PUSHING BOUNDARIES

Nine Months Report
January – September
2013

01 ⁄ Nine Months Results at a Glance (€ in millions)

	Nine months 2013	Nine months 2012	Change	Third quarter 2013	Third quarter 2012	Change
Group						
Net sales	11,013	11,514	(4.3%)	3,879	4,173	(7.0%)
Gross profit	5,488	5,500	(0.2%)	1,913	1,978	(3.3%)
Gross margin	49.8%	47.8%	2.1pp	49.3%	47.4%	1.9pp
Operating profit	1,157	1,159	(0.2%)	463	494	(6.1%)
Operating margin	10.5%	10.1%	0.4pp	11.9%	11.8%	0.1pp
Wholesale						
Net sales	7,048	7,470	(5.7%)	2,553	2,743	(7.0%)
Gross profit	3,049	3,034	0.5%	1,121	1,132	(1.0%)
Gross margin	43.3%	40.6%	2.7pp	43.9%	41.3%	2.7pp
Segmental operating profit	2,450	2,388	2.6%	926	907	2.1%
Segmental operating margin	34.8%	32.0%	2.8pp	36.3%	33.1%	3.2pp
Retail						
Net sales	2,512	2,491	0.8%	923	944	(2.2%)
Gross profit	1,573	1,520	3.5%	568	557	1.9%
Gross margin	62.6%	61.0%	1.6pp	61.5%	59.0%	2.5pp
Segmental operating profit	512	538	(4.8%)	195	206	(5.2%)
Segmental operating margin	20.4%	21.6%	(1.2pp)	21.2%	21.8%	(0.7pp)
Other Businesses						
Net sales	1,453	1,553	(6.4%)	403	486	(16.9%)
Gross profit	605	682	(11.4%)	142	207	(31.3%)
Gross margin	41.6%	44.0%	(2.4pp)	35.3%	42.7%	(7.4pp)
Segmental operating profit	381	445	(14.5%)	70	127	(45.2%)
Segmental operating margin	26.2%	28.7%	(2.5pp)	17.2%	26.1%	(8.9pp)
Sales by Brand						
adidas	8,478	8,807	(3.8%)	3,072	3,271	(6.1%)
Reebok	1,172	1,240	(5.4%)	439	453	(2.9%)
TaylorMade-adidas Golf	981	1,071	(8.4%)	210	283	(25.8%)
Rockport	201	207	(2.7%)	71	79	(10.0%)
Reebok-CCM Hockey	181	189	(3.7%)	87	87	(0.5%)

Rounding differences may arise in percentages and totals.

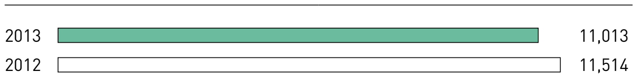
02 ⁄ Financial Highlights (IFRS)

