FINANCIAL RESULTS PRESENTATION

Full Year 2010 Results Speech

March 2, 2011

Herbert Hainer, Robin Stalker, John-Paul O'Meara

John-Paul O'Meara

Good afternoon ladies and gentlemen and welcome to our 2010 full year financial results presentation. I'm JP O'Meara and I head up the Investor Relations activities for the adidas Group.

As you will have seen in this morning's release, the adidas Group has completed 2010 on a high and with strong momentum.

During today's presentations, Herbert Hainer, adidas Group CEO, and Robin Stalker, Group CFO, will touch on the specifics of our financial performance in 2010 and, more importantly, discuss our initiatives and expectations for 2011 – as the Group sets forth on Route 2015.

But before we dig deeper into this, and to get things going, here's a video that reflects the Group's energy and presence in the last 12 months.

Herbert Hainer

Thanks JP and good afternoon ladies and gentlemen.

I think that video really captures the moment, not just the great achievements and energy our brands generated in 2010, but why we have every right to be confident about the sustained momentum of our Group going forward.

So, I hope we don't bore you too much today, as all we have to share with you is good news. And that starts with our financials.

After the economic crisis and difficulties of 2009, we rebounded strongly in 2010. The Group generated a record 12 billion euro in sales, growing 9% currency-neutral, and clearly outpacing our major competitors.

Group gross margin increased 2.4 percentage points to 47.8%.

We reduced operating expenses as a percentage of sales, despite marketing investments to support our brand initiatives. Our operating margin jumped to 7.5%.

And net income increased 131% to 567 million euro, leading to earnings per share of 2.71 euro, which is at the top end of our November guidance.

The balance sheet and cash flow development also could not have been better. Our net debt figure captures it all – standing now at just 221 million euro, a tenth of the level it was 24 months ago.

Without question, this year's financial performance ranks amongst the best we've ever had. Not only did we meet, but we beat ALL of our initial expectations for the year.

Each of our segments played a role in this. Robin will take you through the segmental details later, however an important highlight I would like to emphasise is the development of the Retail segment in 2010, where sales climbed 18% currency-neutral. This was driven by an impressive 11% comparable store sales increase. While this speaks to the improvements we are making in our quest to be a world-class retailer, it also underlines the strength and desirability of the Group's brands. And this is what I want to concentrate on for the next few minutes.

So how did we achieve the great brand momentum we generated last year? Well, we did it through our unrivalled commitment to the consumer. We did it by bringing the most innovative products to the market, telling the most compelling stories and creating the most brand energy. We did it because we had the courage to return brand investments to pre-crisis levels when others did not.

Let's look at a few examples.
At adidas, sales increased 9% currency-neutral to 8.7 billion euro, with our performance in the football category an obvious catalyst. The World Cup in South Africa was our most successful ever, helping to spur football sales to a new record above 1.5 billion euro. Through our world-class partnership portfolio, adidas was front and centre on every podium with adidas' long-term

partner Spain winning the World Cup. The adiZero F50, the boot worn by players such as Diego Forlán, voted player of the tournament, Thomas Müller, the leading goal scorer, and Lionel Messi, 2010 FIFA World Player of the Year, was the top-scoring boot in the competition and one of the top-selling football boots in the industry.

Another example of success in 2010 was our rebound in basketball. The Derrick Rose and Dwight Howard commercials, supporting our positioning as the fastest and lightest brand in the game, have generated our highest sell-throughs in the category for years.

Let's have a look at our latest commercial with Dwight Howard and Derrick Rose.

adidas also had outstanding growth in running where sales grew 8%. Highlight collections such as adiZero, Supernova and Response all grew at double-digit rates. Even in Japan, one of the most competitive markets for this particular sports category, our running sales climbed over 20%. And the adiZero adios enabled athletes to win over 60 major race titles in 2010.

In outdoor, our climb to the summit accelerated with sales growing 21% for the year, and an even more striking 40% in the important fourth quarter. This standout performance was driven by our Terrex collection of footwear, apparel and backpacks, which combines lightweight materials, modern designs and innovative technologies.

