the negative effect from a less favourable hedging rate. Gross profit for the adidas Group grew 1% in the first half of 2013 to € 3.575 billion versus € 3.522 billion in the prior year.

### Operating margin improves 0.7 percentage points

Group operating profit increased 4% to € 693 million in the first half of 2013 versus € 665 million in 2012. As a result, the operating margin of the adidas Group improved 0.7 percentage points to 9.7% (2012: 9.1%). This was primarily due to the positive effects from the increase in gross margin, which more than offset higher other operating expenses as a percentage of sales.

Other operating expenses as a percentage of sales rose 1.5 percentage points to 41.8% in the first half of 2013 from 40.3% in 2012. In euro terms, other operating expenses increased 1% to € 2.980 billion (2012: € 2.956 billion), as a result of the expansion of the Group's own-retail activities. Thereof, sales and marketing working budget expenditures amounted to € 882 million,

which represents a decrease of 1% versus the prior year level (2012: € 894 million).

**Financial income down 41%**

Financial income decreased 41% to € 10 million in the first half of 2013 from € 17 million in the prior year, mainly due to a decrease in interest income.

**Financial expenses decrease 30%**

Financial expenses decreased 30% to € 40 million in the first half of 2013 (2012: € 57 million). The decrease in interest expenses was the main contributor to the decline.

**Income before taxes as a percentage of sales increases 0.8 percentage points**

Income before taxes (IBT) for the adidas Group increased 6% to € 663 million from € 625 million in 2012. IBT as a percentage of sales improved 0.8 percentage points to 9.3% in the first half of 2013 from 8.5% in 2012. This was a result of the Group's operating margin increase and lower net financial expenses.

**Net income attributable to shareholders up 6%**

The Group's net income attributable to shareholders increased to € 480 million in the first half of 2013 from € 455 million in 2012. This represents an increase of 6% versus the prior year level. The Group's tax rate increased 0.1 percentage points to 27.5% in the first half of 2013 (2012: 27.4%), mainly due to a less favourable earnings mix.

**Basic and diluted earnings per share reach € 2.29**

In the first half of 2013, basic and diluted earnings per share amounted to € 2.29 (2012: € 2.17), representing an increase of 6%. The weighted average number of shares used in the calculation of both basic and diluted earnings per share was 209,216,186 (2012 average: 209,216,186) as there were no potential dilutive shares in the first half year.

**Group inventories remain stable on a currency-neutral basis**

Group inventories decreased 4% to € 2.611 billion at the end of June 2013 versus € 2.721 billion in 2012. On a currency-neutral basis, inventories remained stable, reflecting the Group's ongoing focus on inventory management.

**Accounts receivable increase 2% currency-neutral**

At the end of June 2013, Group receivables decreased 4% to € 2.029 billion (2012: € 2.118 billion). On a currency-neutral basis, receivables were up 2%.

### **Net borrowings decrease € 223 million**

Net borrowings at June 30, 2013 amounted to € 94 million, which represents a decrease of € 223 million, or 70%, versus € 318 million at the end of June 2012. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a negative effect of € 1 million.

### **adidas Group updates guidance for the full year 2013**

The lacklustre trading environment in Europe and the unfavourable development of several currencies versus the euro indicate that the Group's goals for the full year will be more challenging to reach than when initially announced. Therefore, the Group is making some minor adjustments to its full year forecast. Sales are now expected to grow at a low- to mid-single-digit rate on a currency-neutral basis (previously: increase at a mid-single-digit rate). Top-line momentum is set to improve in the remaining quarters of 2013, with the fourth quarter expected to be stronger than normal.

In 2013, the adidas Group gross margin is forecasted to increase to a level between 48.5% and 49.0% (previously: between 48.0% and 48.5%), representing a strong improvement compared to the prior year level of 47.7%. The Group's gross margin will benefit from positive regional and channel mix effects, as growth rates in high-margin emerging markets and Retail are projected to be above growth rates in more mature markets and Wholesale. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence Group gross margin development. However, these positive effects will be partly offset by less favourable hedging rates compared to the prior year as well as increasing labour costs, which negatively impact our cost of sales.

In 2013, the Group's other operating expenses as a percentage of sales are expected to increase compared to the prior year level of 41.3% (previously: to decrease modestly). Sales and marketing working budget expenses as a percentage of sales are projected to be at a similar level compared to the prior year. Marketing investments to support new product launches at all brands, as well as the expansion of Reebok's activities in the fitness category, will be offset by the non-recurrence of expenses in relation to the UEFA EURO 2012™ as well as the London 2012 Olympic Games. Operating overhead expenditure as a percentage of sales is forecasted to grow in 2013. Higher administrative and personnel expenses in the Retail segment due to the continued expansion of the Group's store base will more than offset the leverage in the Group's non-allocated central costs.

