

**First Quarter 2011 Results:**

**Group sales increase 18% on a currency-neutral basis  
Net income attributable to shareholders up 25% to € 209 million  
adidas Group increases full year sales guidance**

- **Comparable Retail store sales grow 17% currency-neutral**
- **adidas and Reebok sales increase 18% and 24% respectively**
- **Gross margin almost unchanged at 48.5% despite higher input costs**
- **Operating margin up on a comparable basis**
- **Net borrowings down 33% to € 914 million at quarter-end**

**adidas Group currency-neutral sales increase 18% in the first quarter of 2011**

In the first quarter of 2011, Group revenues grew 18% on a currency-neutral basis as a result of double-digit sales increases in Wholesale, Retail and Other Businesses. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 22% to € 3.273 billion in the first quarter of 2011 from € 2.674 billion in 2010.

“We are off to a powerful start in 2011 with record first quarter results,” commented Herbert Hainer, adidas Group CEO. “Strong double-digit growth in key markets such as North America, Greater China and Russia and the successful introduction of new products and campaigns by adidas, Reebok and TaylorMade underline the strength and desirability of our Group brands all around the globe.”

**Wholesale and Retail segments drive strong sales growth in Q1**

In the first quarter of 2011, currency-neutral **Wholesale** revenues increased 18% due to double-digit sales growth at both adidas and Reebok. Currency-neutral **Retail** sales increased 22% versus the prior year, mainly as a result of double-digit growth of comparable store sales. Revenues in **Other Businesses** were up 14% on a currency-neutral basis, driven by double-digit sales increases at TaylorMade-adidas Golf.

Currency translation effects had a positive impact on segmental sales in euro terms. **Wholesale** revenues increased 22% to € 2.320 billion in the first quarter of 2011 from € 1.898 billion in 2010. **Retail** sales rose 26% to € 577 million versus € 459 million in the prior year. Sales in **Other Businesses** grew 19% to € 376 million in the first quarter of 2011 (2010: € 316 million).

	First quarter 2011	First quarter 2010	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Wholesale	2,320	1,898	22	18
Retail	577	459	26	22
Other Businesses	376	316	19	14
<b>Total<sup>1)</sup></b>	<b>3,273</b>	<b>2,674</b>	<b>22</b>	<b>18</b>

First quarter net sales development by segment

1) Including HQ/Consolidation.

### Currency-neutral sales increase in all regions

In the first quarter of 2011, currency-neutral adidas Group sales grew in all regions. Revenues in **Western Europe** increased 14% on a currency-neutral basis, primarily as a result of double-digit sales growth in Germany, France and Italy. In **European Emerging Markets**, Group sales increased 26% on a currency-neutral basis due to growth in most of the region's markets, in particular Russia. Sales for the adidas Group in **North America** grew 26% on a currency-neutral basis driven by a 30% sales increase for adidas and 22% sales growth for Reebok. Sales in **Greater China** increased 36% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 7% due to increases in most markets, in particular South Korea. In **Latin America**, sales grew 15% on a currency-neutral basis, with double-digit increases in most of the region's major markets. Currency translation effects had a positive impact on regional sales in euro terms.

	First quarter 2011	First quarter 2010	Change y-o-y in euro terms	Change y-o-y currency- neutral
	€ in millions	€ in millions	in %	in %
Western Europe	1,094	945	16	14
European Emerging Markets	370	290	28	26
North America	751	585	28	26
Greater China	284	198	43	36
Other Asian Markets	446	384	16	7
Latin America	328	271	21	15
<b>Total<sup>1)</sup></b>	<b>3,273</b>	<b>2,674</b>	<b>22</b>	<b>18</b>

First quarter net sales development by region

1) Including HQ/Consolidation.

### Group gross margin almost unchanged at 48.5%

The gross margin of the adidas Group decreased 0.1 percentage points to 48.5% in the first quarter of 2011. Higher input costs were offset by the positive impact from less clearance sales as well as a larger share of higher-margin Retail sales. Gross profit for the adidas Group grew 22% in the first quarter of 2011 to € 1.587 billion versus € 1.300 billion in the prior year.

