

An aerial photograph of a vibrant green football pitch, showing the texture of the grass and the layout of the field. The text is overlaid on this image.

First Half Year 2006 Roadshow Presentation

August 2006

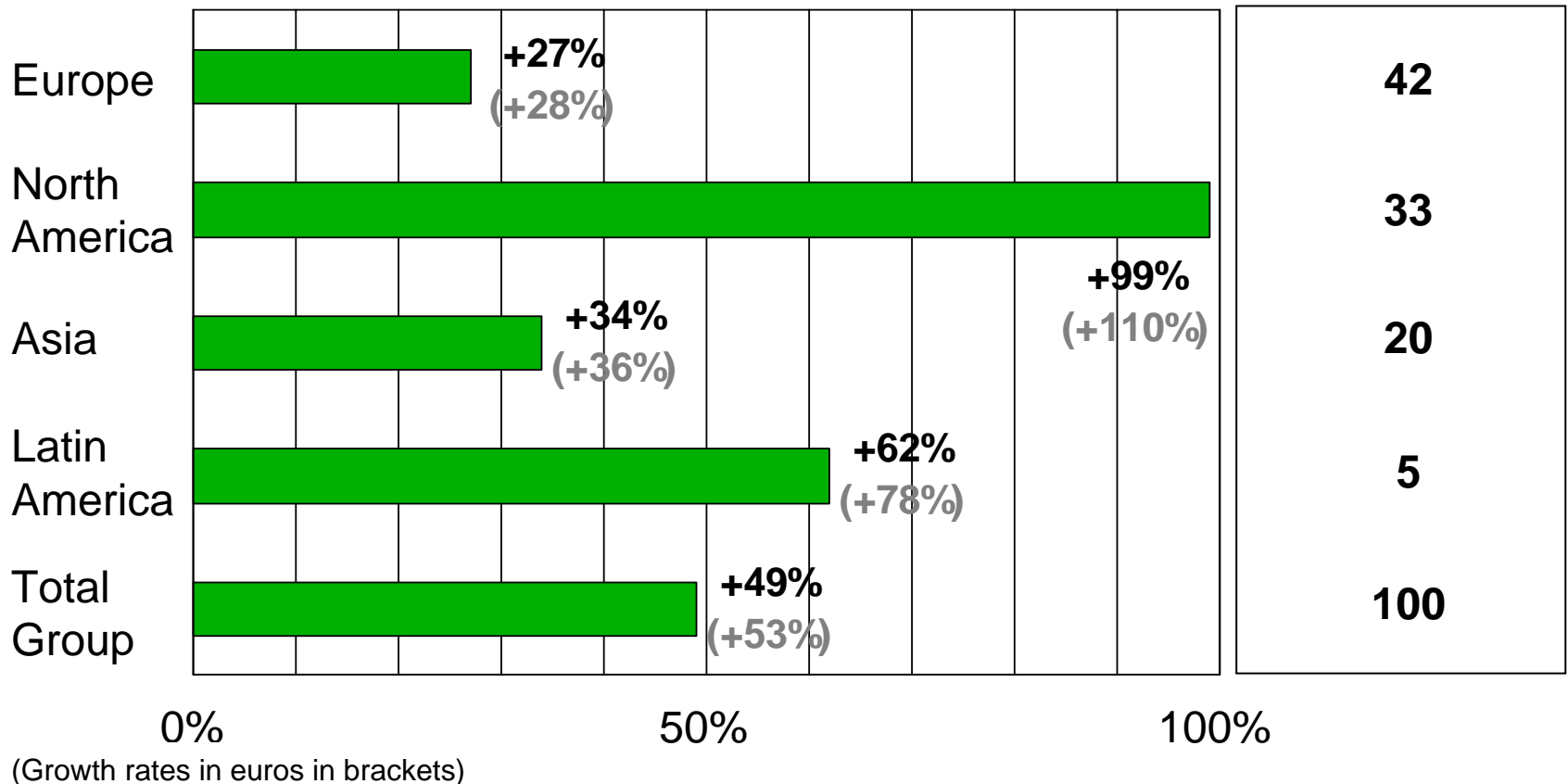
Strong First Half 2006 Operational Performance

- 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% (-3.7pp)

 **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% (-2.6pp)

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 from continuing operations increases to € 234 million (+4%)

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

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

Operating Working Capital a Key Priority

Currency-neutral	adidas Group	adidas Group excl. Reebok
Inventories	+58%	+20%
Receivables	+66%	+15%

- ✓ Inventory increase reflects growth expectations and delays in store openings in emerging markets
- ✓ Receivables grow slower than Q2 sales
- ✓ Medium-term financial leverage target of around 50%

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 Challenge

- The UK is the toughest sporting goods market in Europe:
 - Consolidating retail landscape
 - Highly promotional environment
 - Commoditized market
 - Market lacks aspiration

UK: Europe's Toughest Market – The Solution

- 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

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, top-down view of a vibrant green football pitch. The grass is short and dense, with subtle variations in shade and texture across the field. The word "Appendix" is centered in the middle of the pitch in a large, white, sans-serif font.

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 Turnaround Opportunity

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

in % of total brand sales

