

**Nine Months 2010 Results:**

**Currency-neutral Group sales up 10% in Q3  
Net income more than doubles in first nine months  
adidas Group refines 2010 financial outlook  
Earnings per share to increase between 10% and 15% in 2011**

- **adidas and Reebok currency-neutral sales increase 10% and 14% respectively in Q3**
- **Group sales grow in all geographies in Q3, with North America and Greater China increasing 14% and 9% currency-neutral respectively**
- **Comparable Retail store sales increase 10% currency-neutral in Q3**
- **Nine months Group gross and operating margins increase 3.1 and 3.7 percentage points respectively**

**adidas Group currency-neutral sales increase at double-digit rate in the third quarter**

During the third quarter of 2010, Group revenues increased 10% on a currency-neutral basis. Currency-neutral revenues in the Wholesale and Retail segments increased 10% and 16%. Sales for Other Businesses increased 4%. Currency-neutral revenues in Western Europe increased 8% supported by strong growth in the football category. Currency-neutral sales in European Emerging Markets rose 16%, driven by growth in both the Wholesale and Retail segments. Group sales in North America grew 14% on a currency-neutral basis, driven by a 15% sales increase for adidas and a 25% sales increase for Reebok. Currency-neutral sales in Greater China grew 9%, driven by increases in both the Wholesale and Retail segments. Currency-neutral sales in Other Asian Markets and in Latin America were both up 7% on a currency-neutral basis. By major brand, adidas and Reebok sales increased 10% and 14% currency-neutral respectively, while TaylorMade-adidas Golf sales were up 4% currency-neutral. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 20% to € 3.468 billion in the third quarter from € 2.888 billion in 2009.

**Third quarter diluted EPS at € 1.27**

The Group's gross margin increased 2.1 percentage points to 47.3% (2009: 45.3%) in the third quarter, mainly due to lower input costs, less clearance sales and a larger share of higher-margin Retail sales. Group gross profit increased 26% to € 1.641 billion (2009: € 1.307 billion). Other operating expenses as a percentage of sales increased 1.7 percentage points to 36.8% compared to the prior year (2009: 35.1%). This was mainly due to higher sales

and marketing working budget expenses. As a result of the higher gross margin, the Group's operating margin increased 0.2 percentage points to 11.8%. Operating profit improved 22% to € 411 million compared to € 336 million in 2009. In the third quarter of 2010, the Group's net income attributable to shareholders increased 25% to reach € 266 million (2009: € 213 million). Diluted earnings per share increased to € 1.27 (2009: € 1.03).

"I am pleased to report that the third quarter met our high expectations. All key brand initiatives continued to resonate with consumers around the world," commented Herbert Hainer, adidas Group CEO. "Double-digit revenue growth in football, adidas Sport Style and Reebok year-to-date, as well as a resumption of growth in Greater China in the third quarter all reflect a well executed 2010 strategy."

#### **adidas Group currency-neutral sales up 8% in the first nine months of 2010**

In the first nine months of 2010, Group revenues increased 8% on a currency-neutral basis. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 14% to € 9.059 billion in the first nine months of 2010 from € 7.923 billion in 2009.

#### **Nine months Group sales increase driven by the Wholesale and Retail segments**

The adidas Group's sales increase in the first nine months of 2010 was driven by higher sales in the Wholesale and Retail segments as well as in Other Businesses. Currency-neutral **Wholesale** revenues increased 8% during the period, driven by higher adidas and Reebok sales. Currency-neutral **Retail** sales increased 16% versus the prior year as a result of double-digit adidas and Reebok sales growth. Revenues in **Other Businesses** increased 3% on a currency-neutral basis due to sales growth at TaylorMade-adidas Golf.

Currency translation effects had a positive impact on segmental sales in euro terms. **Wholesale** revenues increased 13% to € 6.247 billion in the first nine months of 2010 from € 5.516 billion in 2009. **Retail** sales rose 22% to € 1.725 billion versus € 1.409 billion in the prior year. Sales in **Other Businesses** grew 10% to € 1.086 billion in the first nine months of 2010 (2009: € 984 million).