Our innovative miCoach app for personalised coaching and training did not go unnoticed, downloaded now over one million times and counting, and receiving a prestigious Stevie Award for Best Consumer Product at the American Business Awards.

And on the streets, bold collaborations with the likes of Jeremy Scott, unexpected campaigns such as the highly successful Star Wars Cantina spot and the expansion of adidas NEO, have catapulted sales of adidas Sport Style up 23% to a record 2.2 billion euro. adidas Originals alone now has over 7.1 million followers on Facebook, almost three times as many followers as we had this time last year, making it the most popular lifestyle brand in our industry.

For Reebok, investments to promote our new initiatives have been a home run. Reebok's sales expanded 12% currency-neutral to 1.9 billion euro in 2010. EasyTone has been a magnificent hit with global consumers and customers. Supported by exciting campaigns and fitness testimonials such as Helena Christensen and Kelly Brook, we ended the year on the top spot in the toning category. And let me assure you, this category is definitely NOT a fad.

Even more pleasing for Reebok, is that we created a second engine for growth in 2010, with the launch of ZigTech. This was driven by our largest ever online pre-launch campaign. And the commercial results have been phenomenal.

According to market research, Reebok was among the top three selling footwear brands during the Christmas period in the USA.

The quality of Reebok's 2010 top-line improvement is also ensuring that profitability is trending right. I am pleased to report a 4 percentage point improvement in gross margin to 35.9% for 2010. While we still have a way to go here, with the great product pipeline and the self-confidence that is really firing up Canton today, I believe 2011 will be another bright year for the Reebok brand.

And speaking of self-confidence, it goes without saying that TaylorMade-adidas Golf will also swing into 2011 in a powerful way. Sales grew 1% currency-neutral or 9% in euro terms to 909 million euro in 2010, in a tough golf market which declined at a mid-single-digit rate. And in doing so, TaylorMade-adidas Golf became the global leader in the golf industry.

Marketing programmes such as the "Unstoppable 8 Tour", which brought high-energy demo events into eight major US cities, helped TaylorMade to become the number one selling iron brand in the USA during November and December. And in January, we have extended our lead further, with our market share now in the mid 20's. In metalwoods, we also extended our dominant position in 2010 adding a point of market share, driven by the R9 SuperTri, Burner Superfast and Rescue 09. And in balls, we added almost 2 points of share supported by the high visibility of the Penta TP, highlighted by 18 wins on the world's major tours – and of course, this is the ball used by

German golfing sensation and since the weekend world number one Martin Kaymer.

As with our brands, the growth of last year was equally broad-based across our key markets. For North America, we significantly exceeded our targets, with notable upticks at adidas and Reebok of 14% and 22%, respectively. Key adidas initiatives such as lightweight, where our five key lines delivered double-digit sell-throughs, as well as toning and ZigTech at Reebok, resonated right across the consumer spectrum. Our mission to create a closer connection to the next generation athlete and to increase our prominence in the important mall channel is clearly taking shape.

In Greater China, although sales declined modestly for the full year, we returned to growth in the second half, with an increase of 10%. We dramatically attacked our inventory levels and rationalised our store base in 2010. And through the improvements we have implemented in our merchandising, product offering and operational processes, I am confident we are now in a position to sustain this growth trajectory, at a time when some of our competitors are starting to weaken.

In Europe we significantly increased market share in 2010, supported by a strong performance in the football category and our dominance in the region's emerging markets. Revenues in Western Europe increased 7% on a currency-neutral basis, primarily as a result of double-digit sales growth in the UK, Germany and Spain. In the European Emerging Markets, Group sales increased 16% on a currency-neutral basis. Russia in particular was a major standout. In this market, which is predominantly own retail, comparable store sales increased 26%. And we extended our commanding market share lead in Russia, with Reebok now the number two sporting goods brand behind adidas.

In Other Asian Markets and Latin America, sales increased 6% and 14% respectively. Even in Japan, we grew against a difficult consumer market and, in doing so, extended our market leadership position, with an impressive 45% currency-neutral increase at Reebok being a major highlight.

