



**HypoVereinsbank
German Investment Conference**

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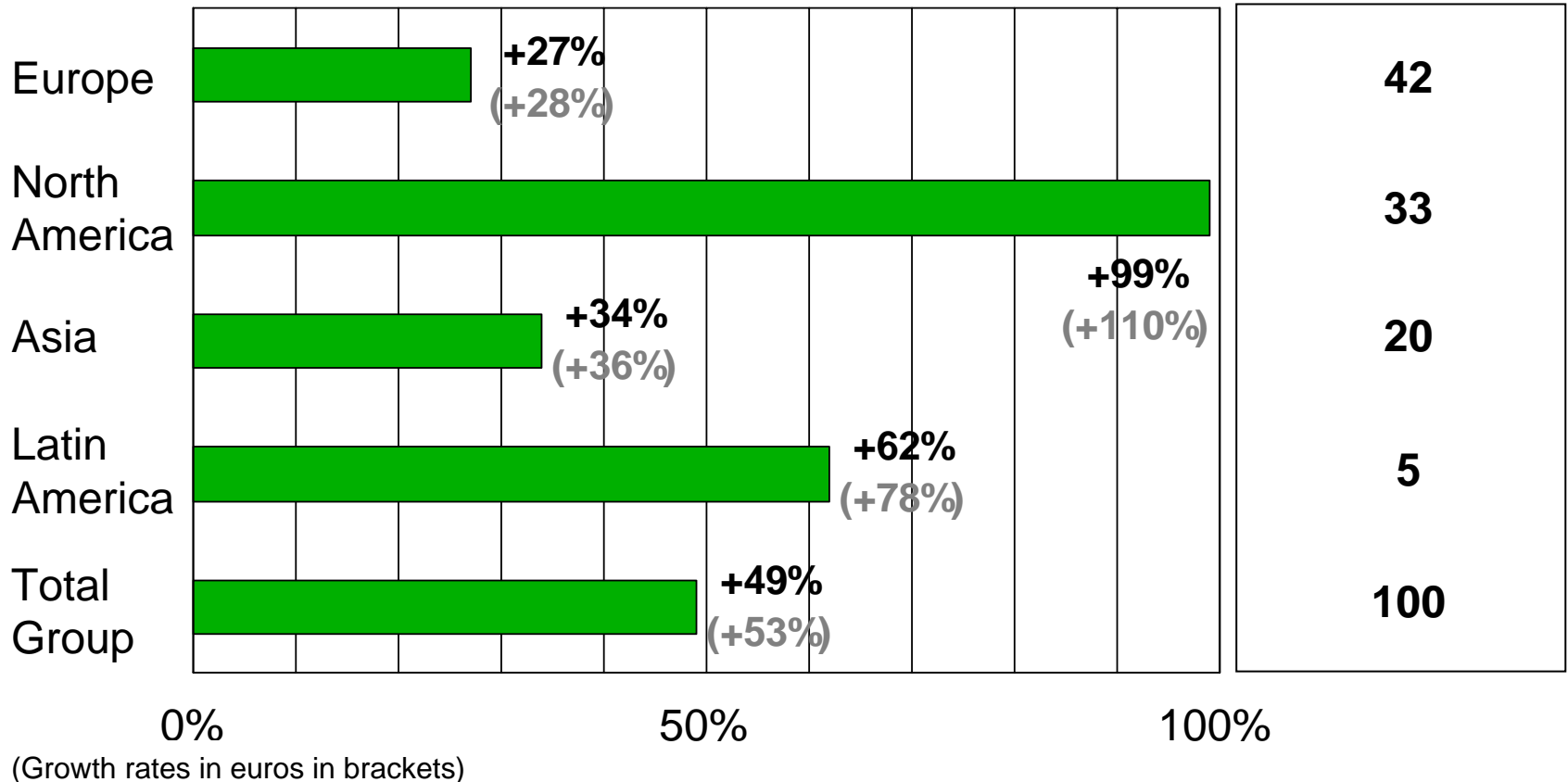
Strong First Half 2006 Operational Performance

- 2006 FIFA World Cup™ strengthens adidas position as the world's leading football brand
- Strong financial results at adidas and TaylorMade-adidas Golf
- Important steps taken in Reebok integration



Regional Sales Growth of Combined Group

Currency-neutral adidas Group YTD Net Sales Growth in % of total Group sales



Numerous Factors Impact First Half Gross Margin

adidas Group gross margin 44.8%

 **adidas**

46.5% (+0.9pp)

- Product mix
- Own retail
- Clearance sales at better margins

Reebok

33.6%





- US exposure
- PPA impact
- Markdown/
product mix

 **TaylorMade**

44.1% (-2.5pp)