	<b>Nine Months 2010</b>	<b>Nine Months 2009</b>	<b>Change y-o-y in euro terms</b>	<b>Change y-o-y currency- neutral</b>
	<b>€ in millions</b>	€ in millions	in %	in %
Wholesale	6,247	5,516	13	8
Retail	1,725	1,409	22	16
Other Businesses	1,086	984	10	3
<b>Total<sup>1)</sup></b>	<b>9,059</b>	7,923	14	8

Nine months net sales growth by segment

1) Including HQ/Consolidation.

### Currency-neutral sales increase in nearly all regions

In the first nine months of 2010, currency-neutral adidas Group sales grew in all regions except Greater China. Revenues in **Western Europe** increased 8%, primarily as a result of double-digit sales growth in both Germany and the UK. In **European Emerging Markets**, Group sales increased 14% 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 12% on a currency-neutral basis due to strong increases in both the USA and Canada. Sales in **Greater China** decreased 7% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 5% due to increases in most markets. In **Latin America**, sales grew 17% 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. Group revenues in **Western Europe** increased 9% to € 2.875 billion in the first nine months of 2010 from € 2.625 billion in 2009. In **European Emerging Markets**, sales grew 20% to € 1.034 billion in the first nine months of 2010 from € 859 million in 2009. Sales in **North America** increased 18% to € 2.140 billion from € 1.818 billion in 2009. Revenues in **Greater China** decreased 3% to € 721 million in the first nine months of 2010 from € 742 million in 2009. In **Other Asian Markets**, sales increased 18% to € 1.359 billion versus € 1.152 billion in the prior year. Revenues in **Latin America** grew 31% to € 931 million from € 713 million in the prior year.

	<b>Nine Months 2010</b>	<b>Nine Months 2009</b>	<b>Change y-o-y in euro terms</b>	<b>Change y-o-y currency- neutral</b>
	<b>€ in millions</b>	<b>€ in millions</b>	<b>in %</b>	<b>in %</b>
Western Europe	2,875	2,625	9	8
European Emerging Markets	1,034	859	20	14
North America	2,140	1,818	18	12
Greater China	721	742	(3)	(7)
Other Asian Markets	1,359	1,152	18	5
Latin America	931	713	31	17
<b>Total<sup>1)</sup></b>	<b>9,059</b>	<b>7,923</b>	<b>14</b>	<b>8</b>

Nine months net sales growth by region

1) Including HQ/Consolidation.

### Group gross margin improves 3.1 percentage points

The gross margin of the adidas Group increased 3.1 percentage points to 48.2% in the first nine months of 2010 (2009: 45.1%). This development was mainly due to lower input costs, less clearance sales and a larger share of higher-margin Retail sales. Positive currency effects related to the appreciation of the Russian rouble also had a minor effect on Group gross

margin. As a result, gross profit for the adidas Group grew 22% in the first nine months of 2010 to € 4.368 billion versus € 3.576 billion in the prior year.

**Operating margin improves 3.7 percentage points**

The operating margin of the adidas Group increased 3.7 percentage points to 9.6% in the first nine months of 2010 (2009: 5.9%). The improvement was primarily due to the higher gross margin as well as lower other operating expenses as a percentage of sales. As a result, Group operating profit increased 86% to € 865 million versus € 465 million in 2009. Other operating expenses as a percentage of sales decreased 0.5 percentage points to 40.5% in the first nine months of 2010 from 41.0% in 2009. In absolute terms, other operating expenses increased 13% to € 3.666 billion in the first nine months of 2010 (2009: € 3.246 billion). Thereof, sales and marketing working budget expenditures amounted to € 1.149 billion, which represents an increase of 24% versus the prior year level (2009: € 923 million). The increase was mainly related to higher expenditures to support adidas' presence at the 2010 FIFA World Cup™ as well as new product launches by Reebok. As a result, sales and marketing working budget expenditures as a percentage of sales increased 1.0 percentage points to 12.7% (2009: 11.6%).