In 2013, the Group expects the operating margin for the adidas Group to increase to a level approaching 9.0% (2012 excluding goodwill impairment losses: 8.0%). The Group's tax rate is expected to be at a level between 28.0% and 28.5% and thus more favourable compared to the prior year tax rate of

29.3% excluding goodwill impairment losses. As a result of these developments, earnings per share are expected to increase at a rate of 12% to 16% to a level between € 4.25 and € 4.40 compared to the 2012 basic and diluted earnings per share of € 3.78 excluding goodwill impairment losses. This represents net income attributable to shareholders of € 890 million to € 920 million.

Herbert Hainer stated: "While currency headwinds have added additional significant speed bumps to our path in 2013, from a strategic and operational perspective, we are absolutely on track. Our powerful product engine, clear market share wins in key categories and the emerging markets and the excitement building ahead of the 2014 FIFA World Cup™ are all fuelling improving market sentiment."

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### adidas AG Consolidated Income Statement (IFRS)

€ in millions	Second quarter 2013	Second quarter 2012	Change
Net sales	3,383	3,517	(3.8) %
Cost of sales	1,689	1,820	(7.2) %
<b>Gross profit</b>	<b>1,694</b>	<b>1,697</b>	(0.1) %
<i>(% of net sales)</i>	50.1%	48.2%	1.8 pp
Royalty and commission income	26	27	(4.6) %
Other operating income	29	22	32.4 %
Other operating expenses	1,497	1,490	0.6 %
<i>(% of net sales)</i>	44.3%	42.4%	1.9 pp
<b>Operating profit</b>	<b>252</b>	<b>256</b>	(1.9) %
<i>(% of net sales)</i>	7.4%	7.3%	0.1 pp
Financial income	6	8	(34.5) %
Financial expenses	22	29	(29.9) %
<b>Income before taxes</b>	<b>236</b>	<b>235</b>	0.4 %
<i>(% of net sales)</i>	7.0%	6.7%	0.3 pp
Income taxes	65	71	(9.6) %
<i>(% of income before taxes)</i>	27.5%	30.5%	(3.0) pp
<b>Net income</b>	<b>171</b>	<b>164</b>	4.8 %
<i>(% of net sales)</i>	5.1%	4.6%	0.4 pp
<b>Net income attributable to shareholders</b>	<b>172</b>	<b>165</b>	4.1 %
<i>(% of net sales)</i>	5.1%	4.7%	0.4 pp
<b>Net income attributable to non-controlling interests</b>	<b>(1)</b>	<b>(1)</b>	71.1 %
<b>Basic earnings per share (in €)</b>	<b>0.82</b>	<b>0.79</b>	4.1 %
<b>Diluted earnings per share (in €)</b>	<b>0.82</b>	<b>0.79</b>	4.1 %

### Net Sales

€ in millions	Second quarter 2013	Second quarter 2012	Change	Change (currency-neutral)
Wholesale	2,014	2,113	(4.7) %	(1.0) %
Retail	867	854	1.5 %	5.3 %
Other Businesses	502	550	(8.7) %	(4.5) %
Western Europe	812	924	(12.1) %	(11.2) %
European Emerging Markets	467	487	(4.1) %	(0.3) %
North America	826	859	(3.8) %	(2.0) %
Greater China	371	347	7.0 %	6.4 %
Other Asian Markets	531	568	(6.6) %	6.6 %
Latin America	376	332	13.4 %	21.2 %
adidas	2,546	2,649	(3.9) %	(0.3) %
Reebok	355	336	5.7 %	10.6 %
TaylorMade-adidas Golf	348	401	(13.2) %	(8.4) %
Rockport	69	67	3.0 %	6.8 %
Reebok-CCM Hockey	65	64	0.3 %	1.6 %

Rounding differences may arise in percentages and totals.

**adidas AG Consolidated Income Statement (IFRS)**

€ in millions	First half year 2013	First half year 2012	Change
Net sales	7,134	7,341	(2.8) %
Cost of sales	3,559	3,819	(6.8) %
<b>Gross profit</b>	<b>3,575</b>	<b>3,522</b>	1.5 %
<i>(% of net sales)</i>	50.1%	48.0%	2.1 pp
Royalty and commission income	51	52	(1.9) %
Other operating income	47	47	(0.4) %
Other operating expenses	2,980	2,956	0.8 %
<i>(% of net sales)</i>	41.8%	40.3%	1.5 pp
<b>Operating profit</b>	<b>693</b>	<b>665</b>	4.2 %
<i>(% of net sales)</i>	9.7%	9.1%	0.7 pp
Financial income	10	17	(40.7) %
Financial expenses	40	57	(30.2) %
<b>Income before taxes</b>	<b>663</b>	<b>625</b>	6.2 %
<i>(% of net sales)</i>	9.3%	8.5%	0.8 pp
Income taxes	182	171	6.5 %
<i>(% of income before taxes)</i>	27.5%	27.4%	0.1 pp
<b>Net income</b>	<b>481</b>	<b>454</b>	6.0 %
<i>(% of net sales)</i>	6.7%	6.2%	0.6 pp
<b>Net income attributable to shareholders</b>	<b>480</b>	<b>455</b>	5.6 %
<i>(% of net sales)</i>	6.7%	6.2%	0.5 pp
<b>Net income attributable to non-controlling interests</b>	<b>1</b>	<b>(1)</b>	194.1 %
<b>Basic earnings per share (in €)</b>	<b>2.29</b>	<b>2.17</b>	5.6 %
<b>Diluted earnings per share (in €)</b>	<b>2.29</b>	<b>2.17</b>	5.6 %