**Operating profit increases 21%**

Group operating profit increased 21% to € 313 million versus € 260 million in 2010. As a percentage of sales, the operating margin of the adidas Group was down 0.1 percentage points to 9.6% in the first quarter of 2011 (2010: 9.7%). This development was primarily due to the non-recurrence of prior year positive effects related to the settlement of a lawsuit and the divestiture of a trademark, which more than offset lower other operating expenses as a percentage of sales. Excluding these effects, on a comparable basis, the Group's operating margin was up around 1.0 percentage points.

**Financial income down 61%**

Financial income decreased 61% to € 5 million in the first quarter of 2011 from € 12 million in the prior year, mainly due to the non-recurrence of positive exchange rate effects in the prior year.

**Financial expenses increase 14%**

Financial expenses increased 14% to € 33 million in the first quarter of 2011 (2010: € 29 million), mainly as a result of negative exchange rate effects. Excluding these effects, financial expenses decreased 16%.

**Income before taxes increases 17%**

Income before taxes (IBT) for the adidas Group increased 17% to € 285 million from € 243 million in 2010. IBT as a percentage of sales declined 0.4 percentage points to 8.7% in the first quarter of 2011 from 9.1% in 2010. This was primarily a result of the Group's operating margin decrease and the lower financial result.

**Net income attributable to shareholders up 25%**

The Group's net income attributable to shareholders increased to € 209 million in the first quarter of 2011 from € 168 million in 2010. This represents an increase of 25% versus the prior year level. Higher IBT was the primary reason for this development. The Group's tax rate decreased 4.0 percentage points to 26.5% in the first quarter of 2011 (2010: 30.5%), mainly due to a more favourable earnings mix.

**Earnings per share reach € 1.00**

In the first quarter of 2011, basic and diluted earnings per share amounted to € 1.00 (2010: € 0.80), representing an increase of 25%. The weighted average number of shares used in the calculation for both the current and prior year quarter is 209,216,186.

**Group inventories up 21%**

Group inventories increased 21% to € 2.033 billion at the end of March 2011 versus € 1.680 billion in 2010. On a currency-neutral basis, inventories grew 23%, which reflects the Group's expectations for continued growth in the coming quarters.

**Accounts receivable increase 8%**

At the end of March 2011, Group receivables increased 8% to € 2.155 billion (2010: € 1.987 billion) as a result of the Group sales growth. On a currency-neutral basis, receivables were up 10%. This growth is lower than the 18% currency-neutral Group sales increase in the first quarter of 2011 and mirrors strict discipline in the Group's trade terms management and concerted collection efforts in all segments.

**Net borrowings down € 444 million**

Net borrowings at March 31, 2011 amounted to € 914 million, which represents a decrease of € 444 million, or 33%, versus € 1.359 billion at the end of March 2010. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a positive effect in an amount of € 28 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.8 at the end of March 2011 versus 1.4 in the prior year.

**adidas Group increases sales guidance for the full year 2011**

The exceptional start to 2011 has set the adidas Group up for another strong year of financial performance. Management now forecasts **adidas Group** sales to increase at a high-single-digit rate on a currency-neutral basis in 2011 (previously: mid- to high-single-digit rate). High exposure to fast-growing emerging markets, the further expansion of Retail as well as continued momentum at all key brands will more than offset the non-recurrence of sales related to the 2010 FIFA World Cup™. Currency-neutral **Wholesale** segment revenues are now projected to increase at a mid- to high-single-digit rate compared to the prior year due to a higher strong performance of the adidas brand in Greater China and North America (previously: mid-single-digit rate). adidas Group currency-neutral **Retail** segment sales are projected to grow at a low-double-digit rate in 2011. Comparable store sales are expected to contribute to the revenue growth at a higher rate than the expansion of the Group's own-retail store base. Revenues of **Other Businesses** are projected to increase at a mid-single-digit rate on a currency-neutral basis.

In 2011, the adidas Group gross margin is forecasted to reach a level between 47.5% and 48.0% (2010: 47.8%). Group gross margin will benefit from positive regional mix effects. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence adidas Group gross margin development. However, these positive effects will be offset by several factors. In particular, sourcing costs will increase significantly compared to the prior year as a result of rising raw material costs and capacity constraints. In addition, as a consequence of the tragic events in Japan during the first quarter of 2011, Group gross margin will be negatively impacted by sales declines in this market.