So ladies and gentlemen, as you can see, 2010 was a year where our brands hit the mark through our marketing offensive everywhere around the world. We achieved all of our key operational goals for the year by:

- Converting the excitement of the FIFA World Cup into new record sales for the football category
- Accelerating our momentum with the lifestyle consumer with adidas Sport Style
- Capturing the energy of a reinvigorated Reebok, and bringing the brand back to healthy growth
- And significantly improving the Group's performance in our weakest markets of 2009, North America and Greater China.

I'll be back in a few minutes to tell you about what's in store for 2011. But first, Robin will take you through the financials.

Robin Stalker, CFO

Thank you, Herbert. And good afternoon ladies and gentlemen.

Now that you have heard about our comprehensive brand and regional successes in 2010, let me share with you the detail behind the key financial highlights for the year and the fourth quarter. As you all know, the fourth quarter is a small quarter for our Group, but at the same time, I believe there are encouraging read-throughs which will give you confidence that momentum at the adidas Group is strong.

So let's start at the top. Group sales increased 9% currency-neutral in the fourth quarter, continuing the positive trends of the first nine months. The year-over-year appreciation of various currencies such as the US dollar and the Russian rouble against the euro had a significant positive impact on Group reported sales. In euro terms, Group sales increased 19% to 2.9 billion euro for the quarter, and grew 15% to 12 billion euro for the full year.

By segment, currency-neutral Wholesale revenues increased 8% in the fourth quarter, with sales growth in nearly all geographies. adidas wholesale sales increased 5% on a currency-neutral basis in Q4, driven by an outstanding increase in adidas Sport Style of 28%, the highest rate of the year. Reebok wholesale sales increased 16%, also at its highest rate for the year.

Gross margins for the segment decreased 2.4 percentage points in the quarter, largely due to currency and product mix effects. The latter should not be a surprise as the fourth quarter of 2009 included high-margin product launches ahead of the World Cup.

For the full year, Wholesale segment sales were up 8% currency-neutral. All regions with the exception of Greater China and European Emerging Markets contributed to this development. Currency-neutral sales for Sport Performance were up 2% for the full year, driven by double-digit increases in football and outdoor and high-single-digit growth in running. Sales for Sport Style increased 21% currency-neutral with particularly strong momentum in adidas Originals and adidas NEO. For Reebok, wholesale sales increased 12% currency-neutral, with significant sales growth in the running and walking categories.

Wholesale gross margin declined 30 basis points for the full year. This was mainly a result of less favourable regional mix effects which offset positive impacts from lower input costs, less clearance sales and a higher Reebok gross margin (which increased 240 basis points).

Moving over to the Retail segment, sales momentum accelerated towards the end of the year, resulting in an impressive increase of 23% currency-neutral in Q4. All geographies contributed to this development, with growth of 17% in North America, 20% in Greater China and 41% in European Emerging Markets, being just some of the highlights.

Comparable store sales were up 15% for the quarter. By concept, all of our formats increased at double-digit rates, with concept stores growing 19%.

This helped drive Retail gross margin improvements for the quarter, up 140 basis points to 62.1%.

For the full year, Retail segment sales grew 18% currency-neutral driven by an 11% comparable store sales increase. Particularly satisfying was the development of our concept stores, where comparable store sales growth was an even higher 14%.

By region, European Emerging Markets, Greater China and Latin America all grew at rates above 30%. In addition, we also had notable growth of 14% in North America.

At the end of the year, the adidas Group Retail segment operated 2,270 stores, a net increase of 58 stores versus the end of December 2009. During 2010, we opened 234 new stores and closed 127 stores, while 51 stores were remodelled. The majority of the net openings during the year were in European Emerging Markets and Latin America. In addition, 49 stores were reclassified. This reclassification refers to certain store locations which are co-shared by the different Group brands. Prior to the reclassification, these locations were counted as 2 stores, whereas now they are considered one.

Gross margin for the Retail segment increased 320 basis points in 2010 to 61.8%, which is mainly the result of the higher proportion of concept store sales, improved margins at Reebok, as well as the appreciation of the Russian rouble.

While this underscores the strength and desirability of our 2010 product collections as Herbert mentioned, even more so, I believe it emphasises that the strategic direction we are taking to improve our proficiency as a retailer is already paying off. This segment's performance contributed more than half of the entire Group's profitability improvement in 2010, as segmental operating margin increased 5.3 percentage points to 18.9%. The leverage we have in Retail is obvious. And this performance should give you confidence that our continued controlled investments in this space will be a source of high-quality growth for our company in the years to come.