**Financial income up 43%**

Financial income increased 43% to € 21 million in the first nine months of 2010 from € 15 million in the prior year, mainly due to an increase in interest income as well as positive currency exchange rate effects.

**Financial expenses decrease 36%**

Financial expenses decreased 36% to € 87 million in the first nine months of 2010 (2009: € 137 million). The non-recurrence of prior year negative currency exchange rate effects as well as lower interest expenses contributed to the decline.

**Income before taxes increases strongly**

Income before taxes (IBT) as a percentage of sales increased 4.5 percentage points to 8.8% in the first nine months of 2010 from 4.3% in 2009. This was primarily a result of the Group's operating margin increase and lower financial expenses. IBT for the adidas Group increased 133% to € 799 million from € 343 million in 2009.

**Net income attributable to shareholders more than doubles**

The Group's net income attributable to shareholders increased to € 560 million in the first nine months of 2010 from € 226 million in 2009. This represents an increase of 148% versus the prior year level. Higher IBT was the primary reason for this development. The Group's tax rate decreased 4.5 percentage points to 29.7% in the first nine months of 2010 (2009: 34.2%), mainly due to a more favourable regional earnings mix compared to the prior

year. Net income attributable to non-controlling interests amounted to € 1 million in the first nine months of 2010 (2009: negative € 1 million).

**Earnings per share increase to € 2.68**

Following the full conversion of the Group's convertible bond in the fourth quarter of 2009, the Group has no dilutive potential shares anymore. As a result, diluted earnings per share equal basic earnings per share. In the first nine months of 2010, basic and diluted earnings per share amounted to € 2.68. In the prior year period, basic earnings per share amounted to € 1.17 and diluted earnings per share to € 1.13. The weighted average number of shares used in the calculation was 209,216,186 in the first nine months of 2010. In the prior year period, the number amounted to 193,515,512 for the calculation of basic earnings per share and 209,247,568 for the calculation of diluted earnings per share.

**Group inventories up 9% currency-neutral**

Group inventories increased 17% to € 1.926 billion at the end of September 2010 versus € 1.652 billion in 2009. On a currency-neutral basis, inventories grew 9%, which reflects the Group's expectations for continued growth in the coming quarters.

**Accounts receivable increase 8% currency-neutral**

At the end of September 2010, Group receivables increased 16% to € 2.166 billion (2009: € 1.866 billion). On a currency-neutral basis, receivables grew 8%. This growth is lower than the 10% currency-neutral Group sales increase in the third quarter of 2010.

**Net borrowings decline by € 1.391 billion**

Net borrowings at September 30, 2010 amounted to € 903 million, which represents a decrease of € 1.391 billion, or 61%, versus € 2.294 billion at the end of September 2009. Increased profitability and the complete conversion of the Group's € 400 million convertible bond in the fourth quarter of 2009 were the main reasons for the net debt decline. Consequently, the Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.7 at the end of September 2010 versus 2.8 in the prior year.

**Management refines 2010 sales outlook**

The forecast for the development of the Group financial results has been refined compared to the outlook published in August. Management forecasts **adidas Group** sales to increase by around 8% on a currency-neutral basis in 2010 (previously: mid-single-digit increase). Positive impacts from the 2010 FIFA World Cup™, high exposure to fast-growing emerging markets as well as strong improvements at the Reebok brand are forecasted to support Group sales growth. Currency-neutral **Wholesale** segment revenues are expected to increase at a mid-single-digit rate compared to the prior year. Order backlog development as well as positive retailer and trade show feedback support the

Group's growth expectations for the remainder of 2010. adidas Group currency-neutral **Retail** segment sales are projected to grow at a mid-teens rate in 2010 (previously: low-double-digit increase). Expansion of the Group's own-retail store base and comparable store sales are expected to contribute at a similar rate to the revenue increase. Revenues of **Other Businesses** are expected to increase at a low-single-digit rate on a currency-neutral basis in 2010.