The adidas Group's other operating expenses as a percentage of sales are expected to decrease modestly in 2011 (2010: 42.1%). Sales and marketing working budget expenses as a percentage of sales are also projected to decline modestly compared to the prior year. Marketing investments to support Reebok's growth strategy in the men's and women's fitness category, as well as investments to support growth in the Group's key attack markets North America, Greater China and Russia/CIS will be offset by the non-recurrence of expenses in relation to adidas' presence at the 2010 FIFA World Cup™.

In 2011, the operating margin for the adidas Group is expected to increase to a level between 7.5% and 8.0% (2010: 7.5%). In addition, Management expects lower interest expenses in 2011 due to a lower average level of net borrowings. As a result of these developments, earnings per share are expected to increase at a rate of 10% to 15% to a level between € 2.98 and € 3.12 (2010: € 2.71).

Herbert Hainer stated: "The strong start to the year affirms our confidence in reaching all our projections for 2011. Although the unfortunate events in Japan will certainly affect our business in this important market, our global strength will provide ample opportunities to cover the expected shortfalls. As a result, our bottom-line guidance remains unchanged, meaning that 2011 will provide a fitting start to our strategic business plan Route 2015."

\*\*\*

**Contacts:**

**Media Relations**

Jan Runau  
Chief Corporate Communication Officer  
Tel.: +49 (0) 9132 84-3830

Katja Schreiber  
Senior Corporate PR Manager  
Tel.: +49 (0) 9132 84-3810

**Investor Relations**

John-Paul O'Meara  
Vice President Investor Relations  
Tel.: +49 (0) 9132 84-2751

Christian Stoehr  
Investor Relations Manager  
Tel.: +49 (0) 9132 84-4989

Johannes Fink  
Investor Relations Manager  
Tel.: +49 (0) 9132 84-3461

Please visit our corporate website: [www.adidas-Group.com](http://www.adidas-Group.com)

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

€ in millions	First quarter 2011	First quarter 2010	Change
Net sales	3,273	2,674	22.4 %
Cost of sales	1,686	1,374	22.7 %
<b>Gross profit</b>	<b>1,587</b>	<b>1,300</b>	22.1 %
<i>(% of net sales)</i>	48.5%	48.6%	(0.1) pp
Royalty and commission income	18	22	(15.8) %
Other operating income	17	47	(63.1) %
Other operating expenses	1,309	1,109	18.1 %
<i>(% of net sales)</i>	40.0%	41.5%	(1.5) pp
<b>Operating profit</b>	<b>313</b>	<b>260</b>	20.7 %
<i>(% of net sales)</i>	9.6%	9.7%	(0.1) pp
Financial income	5	12	(60.9) %
Financial expenses	33	29	14.3 %
<b>Income before taxes</b>	<b>285</b>	<b>243</b>	17.3 %
<i>(% of net sales)</i>	8.7%	9.1%	(0.4) pp
Income taxes	76	74	1.9 %
<i>(% of income before taxes)</i>	26.5%	30.5%	(4.0) pp
<b>Net income</b>	<b>209</b>	<b>169</b>	24.1 %
<i>(% of net sales)</i>	6.4%	6.3%	0.1 pp
<b>Net income attributable to shareholders</b>	<b>209</b>	<b>168</b>	24.5 %
<i>(% of net sales)</i>	6.4%	6.3%	0.1 pp
<b>Net income attributable to non-controlling interests</b>	<b>0</b>	<b>1</b>	(55.5) %
<b>Basic earnings per share (in €)</b>	<b>1.00</b>	<b>0.80</b>	24.5 %
<b>Diluted earnings per share (in €)</b>	<b>1.00</b>	<b>0.80</b>	24.5 %