- Metalwood promotion impact
- Greg Norman

Positive Operating Expense Development

Opex as % of sales	YTD 2006		
	35.1%	↑	+0.9pp
	33.4%	-	-
	34.7%	↓	(1.2pp)
	37.0%	↓	(1.0pp)

Operating profit +18% to €420 million
Operating margin 8.6%

Strong IBT and Earnings Performance

- Net financial expenses increase to € 72 million
- Income before taxes grows 4% to € 348 million
- Group tax rate decreases to 32.9%

**Net income attributable to shareholders
reaches €226 million**

**Basic earnings per share from continuing and
discontinued operations increase 19% to €1.11**

Three Unique Performance-Oriented Brands



- Passion for sport and teamwork
- Enabling athletes to reach their highest performance levels



- Celebrating Individuality
- Redefining performance and lifestyle



- Defining golf excellence
- Best golf products for best players

Technology and innovation

Cutting-edge design

Customized products and distribution

Outstanding adidas Financial Performance

- Q2 currency-neutral sales up 18% (17% in euros)
- Double-digit growth in all divisions and in all regions
- Football sales grow nearly 50%
- Own-retail sales increase 39%,
on track to surpass € 1 billion in 2006



World Cup Sales Exceed All Expectations

- Football category generates sales of more than € 1.2 billion in 2006
- On track to exceed all sales targets:
 - 15 million +Teamgeist™ balls
 - 3 million team jerseys
 - 1 million +Predator® boots
- Most recognized brand of the World Cup



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Ground-breaking Brand Communication Initiatives



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Football Partnership Portfolio Further Strengthened



UK: Europe's Toughest Market

- The UK is the toughest sporting goods market in Europe
- New go-to-market strategy:
 - Creation of a new “Concept” range available to retailers who meet trade policy requirements
 - Segmentation supports long-term health of our brands
 - Positive initial responses from many retailers
 - Beneficial medium- and long-term effect on sales and market expected

Exciting New Running Initiatives

PORSCHE DESIGN



adidas Backlog Strength Continues

	Change	Currency-neutral change
Footwear	0%	+3%
Apparel	+10%	+13%
Total	+6%	+9%

- Asia delivers highest growth rates
- NBA and Liverpool transfer support apparel growth

Reebok Strengthens Partnership Portfolio



Reebok First Half Performance in Line with Expectations

- No surprises in Reebok's performance
- Revenues decrease -12% on a currency-neutral basis
- Sequential improvement in sales and backlogs



Strong Pipeline of Reebok Integration Initiatives

Annual revenue synergies: €500 million	Branded apparel
	Licensed product
	Regional initiatives
	Distributor buyouts
Annual cost synergies: €175 million	Sourcing
	Marketing & Sales
	Distribution & Warehousing
	Administration & IT

Numerous Initiatives at Reebok

- Distributor buy-outs announced
- Cost savings in sourcing confirmed
- Back-office functions combined
- Go-to-market strategy redesigned
- Co-locations underway



Numerous Initiatives at Reebok (cont.)

- Media buying activities combined
- New COO for North America named, responsible for all three brands
- New head for branded apparel activities named
- NBA business transferred to adidas



Reebok Backlogs Better Than in the First Quarter

	Change	Currency-neutral change
Footwear	-15%	-12%
Apparel	-19%	-16%
Total	-16%	-13%

- Sequential currency-neutral improvement versus Q1
- First positive backlogs in Asia

TaylorMade-adidas Golf Growth Exceeds Expectations

- Currency-neutral sales up 28%
- Metalwoods promotion initiative to protect market share and maintain premium price points
- Initiative led to market share increases
- Short-term impact on gross margin



Double-digit growth now expected in 2006

Full Year Targets Reconfirmed

adidas Group 2006	<u>Target</u>
Sales growth	double-digit
Gross margin	44 - 46%
Operating margin	ca. 9%
Net income growth	double-digit

Medium-term Guidance

	<u>Target</u>
Annual sales growth	High-single-digit
Gross margin	46 - 48%
Operating margin	ca. 11%
Annual growth of net income	Double-digit for the next 3 years, at least 20% in 2007

Setting an Even Stronger Pace

- Strong first half
- Ambitious targets
- Exciting operational initiatives



adidas Group Well on Track to Reach 2006 Targets



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QUESTIONS & ANSWERS

An aerial photograph of a vibrant green football pitch, showing the texture of the grass and the faint white lines of the field. The word "Appendix" is centered in white text over the middle of the image.