	Nine months 2013	Nine months 2012	Change	Third quarter 2013	Third quarter 2012	Change
Operating Highlights (€ in millions)						
Net sales	11,013	11,514	(4.3%)	3,879	4,173	(7.0%)
EBITDA	1,352	1,348	0.3%	529	562	(5.9%)
Operating profit	1,157	1,159	(0.2%)	463	494	(6.1%)
Net income attributable to shareholders	796	798	(0.3%)	316	344	(8.0%)
Key Ratios (%)						
Gross margin	49.8%	47.8%	2.1pp	49.3%	47.4%	1.9pp
Operating expenses as a percentage of net sales	41.0%	39.1%	1.9pp	39.6%	37.0%	2.6pp
Operating margin	10.5%	10.1%	0.4pp	11.9%	11.8%	0.1pp
Effective tax rate	27.7%	27.8%	(0.1pp)	28.0%	28.3%	(0.3pp)
Net income attributable to shareholders as a percentage of net sales	7.2%	6.9%	0.3pp	8.2%	8.2%	(0.1pp)
Average operating working capital as a percentage of net sales [2]	20.6%	19.9% [1]	0.7pp			
Equity ratio	49.3%	48.6% [1]	0.8pp			
Net borrowings/EBITDA [3]	0.1	0.2	(0.1)			
Financial leverage	3.2%	5.9% [1]	(2.7pp)			
Return on equity	14.2%	14.0% [1]	0.2pp			
Balance Sheet and Cash Flow Data (€ in millions)						
Total assets	11,389	11,742 [1]	(3.0%)			
Inventories	2,513	2,367 [1]	6.2%			
Receivables and other current assets	2,956	3,040 [1]	(2.8%)			
Working capital	2,262	2,663 [1]	(15.1%)			
Net borrowings	180	337	(46.5%)			
Shareholders' equity	5,619	5,704 [1]	(1.5%)			
Capital expenditure	280	252	11.1%	108	103	5.1%
Net cash used in operating activities	(40)	(5)	717.3%			
Per Share of Common Stock (€)						
Basic earnings	3.81	3.82	(0.3%)	1.51	1.64	(8.0%)
Diluted earnings	3.81	3.82	(0.3%)	1.51	1.64	(8.0%)
Net cash used in operating activities	(0.19)	(0.02)	717.3%			
Share price at end of period	80.18	63.84	25.6%			
Other (at end of period)						
Number of employees	48,842	46,961	4.0%			
Number of shares outstanding	209,216,186	209,216,186	–	209,216,186	209,216,186	–
Average number of shares	209,216,186	209,216,186	–	209,216,186	209,216,186	–

1) Adjusted, see Note 07.
2) Twelve-month trailing average.
3) EBITDA of last twelve months.

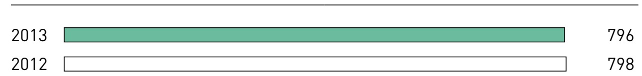
03 ⁄ Nine months net sales

(€ in millions)



04 ⁄ Nine months net income attributable to shareholders

(€ in millions)



Operational and Sporting Highlights
Third Quarter 2013

03

05

01

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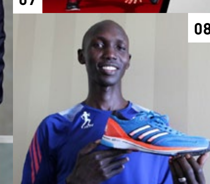


JUL

07. Andy Murray becomes the first British man to be crowned Wimbledon champion in 77 years, after beating the world number one at the time, Novac Djokovic, in three straight sets.

11. German international football player Mesut Özil joins the adidas family, enhancing the brand's portfolio of great players worldwide. ⁄ **PICTURE 01**

11. During the 20th international OutDoor fair in Friedrichshafen, adidas Outdoor is awarded the OutDoor Industry Award in Gold for the Terrex Scope GTX with Stealth rubber.

28. At the UEFA Women's EURO 2013 in Stockholm, Sweden, Germany wins its sixth consecutive European title, beating Norway in the final. With this victory, Germany has won every European tournament since 1993.

29. TaylorMade introduces SLDR, the company's longest driver ever. The revolutionary new club features a sliding weight system, engineered to launch the golf ball higher, faster and longer. ⁄ **PICTURE 02**

AUG

01. adidas launches Springblade, the first running shoe with individually tuned blades engineered to help propel runners forward. The highly elastic blades instantaneously react to any environment, compressing and releasing energy to create an efficient push-off. ⁄ **PICTURE 03**

01. adidas launches the new Fall/Winter 2013 Unite All Originals campaign – "the ultimate culture clash", where hip-hop legends Run DMC collide with superstar DJ A-Trak.

05. Rockport introduces "Total Motion", its latest footwear collection for both men and women. The collection is engineered for the active professional, providing the ultimate in comfort with the combination of a glove-like fit and controlled flexibility.