**Earnings per share to increase to a level between € 2.68 and € 2.70**

In 2010, the adidas Group gross margin is forecasted to be around 47.5% versus 45.4% in 2009. Improvements are expected in all segments. Group gross margin will benefit from lower sourcing costs as a result of reduced material costs and lower capacity utilisation among suppliers. This effect is expected to be less pronounced in the second half of the year compared to the first half year. Also, a higher share of Retail segment sales, which carry a higher gross margin, is forecasted to support Group gross margin development. The Group's other operating expenses as a percentage of sales are expected to decrease modestly compared to the prior year (2009: 42.3%). Lower operating overhead expenditures as a percentage of sales will be offset by increases in sales and marketing working budget expenses as a percentage of sales to support adidas presence at the 2010 FIFA World Cup™ as well as Reebok's growth strategy in muscle toning and conditioning.

As a result of gross margin improvements, the operating margin for the adidas Group is expected to be around 7.5% (2009: 4.9%). In addition, Management expects lower interest rate expenses as a result of a lower average level of net borrowings in 2010 compared to the prior year. The Group tax rate is expected to be below the prior year level (2009: 31.5%). As a result of these developments, earnings per share are expected to increase to a level between € 2.68 and € 2.70 (2009 diluted earnings per share: € 1.22; previously: increase to a level between € 2.50 and € 2.62).

**adidas Group expects momentum to continue in 2011**

Based on the strong platform created for the Group's brands in 2010, and Management expectations for further gradual improvements in the consumer environment in 2011, sales and net income are expected to increase. Currency-neutral Group sales are projected to grow at a mid-single-digit rate in 2011. Rising input and labour costs as well as currency volatility will be headwinds for the development of Group profitability. Nonetheless, earnings per share are forecasted to increase faster than sales, at a rate between 10% and 15%. A detailed 2011 outlook will be given with the presentation of the Group's 2010 full year results in March 2011.

Herbert Hainer stated: "We have made an explosive comeback in 2010, and I fully expect us to round off the year on a high. Although the fourth quarter is a seasonally small one in terms of sales and profit, it is nonetheless an important period for seeding some of the initiatives that will inspire and excite consumers for our brands in the year ahead. While we will certainly face headwinds from higher input costs and currency volatility, with our powerful brands, extensive global presence and commitment to innovation, we are ready to face any challenges 2011 may bring our way. And I am already confident we have what it takes to deliver considerable top- and bottom-line improvements in the year ahead."

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

€ in millions	3rd quarter 2010	3rd quarter 2009	Change
Net sales	3,468	2,888	20.1 %
Cost of sales	1,827	1,581	15.6 %
<b>Gross profit</b>	<b>1,641</b>	<b>1,307</b>	<b>25.5 %</b>
<i>(% of net sales)</i>	47.3%	45.3%	2.1 pp
Royalty and commission income	26	19	41.1 %
Other operating income	19	24	(21.4) %
Other operating expenses	1,275	1,014	25.8 %
<i>(% of net sales)</i>	36.8%	35.1%	1.7 pp
<b>Operating profit</b>	<b>411</b>	<b>336</b>	<b>22.3 %</b>
<i>(% of net sales)</i>	11.8%	11.6%	0.2 pp
Financial income	6	9	(39.8) %
Financial expenses	37	39	(7.8) %
<b>Income before taxes</b>	<b>380</b>	<b>306</b>	<b>24.3 %</b>
<i>(% of net sales)</i>	11.0%	10.6%	0.4 pp
Income taxes	114	93	23.1 %
<i>(% of income before taxes)</i>	30.0%	30.3%	(0.3) pp
<b>Net income</b>	<b>266</b>	<b>213</b>	<b>24.8 %</b>
<i>(% of net sales)</i>	7.7%	7.4%	0.3 pp
<b>Net income attributable to shareholders</b>	<b>266</b>	<b>213</b>	<b>25.0 %</b>
<i>(% of net sales)</i>	7.7%	7.4%	0.3 pp
<b>Net income attributable to non-controlling interests</b>	<b>0</b>	<b>0</b>	<b>(52.8) %</b>
<b>Basic earnings per share (in €)</b>	<b>1.27</b>	<b>1.10</b>	<b>15.6 %</b>
<b>Diluted earnings per share (in €)</b>	<b>1.27</b>	<b>1.03</b>	<b>23.0 %</b>