Finally, in Other Businesses, sales declined 3% currency-neutral in the fourth quarter. This was a result of a 12% currency-neutral sales decline at TaylorMade-adidas Golf, largely due to timing of product launches and tough comparisons with the prior year quarter, where sales were up 6%. Sales at Rockport and Reebok-CCM Hockey, however, increased 12% and 13% respectively in the quarter.

For the full year, currency-neutral revenues in Other Businesses increased 2%, with a good performance from TaylorMade-adidas Golf, increasing 1% in a very challenging golf market. Excluding the effects from the non-recurrence of prior year sales related to a licensing agreement that was discontinued at Ashworth, currency-neutral sales increased 5%. Sales at Rockport and Reebok-CCM Hockey increased 2% and 3% for the year.

Gross margin of Other Businesses increased 4.2 percentage points to 43.5% in 2010. This was mainly due to a solid gross margin improvement at

TaylorMade-adidas Golf. In addition, the Rockport gross margin increased significantly versus the prior year due to a lower portion of clearance sales.

All our regions continued to be in expansionary mode in the fourth quarter. Currency-neutral sales in Greater China increased 11%. Revenues in the European Emerging Markets increased 22% on a currency-neutral basis, mainly driven by our strong comp store sales in Russia, which were up almost 40%. Elsewhere, in Western Europe, revenues increased 3% on a currency-neutral basis. Growth in the region was due to improvements at the Reebok brand, as well as in the running and training categories at adidas.

Currency-neutral revenues in Other Asian Markets increased 7% in the quarter. Here, we saw a significant improvement in Japan despite a weak market, driven by double-digit gains at Reebok and adidas Sport Style. Finally, in Latin America, sales for the closing quarter were up 8% on a currency-neutral basis, due to double-digit growth at adidas.

Moving below the top line, fourth quarter gross margin increased 30 basis points to 46.5%, and full year gross margin increased a very healthy 240 basis points, reaching 47.8%. The improvement in the Group's full year gross margin was driven by three key factors:

- Firstly, more than a third of the increase relates to lower sourcing costs compared to the prior year.
- Secondly, almost one third of the increase was due to clean inventory levels, which meant we had less clearance activities compared to the prior year.

- And, finally, the remainder of the increase was due to the overproportionate growth of sales in our Retail segment, which carry higher margins.

Less favourable hedging rates compared to the prior year had a slightly negative impact on both the quarterly and the full year gross margin development.
Moving below the gross profit line, other operating expenses as a percentage of sales increased 0.5 percentage points in the fourth quarter, or by 230 million euro compared to the prior year. This development reflects our continuous efforts to sustain brand momentum at both adidas and Reebok, as marketing expenses increased by 1.2 percentage points as a percentage of sales for the quarter.

For the full year, the Group's other operating expenses increased 15%. However, by strictly monitoring and controlling operating overheads, we were able to leverage our impressive top-line momentum, bringing other operating expenses as a percentage of sales down 0.2 percentage points to 42.1%, which is in line with our guidance of a modest decline.

As a result, full year Group operating profit increased 76% to 894 million euro from 508 million euro in 2009. This translates into an operating margin improvement of 260 basis points to 7.5%, in line with the guidance we gave you in November of an operating margin around 7.5%.

Let's now move over to the non-operating items of the P&L. Net financial expenses decreased 21% in the fourth quarter and were down 42% in the full year. This was predominantly a result of lower interest expenses both for the quarter and the full year following the significant reduction of net borrowings. In addition, a positive swing in exchange rate variances of 27 million euro contributed to the decline in net financial expenses.

The full year tax rate came down 200 basis points to 29.5%. This development was mainly due to the non-recurrence of a prior year write-down of deferred tax assets related to our North American business.

As a result of all these developments, net income attributable to shareholders increased 131% in 2010 to 567 million euro. This translates into diluted EPS of 2.71 euro for the full year and 3 cents for the quarter, slightly ahead of the guidance we gave you in November of a full year EPS between 2.68 euro and 2.70 euro.