16. Reebok Hockey launches the revolutionary Reebok RibCor, the first ribbed stick with a loaded shaft. The RibCor's unique ribbed shaft technology features carbon fibres that are permanently in tension to help increase power transfer from the hands directly to the puck. ⁄ **PICTURE 04**

SEP

12. For the 14th consecutive time, adidas AG is selected to join the Dow Jones Sustainability Indices (DJSI) and is rated as industry leader in sustainability issues and corporate responsibility for the tenth time.

16. The adidas Group opens the "World of Kids". Located at its headquarters in Herzogenaurach, Germany, this company-owned day-care centre offers full-time care for up to 110 children.

17. Reebok's first FitHub store in the UK opens its doors to consumers. The store's unique offerings include an agenda full of fitness classes happening right inside the store, guaranteeing a holistic and authentic brand experience. ⁄ **PICTURE 05**

19. Roland Auschel is appointed to the Executive Board of adidas AG, assuming responsibility for Global Sales on a Board level effective October 1, 2013. ⁄ **PICTURE 06**

19. Reebok announces a new partnership with world-renowned group fitness programmer Les Mills, aiming to reinvigorate the studio fitness category on a global scale.

22. adidas and Derrick Rose unveil the D Rose 4 signature collection – the latest in a line of premium and personal signature products, featuring an exclusive, tailored design inspired by Derrick's distinct on- and off-court personalities. ⁄ **PICTURE 07**

29. adidas sponsored Wilson Kipsang sets a new world record at the 40th anniversary of the Berlin Marathon. Wearing the adizero adios 2 running shoe, Kipsang breaks the marathon world record by 15 seconds with a finish time of 02:03:23. ⁄ **PICTURE 08**

adidas GROUP

Letter from the CEO

HERBERT HAINER
adidas Group CEO

Dear Shareholders,

It has been a busy, exciting and challenging third quarter and first nine months for the adidas Group. Despite the mounting headwinds from negative currency movements as well as a softer than originally expected performance in some of our key markets and segments, I am pleased to report that we delivered stable earnings for the first nine months. While I am disappointed we had to reduce our 2013 full year guidance in September, on balance, we continue to make good progress on our most important Route 2015 strategic initiatives.

The key financial highlights of the first nine months were as follows:
- Sales remained stable on a currency-neutral basis or declined 4% in euro terms to € 11 billion.
- Gross margin increased 2.1% percentage points to a record nine months level of 49.8%.
- Operating margin increased 40 basis points to 10.5%.
- Net income attributable to shareholders was virtually unchanged at € 796 million.
- Operating working capital as a percentage of sales increased 70 basis points to 20.6%.
- Equity ratio expanded 80 basis points to 49.3%.

To start with the negatives, three areas in particular impeded our initial growth plans in the quarter and also for the year as a whole. Firstly, and most severely, the persistent weakening of several currencies versus the euro throughout 2013, such as the Japanese yen, Brazilian real, Argentine peso, Turkish lira, Russian rouble and Australian dollar, has put a significant strain on our reported results in euro terms. In the third quarter alone, Group sales suffered a 7 percentage point negative impact from currency movements. Accumulated for the first nine months of the year, currencies wiped out € 500 million from our top-line result.

Secondly, in one of our most important Route 2015 markets, Russia/CIS, we had an unexpected short-term distribution constraint in Q3 as a result of the transition to our Group's new distribution facility in Chekhov, close to Moscow. This significantly impacted the quantity of new product deliveries to stores, which was a major contributor to the double-digit comp store sales decline we saw in that market during the third quarter. Our Global Operations and local management teams have worked speedily to rectify the matter, and I am pleased to report that we are making good progress on returning the shipping quantities back to normal levels. Nevertheless, as we communicated in September, due to the sales shortfall and the further weakening of the Russian rouble, we will not achieve our original goal for Russia/CIS this year.