**Net Sales**

€ in millions	3rd quarter 2010	3rd quarter 2009	Change	Change (currency-neutral)
Wholesale	2,421	2,036	18.9 %	9.6 %
Retail	665	524	26.9 %	15.5 %
Other Businesses	382	326	17.2 %	3.6 %
Western Europe	1,102	1,007	9.4 %	7.7 %
European Emerging Markets	400	311	28.8 %	16.1 %
North America	828	650	27.4 %	13.8 %
Greater China	317	261	21.4 %	9.5 %
Other Asian Markets	491	388	26.5 %	6.5 %
Latin America	330	270	22.3 %	6.9 %
adidas	2,523	2,111	19.5 %	10.0 %
Reebok	585	468	25.0 %	14.5 %
TaylorMade-adidas Golf	221	184	19.9 %	3.7 %
Rockport	73	63	15.1 %	3.2 %
Reebok-CCM Hockey	66	59	11.2 %	(0.1) %

Rounding differences may arise in percentages and totals.



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

€ in millions	Nine months 2010	Nine months 2009	Change
Net sales	9,059	7,923	14.3 %
Cost of sales	4,691	4,347	7.9 %
<b>Gross profit</b>	<b>4,368</b>	<b>3,576</b>	<b>22.1 %</b>
<i>(% of net sales)</i>	<i>48.2%</i>	<i>45.1%</i>	<i>3.1 PP</i>
Royalty and commission income	72	63	14.3 %
Other operating income	91	72	25.7 %
Other operating expenses	3,666	3,246	12.9 %
<i>(% of net sales)</i>	<i>40.5%</i>	<i>41.0%</i>	<i>[0.5] PP</i>
<b>Operating profit</b>	<b>865</b>	<b>465</b>	<b>85.9 %</b>
<i>(% of net sales)</i>	<i>9.6%</i>	<i>5.9%</i>	<i>3.7 PP</i>
Financial income	21	15	43.4 %
Financial expenses	87	137	[36.4] %
<b>Income before taxes</b>	<b>799</b>	<b>343</b>	<b>133.2 %</b>
<i>(% of net sales)</i>	<i>8.8%</i>	<i>4.3%</i>	<i>4.5 PP</i>
Income taxes	238	118	102.8 %
<i>(% of income before taxes)</i>	<i>29.7%</i>	<i>34.2%</i>	<i>[4.5] PP</i>
<b>Net income</b>	<b>561</b>	<b>225</b>	<b>149.0 %</b>
<i>(% of net sales)</i>	<i>6.2%</i>	<i>2.8%</i>	<i>3.4 PP</i>
<b>Net income attributable to shareholders</b>	<b>560</b>	<b>226</b>	<b>148.0 %</b>
<i>(% of net sales)</i>	<i>6.2%</i>	<i>2.9%</i>	<i>3.3 PP</i>
<b>Net income attributable to non-controlling interests</b>	<b>1</b>	<b>(1)</b>	<b>331.5 %</b>
<b>Basic earnings per share (in €)</b>	<b>2.68</b>	<b>1.17</b>	<b>129.4 %</b>
<b>Diluted earnings per share (in €)</b>	<b>2.68</b>	<b>1.13</b>	<b>137.4 %</b>

**Net Sales**

€ in millions	Nine months 2010	Nine months 2009	Change	Change (currency-neutral)
Wholesale	6,247	5,516	13.3 %	7.5 %
Retail	1,725	1,409	22.4 %	16.1 %
Other Businesses	1,086	984	10.3 %	3.1 %
Western Europe	2,875	2,625	9.5 %	7.8 %
European Emerging Markets	1,034	859	20.3 %	14.1 %
North America	2,140	1,818	17.7 %	11.8 %
Greater China	721	742	[2.9] %	[6.8] %
Other Asian Markets	1,359	1,152	18.0 %	5.1 %
Latin America	931	713	30.6 %	16.8 %
adidas	6,624	5,779	14.6 %	8.9 %
Reebok	1,396	1,192	17.1 %	11.1 %
TaylorMade-adidas Golf	713	633	12.6 %	5.1 %
Rockport	187	178	4.7 %	[1.2] %
Reebok-CCM Hockey	138	127	8.7 %	[0.9] %

Rounding differences may arise in percentages and totals.