Let's now turn to the balance sheet and cash flow, where I am sure you will share my enthusiasm for the exceptional progress we have made.

In particular, in 2010, we shaved 3.5 percentage points from operating working capital as a percentage of sales, reaching our lowest ever level of 20.8%.

At year-end, Group inventories were up 34% currency-neutral to 2.1 billion euro. The increase in inventories compared to 2009 reflects a normalisation of levels compared to 12 months ago, as well as our expectations for growth in the coming quarters. In addition, our inventory ageing is very good, particularly in Retail, where the portion of current season product has increased by 4 percentage points.

Accounts receivable increased 7% on a currency-neutral basis. This growth is lower than the 9% currency-neutral sales increase in the fourth quarter of 2010 and mirrors the strict discipline in our Group's trade terms and collection management in all segments.

Accounts payable were up 36% currency-neutral due to higher production volumes and the high portion of goods in transit at year-end.

Finally, ladies and gentlemen, let me make some comments on the financing structure of the company. Operating cash flow generation, the most important driver for the creation of shareholder value, was an exceptional 1.2 billion euro for the year. This allowed us to further reduce our net debt, which now stands at 221 million euro. Compared to last year, net borrowings have therefore declined by almost 700 million euro, representing a decrease of 76%, and clearly overachieving our expectations at the beginning of 2010.

At year-end, the ratio of net borrowing over EBITDA was 0.2 compared to 1.2 in 2009 and thus well within the Group's medium-term guideline of less than two times.

Looking at our equity development, our equity ratio has further improved, increasing 1 percentage point to 43.5%.

Coming to the end of my discussion, I think the 2010 Group financial performance again was marked by two major achievements: the strong rebound in our profitability and the Group's ability to generate significant cash flows.

In light of these developments and bearing in mind our aim to continuously increase shareholder value, we will propose a considerably higher dividend for 2010 at our Annual General Meeting, namely 80 cents per share compared to 35 cents in the prior year. This proposal represents a payout ratio of 30% of net income and is in line with our dividend policy, according to which we intend to pay out between 20% and 40% of net income attributable to shareholders annually.

So ladies and gentlemen, that wraps up my review of the key financials in 2010. In summary, this year was a clear endorsement of our Group's strategy. Our strong financial position gives us a tremendous platform as we set out on Route 2015. We will continue to exert discipline on all of our key operating metrics, balancing investments and costs, and actively managing our use of capital. With that, Herbert will now take you through our plans for 2011 and beyond.

Herbert Hainer

Robin's presentation makes it clear that the adidas Group has never been in a better financial position. As we begin our journey in 2011, we are very well equipped to exploit the opportunities and master the challenges of the future.

So let's start with the challenges, where I really only have one to talk about – and that is rising input costs, which is a gross margin headwind we, and indeed everyone in our industry, must face.

Let's look at the facts. Raw material, labour and transportation costs have all gone up over the last 12 months – some quite excessively. Take cotton as an example. Prices almost doubled last year, and are still rising sharply, up over 30% already in 2011.

To mitigate these negative developments, our Global Brands and Global Operations functions have worked hard on optimising our product creation, manufacturing and distribution processes to bring our products to market more cost-efficiently. These efforts will definitely provide us with some relief.

In addition, there are also other factors that will play in our favour. These include regional mix, as we expect to grow faster in the emerging markets, the increasing portion of higher-margin own retail sales, and further gross margin improvements at Reebok.

However, with the extreme raw material price increases towards the end of last year, all of the above will not be enough to fully offset the cost pressures

completely. Therefore, price inflation in our industry is an economic reality that the entire supply chain will have to deal with.
When it comes to pricing power, I have every confidence in our brands. Even in the midst of the worst global recession in living memory, we have seen that consumers will pay a premium for exciting new products from brands renowned for quality, innovation and service.

We have those brands, and we have those products. And, we have the marketing excellence to further increase brand desirability.

As a result, we expect Group gross margin to remain largely unchanged in 2011, in the range from 47.5% to 48.0% compared to 47.8% in 2010.