Appendix

adidas Backlogs by Product Category and Region

- Development of adidas order backlogs (in %)

	Europe	North America	Asia	Total
Footwear	(3)	(3)	11	0
Apparel	5	8	20	10
Total	2	3	18	6

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

	Europe	North America	Asia	Total
Footwear	(1)	1	17	3
Apparel	7	13	26	13
Total	3	7	24	9

Reebok Backlogs by Product Category and Region

- Development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	2	(29)	(15)
Apparel	(33)	(10)	(19)
Total	(14)	(22)	(16)

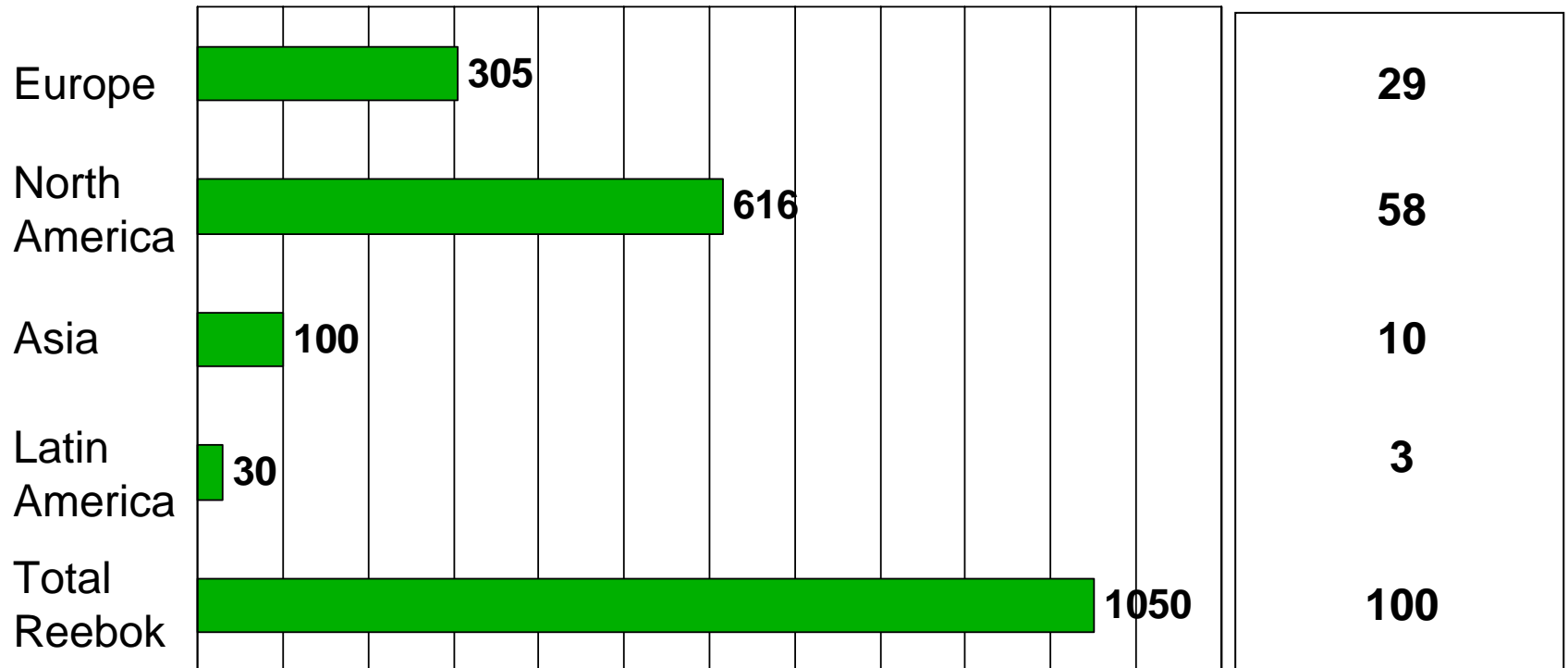
- Currency-neutral development of Reebok order backlogs (in %)

	Europe	North America	Total
Footwear	4	(26)	(12)
Apparel	(32)	(6)	(16)
Total	(12)	(18)	(13)

Reebok Sales by Region Highlight Growth Opportunity

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

in % of total brand sales



Phasing of Revenue Synergies on the Fast-Track

€ in millions	2007	2008	2009
Synergy	100	250	500

- Savings equally spread over Asia, North America and Europe
- One-time expenses to average € 15 – 25 million per year

Phasing of Cost Synergies Leads to Full Impact in 2009

€ in millions	2006	2007	2008	2009
Synergy	35	87.5	175	175
One-time cost	35	70	70	-
Net effect	0	17.5	105	175