**Net Sales**

€ in millions	First half year 2013	First half year 2012	Change	Change (currency-neutral)
Wholesale	4,495	4,727	(4.9) %	(2.2) %
Retail	1,589	1,547	2.7 %	5.8 %
Other Businesses	1,050	1,067	(1.5) %	2.0 %
Western Europe	1,907	2,098	(9.0) %	(8.5) %
European Emerging Markets	901	917	(1.8) %	1.3 %
North America	1,716	1,728	(0.7) %	0.6 %
Greater China	781	732	6.6 %	6.1 %
Other Asian Markets	1,064	1,162	(8.4) %	1.0 %
Latin America	765	704	8.7 %	16.1 %
adidas	5,404	5,537	(2.4) %	0.3 %
Reebok	733	787	(6.9) %	(3.8) %
TaylorMade-adidas Golf	771	788	(2.1) %	2.1 %
Rockport	130	127	1.8 %	4.4 %
Reebok-CCM Hockey	96	102	(6.4) %	(5.5) %

Rounding differences may arise in percentages and totals.



### adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	June 30, 2013	June 30, 2012 <sup>1)</sup>	Change in %	31 December 2012
Cash and cash equivalents	1,197	1,013	18.2	1,670
Short-term financial assets	29	377	(92.2)	265
Accounts receivable	2,029	2,118	(4.2)	1,688
Other current financial assets	239	256	(6.6)	192
Inventories	2,611	2,721	(4.0)	2,486
Income tax receivables	66	57	15.7	76
Other current assets	538	482	11.7	489
Assets classified as held for sale	11	25	(55.4)	11
<b>Total current assets</b>	<b>6,720</b>	<b>7,049</b>	<b>(4.7)</b>	<b>6,877</b>
Property, plant and equipment	1,123	1,003	11.9	1,095
Goodwill	1,288	1,576	(18.3)	1,281
Trademarks	1,496	1,555	(3.8)	1,484
Other intangible assets	157	156	0.5	167
Long-term financial assets	116	103	12.7	112
Other non-current financial assets	23	33	(28.5)	21
Deferred tax assets	504	506	(0.3)	528
Other non-current assets	98	111	(12.8)	86
<b>Total non-current assets</b>	<b>4,805</b>	<b>5,043</b>	<b>(4.7)</b>	<b>4,774</b>
<b>Total assets</b>	<b>11,525</b>	<b>12,092</b>	<b>(4.7)</b>	<b>11,651</b>
Short-term borrowings	163	495	(67.0)	280
Accounts payable	1,746	1,874	(6.9)	1,790
Other current financial liabilities	61	81	(26.2)	83
Income taxes	252	260	(3.1)	275
Other current provisions	462	544	(15.0)	563
Current accrued liabilities	1,123	1,053	6.7	1,084
Other current liabilities	323	319	1.5	299
Liabilities classified as held for sale	-	0	(100.0)	-
<b>Total current liabilities</b>	<b>4,130</b>	<b>4,626</b>	<b>(10.7)</b>	<b>4,374</b>
Long-term borrowings	1,158	1,214	(4.6)	1,207
Other non-current financial liabilities	13	6	122.0	17
Pensions and similar obligations	258	215	20.2	251
Deferred tax liabilities	383	424	(9.8)	368
Other non-current provisions	50	48	4.3	69
Non-current accrued liabilities	42	33	28.8	40
Other non-current liabilities	28	35	(23.9)	34
<b>Total non-current liabilities</b>	<b>1,932</b>	<b>1,975</b>	<b>(2.2)</b>	<b>1,986</b>
Share capital	209	209	-	209
Reserves	615	909	(32.4)	641
Retained earnings	4,652	4,383	6.2	4,454
Shareholders' equity	5,476	5,501	(0.5)	5,304
Non-controlling interests	(13)	(10)	28.3	(13)
<b>Total equity</b>	<b>5,463</b>	<b>5,491</b>	<b>(0.5)</b>	<b>5,291</b>
<b>Total liabilities and equity</b>	<b>11,525</b>	<b>12,092</b>	<b>(4.7)</b>	<b>11,651</b>
<b>Additional balance sheet information</b>				
Operating working capital	2,895	2,966	(2.4)	2,384
Working capital	2,590	2,423	6.9	2,504
Net total borrowings	94	318	(70.3)	(448)
Financial leverage	1.7%	5.8%	(4.1) pp	(8.5)%

1) Adjusted, see First Half Year Report, Note 07.  
Rounding differences may arise in percentages and totals.