In terms of opportunities, it may not come as a big surprise, given the aspirations we outlined at our Investor Day, that we fully expect a strong start to the first year of Route 2015. The improving economic environment and the great feedback we have received from our retail partners fuel this conviction.

We forecast Group sales to increase at a mid- to high-single-digit rate on a currency-neutral basis and to reach new record highs in 2011.

By segment, we expect Wholesale sales to increase at a mid-single-digit rate on a currency-neutral basis. Growth in Greater China and North America will play a key role here. I have just returned from China last week, and I can confirm that momentum for the adidas brand continues to strengthen. As expected, we are seeing strong sequential improvements in comp store sales at our franchisees. And, we will start to expand our distribution base again, where we intend to add at least a net 500 points of sale this year, equally spread between top-tier and lower-tier cities.

In North America, our growth trajectory also looks very solid for both adidas and Reebok. At adidas, we will continue to follow the focused and disciplined approach we outlined in our Generation US plan at Investor Day. Running, basketball, US sports and Originals will form the backbone of efforts with key retail partners this year. At Reebok, the further expansion of Zig as well as the introduction of new product pillars will ensure the brand continues to grow in 2011.

Retail sales will increase at a low-double-digit rate. Expansion of the Group's own-retail store base and comparable store sales are expected to contribute at a similar rate to the revenue growth.

In 2011, we plan a net increase of our store base by around 100. Depending on the availability of desired locations, we intend to open 200 stores this year. New stores will primarily be located in emerging markets. Approximately 100 stores will be closed, and around 220 stores will be remodelled.
While we will continue our commitment to our brands by investing in marketing and controlled space, we expect to achieve further operating expense leverage this year.

Therefore, we project the Group operating margin to increase to a level between 7.5% and 8.0%.

Coupled with lower financial expenses and a similar tax rate, this will translate into earnings per share between 2.98 euro and 3.12 euro, an increase of 10% to 15%.

In terms of balance sheet and cash flow, we expect continued positive cash flows from operating activities. Cash will be used to finance working capital needs, investment activities, and to pay dividends. We intend to largely use excess cash to invest in our Route 2015 growth initiatives and to further reduce net borrowings.

Obviously, ladies and gentlemen, the confidence we have in our business prospects stems from the great belief we have in our brands. So let's take a look at what we have in store in 2011.

Starting at adidas. The adidas brand has never been stronger in its 61-year history. Over the last years, we have successfully extended our offering to the street with adidas Originals and to the catwalk with adidas Sport Style, while always staying true to our roots as the athletic sports performance brand. To further build this momentum, in mid-March, we will kick off our "all adidas" global brand campaign. The campaign, which will be our largest global brand campaign ever, showcases adidas' distinctive presence across and into different sports, cultures and lifestyles - fusing the worlds of sport, music and fashion.

We also have an incredible pipeline of products coming to market. Take running. Running continues to be high on our agenda and is crucial to the brand's success going forward. With products like the adiZero F50 Runner and Clima CC Ride, we expect growth to accelerate in this cornerstone Route 2015 category, with sales in the category projected to increase at a double-digit rate in 2011.

In football, we will follow up strongly on our 2010 successes. A few weeks ago, adidas introduced the adiZero F50 Prime – the lightest adidas football boot the world has ever seen. Weighing a mere 150 grams, the adiZero F50 Prime is 15 grams lighter than its predecessor and comes in blazing neon colours. Later this year, we will also introduce a new look Predator, which has been completely redesigned to give maximum impact both technically and visually. It will also be fully integrated with adidas miCoach. And you will see it on the field of play on a new younger breed of footballer, such as Portuguese star Nani who recently joined the adidas family.

We are committed to strengthening adidas' position in basketball by expanding our footprint in the critical North American market and capitalising on the great popularity of the sport in the emerging markets. We will cement our credibility as the fastest and lightest brand in the game, with the launch of the adiZero Crazylight, and using a fresh marketing approach to deepen our connection with the young basketball athlete.

Here you only have to look at the fantastic in-store experience we created at All Star Weekend, to get a feeling for the direction we are taking in the category.

adidas Sport Style also has another string of intriguing collections, including the first year of our own Originals Denim collection, as well as new instalments of Mega footwear and adidas Originals by Jeremy Scott. We will also extend the reach of adidas NEO particularly in China and Russia. And we have a big year planned for Y-3, as we celebrate a decade of collaboration with Yohji Yamamoto.