**Net Sales**

€ in millions	First quarter 2011	First quarter 2010	Change	Change (currency-neutral)
Wholesale	2,320	1,898	22.2 %	18.3 %
Retail	577	459	25.7 %	22.0 %
Other Businesses	376	316	19.1 %	14.3 %
Western Europe	1,094	945	15.8 %	13.8 %
European Emerging Markets	370	290	27.7 %	26.3 %
North America	751	585	28.4 %	25.7 %
Greater China	284	198	43.0 %	36.0 %
Other Asian Markets	446	384	16.3 %	6.9 %
Latin America	328	271	21.0 %	15.2 %
adidas	2,439	1,998	22.1 %	18.1 %
Reebok	477	376	26.9 %	23.8 %
TaylorMade-adidas Golf	281	223	26.2 %	20.5 %
Rockport	54	56	(3.0) %	(5.8) %
Reebok - CCM Hockey	22	21	4.7 %	0.1 %

Rounding differences may arise in percentages and totals.

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

€ in millions	Mar. 31 2011	Mar. 31 2010	Change	Dec. 31 2010
Cash and cash equivalents	408	388	5.1%	1,156
Short-term financial assets	220	92	137.9%	233
Accounts receivable	2,155	1,987	8.5%	1,667
Other current financial assets	170	210	(19.0)%	197
Inventories	2,033	1,680	21.0%	2,119
Income tax receivables	52	76	(31.8)%	71
Other current assets	418	401	4.4%	390
Assets classified as held for sale	30	77	(60.5)%	47
<b>Total current assets</b>	<b>5,486</b>	<b>4,911</b>	<b>11.7%</b>	<b>5,880</b>
Property, plant and equipment	824	782	5.4%	855
Goodwill	1,491	1,530	(2.5)%	1,539
Trademarks	1,361	1,434	(5.1)%	1,447
Other intangible assets	134	158	(15.0)%	142
Long-term financial assets	94	91	3.6%	93
Other non-current financial assets	31	75	(58.6)%	54
Deferred tax assets	505	428	18.0%	508
Other non-current assets	111	122	(9.6)%	100
<b>Total non-current assets</b>	<b>4,551</b>	<b>4,620</b>	<b>(1.5)%</b>	<b>4,738</b>
<b>Total assets</b>	<b>10,037</b>	<b>9,531</b>	<b>5.3%</b>	<b>10,618</b>
Short-term borrowings	222	307	(27.8)%	273
Accounts payable	1,316	1,133	16.1%	1,694
Other current financial liabilities	126	78	62.0%	123
Income taxes	263	220	19.7%	265
Other current provisions	418	338	23.9%	470
Current accrued liabilities	805	672	19.8%	842
Other current liabilities	285	265	7.2%	241
Liabilities classified as held for sale	0	1	(33.8)%	0
<b>Total current liabilities</b>	<b>3,435</b>	<b>3,014</b>	<b>14.0%</b>	<b>3,908</b>
Long-term borrowings	1,321	1,533	(13.8)%	1,337
Other non-current financial liabilities	20	13	52.7%	15
Pensions and similar obligations	183	161	13.7%	180
Deferred tax liabilities	428	461	(7.2)%	451
Other non-current provisions	40	23	74.5%	29
Non-current accrued liabilities	31	35	(11.0)%	39
Other non-current liabilities	30	30	(2.3)%	36
<b>Total non-current liabilities</b>	<b>2,053</b>	<b>2,256</b>	<b>(9.0)%</b>	<b>2,087</b>
Share capital	209	209	-	209
Reserves	280	527	(47.1)%	563
Retained earnings	4,053	3,518	15.2%	3,844
Shareholders' equity	4,542	4,254	6.8%	4,616
Non-controlling interests	7	7	7.8%	7
<b>Total equity</b>	<b>4,549</b>	<b>4,261</b>	<b>6.8%</b>	<b>4,623</b>
<b>Total liabilities and equity</b>	<b>10,037</b>	<b>9,531</b>	<b>5.3%</b>	<b>10,618</b>
<b>Additional balance sheet information</b>				
Operating working capital	2,872	2,534	13.4%	2,093
Working capital	2,050	1,896	8.1%	1,972
Net total borrowings	914	1,359	(32.7)%	221
Financial leverage	20.1%	31.9%	(11.8) PP	4.8%

Rounding differences may arise in percentages and totals.