**adidas AG Consolidated Balance Sheet (IFRS)**

€ in millions	Sep. 30 2010	Sep. 30 2009	Change	Dec. 31 2009
Cash and cash equivalents	571	326	74.9%	775
Short-term financial assets	158	63	151.7%	75
Accounts receivable	2,166	1,866	16.1%	1,429
Other current financial assets	170	136	25.5%	160
Inventories	1,926	1,652	16.6%	1,471
Income tax receivables	62	86	[27.8]%	89
Other current assets	395	456	[13.4]%	360
Assets classified as held for sale	75	18	314.2%	126
<b>Total current assets</b>	<b>5,523</b>	<b>4,603</b>	<b>20.0%</b>	<b>4,485</b>
Property, plant and equipment	765	837	[8.6]%	723
Goodwill	1,521	1,465	3.8%	1,478
Trademarks	1,417	1,320	7.3%	1,342
Other intangible assets	135	178	[24.6]%	160
Long-term financial assets	92	92	[0.0]%	91
Other non-current financial assets	61	47	31.8%	58
Deferred tax assets	473	438	8.0%	412
Other non-current assets	118	125	[4.6]%	126
<b>Total non-current assets</b>	<b>4,582</b>	<b>4,502</b>	<b>1.8%</b>	<b>4,390</b>
<b>Total assets</b>	<b>10,105</b>	<b>9,105</b>	<b>11.0%</b>	<b>8,875</b>
Short-term borrowings	269	598	[55.1]%	198
Accounts payable	1,313	892	47.2%	1,166
Other current financial liabilities	117	149	[21.8]%	101
Income taxes	254	271	[6.3]%	194
Provisions	456	335	36.3%	320
Accrued liabilities	812	612	32.6%	625
Other current liabilities	252	217	16.4%	232
Liabilities classified as held for sale	1	0	n.a.	0
<b>Total current liabilities</b>	<b>3,474</b>	<b>3,074</b>	<b>13.0%</b>	<b>2,836</b>
Long-term borrowings	1,363	2,086	[34.6]%	1,569
Other non-current financial liabilities	24	34	[28.7]%	25
Pensions and similar obligations	167	136	23.3%	157
Deferred tax liabilities	482	423	14.0%	433
Non-current provisions	23	26	[12.7]%	29
Non-current accrued liabilities	37	21	73.9%	22
Other non-current liabilities	34	32	3.1%	28
<b>Total non-current liabilities</b>	<b>2,130</b>	<b>2,758</b>	<b>[22.8]%</b>	<b>2,263</b>
Share capital	209	194	8.1%	209
Reserves	448	[257]	274.2%	212
Retained earnings	3,837	3,331	15.2%	3,350
Shareholders' equity	4,494	3,268	37.5%	3,771
Non-controlling interests	7	5	42.5%	5
<b>Total equity</b>	<b>4,501</b>	<b>3,273</b>	<b>37.5%</b>	<b>3,776</b>
<b>Total liabilities and equity</b>	<b>10,105</b>	<b>9,105</b>	<b>11.0%</b>	<b>8,875</b>
<b>Additional balance sheet information</b>				
Operating working capital	2,779	2,625	5.9%	1,734
Working capital	2,050	1,530	34.0%	1,649
Net total borrowings	903	2,294	[60.6]%	917
Financial leverage	20.1%	70.2%	[50.1] pp	24.3%

Rounding differences may arise in percentages and totals.