For Reebok, I can only reiterate what I said in November – we will not fall short of product stories to keep the brand's revival going strong in 2011. And that includes toning, where I expect Reebok to see growth globally this year.

In the fourth quarter, we moved fast to reduce supply, trimming our planned deliveries to avoid getting caught up in any unnecessary discounting, to protect our strong franchise.

We believe in the toning category and what it stands for, as do our consumers. This is confirmed by the fact that they are still buying more units than this time a year ago. And our dual pod moving air technology, with its lower profile design, is clearly their preferred choice. We've also shown how to bring a product platform alive in a holistic way, to surprise and ignite further interest in the category. Our extension into apparel is a great example, which has started off strongly in the fourth quarter, with some of our key accounts already selling out completely in the first few weeks.

Once industry inventory levels have normalised, Reebok can be counted on to further evolve the toning platform for 2011. One aspect of this will be the launch of the "Tone while you live" campaign. This campaign features inspirational EasyTone fans from around the world who fit fitness into their busy lives with EasyTone footwear and apparel. The campaign was kicked off last week in LA, with Hollywood actress Eva Mendes saying why she's a fan of EasyTones.

While all that is very positive for Reebok, what is even more exciting is how quickly our other new pillars for growth are catching on. Take Zig, where our presence at retail is getting bigger and bolder. You only have to see our exposure at Finish Line in February, where we ReeZig'd all 680 Finish Line stores in the USA with ZigTech imagery for four weeks. This just goes to show the great confidence our customers now have in the brand.

We are also gearing up for our third technology platform launch this year – RealFlex. RealFlex promotes natural movement and is equally striking in terms of design and functionality as Reebok's toning and Zig platforms.

And, we will begin the Reebirth of Reebok Classics, starting from a very clean base, with Classics now representing less than 20% of Reebok's business. To support the Classics franchise, Reebok has recently announced a partnership with producer, artist and designer Swizz Beatz, who will work initially on creative content to bring our new Classics positioning to life.

Finally, as part of its strategic plan to become THE fitness and training brand, Reebok has entered into a long-term partnership with Cross-Fit, a fast-growing fitness movement with a philosophy that matches the brand's point of view. You'll be hearing more about this in the coming months.

I also see good growth potential in the Group's Other Businesses in 2011, with currency-neutral sales set to increase at a mid-single-digit rate. TaylorMade-adidas Golf as the largest segment will be the key driver. TaylorMade is already painting the game a new colour with the launch of the R11 driver. The eye-catching white colour of the clubhead is taking the industry by storm, with accolades from media, Tour pros and retailers. The white colour maximises the contrast between the club face and the crown, making the club easier to aim. It's a great example of the initiatives coming out of TaylorMade-adidas Golf, and it's no wonder players of the calibre of Jim Furyk and Camilo Villegas are switching to our brands.

In addition to our great products and campaigns, the sporting calendar is also packed, and with great regional diversity. Events such as the Cricket World Cup currently underway in India, the Rugby World Cup in New Zealand, the Copa América in Argentina, the Women's Football World Cup in Germany and the IAAF World Championships in Korea are just a few we will leverage to our advantage.

And don't forget towards the end of the year, we will start prepping for the highly anticipated London 2012 Olympic Games and the UEFA EURO 2012.

In summary, while the race out of the recession was an important victory for the adidas Group, I believe 2011 will be an even more pivotal year for shaping the future of our industry.
We have every advantage a company could possibly desire - strong brands, premium products, superior marketing assets, tremendous global reach, a very healthy balance sheet and highly motivated employees.

We know the commitment it takes to achieve success, from the world's biggest sporting events to the finest details in our latest product innovations. We know how it all fits together. Our employees, athletes and products, together with our brands. Our strengths. Our passion. One Team. Thinking smarter, pushing harder and playing stronger.

Our Group, ladies and gentlemen, is very fit.
Fit for Route 2015.
Fit for Growth.
Fit to Win.

We are Fit for the Future.