Thirdly, due to the continued softness in the global golf market, where TaylorMade-adidas Golf is the dominant leader, we took the decision in the third quarter to be more consequent and accelerate the rebalancing of inventories to healthier levels in the marketplace. As a result, sales declined 16% currency-neutral in the segment in the third quarter and gross margins decreased over 10 percentage points due to additional markdowns and incentives. This alone had a 70 basis point negative impact on the Group's gross margin performance in the third quarter. Again here, our actions have delivered the desired result, and I am confident we will see a solid fourth quarter driven by highly innovative recent product launches such as the SLDR driver and fairway woods, as well as our new Speedblade family of irons.

Quick and focused actions like these show our Group's determination to always be at the forefront of creating consumer excitement in our industry. And while we had our challenges in the period under review, these were definitely outnumbered by considerable and broad-based successes in many categories and regions.

These include:

- The continuation of our industry-leading momentum in key emerging markets, with sales in Latin America and Greater China increasing 15% and 7% on a currency-neutral basis, respectively.
- Strong growth in our focus adidas performance categories, where running revenues in particular were up a healthy 14% currency-neutral due to groundbreaking product innovations such as Boost and Springblade.
- Continued success in sports lifestyle with Originals & Sport Style sales up 4% currency-neutral, driven by strong market share gains in the action sports category, where sales jumped over 60%, and the further roll-out of our highly successful teenage sub-brand, the adidas NEO label, where sales expanded 12%.
- And finally, further strong improvements in the quality of the Reebok business. Sales grew 5% in the third quarter and gross margin expanded 6.4 percentage points to 40.4%, the highest level we have achieved with the brand. Excluding the NFL licence impact, Reebok revenues are up 3% year-to-date, and I can confirm that Reebok will grow for the year as a whole.

These positive developments clearly highlight the effective execution of our strategy to fundamentally improve the long-term sustainable profitability of our brands and our Group. And to ensure we continue to drive these kinds of results, we also have been working diligently during the year on the further implementation of organisational measures to support our goals to drive faster and more efficient decision-making processes for the adidas and Reebok brands as well as ensuring we more fully leverage the power of our Group.

Here, I would like to inform you about two key strategic initiatives that will help us to maximise the potential of our brands by getting closer to our consumers and customers than ever before in our two largest regions, Western Europe (28% of sales) and North America (23% of sales).

To continue to lead the game on our home turf, we have decided to go forward with one aligned strategy across Western Europe. Europe is changing: country borders are becoming less relevant for both our consumers and customers. They are looking for the best product and they want it fast. This strategy therefore combines the potential of our innovative brands and cutting-edge products with excellence in routes-to-markets and back-office functions.

To maximise the potential of both adidas and Reebok in North America, we are uniting both organisations under one management team. Our goal is to strengthen both brands, to invest in both brands and to enable faster growth for both brands by winning with our key consumers – the High School Kid for adidas, the Fit Generation for Reebok and avid sports fans through our Sports Licensed Division. To ensure our brands remain focused on their respective objectives, Portland will remain the home of the adidas brand in the U.S. and the Reebok brand will continue to be based in Canton. Each location has a unique and powerful culture grounded in the respective brand's values and goals. We want to continue to foster the positive effects of this energy and, at the same time, harness the collective power of both brands. The dual location approach will also enable us to have a strong East and West Coast presence for our customers.

I am convinced that both of these initiatives will drive our competitive position to new heights over the coming years and give us a significant platform to improve and extend our market shares.

Staying on the future, with strong demand for our highlight concepts and innovations, upcoming initiatives around the 2014 FIFA World Cup and positive customer feedback to our spring/summer 2014 collections from all of our brands, momentum is clearly returning to our business. We already see some notable improvements in momentum in several key markets.

Our relentless pursuit of creating premium experiences for our consumers and customers will ensure we unleash the tremendous potential we see for the Group. In the coming months, these will include:

- A fully integrated global attack in the football category beginning in the fourth quarter and every month thereafter up to and including the 2014 FIFA World Cup in Brazil, across footwear, apparel and hardware. This will consist of our most comprehensive footwear offensive ever, including all four of our football boot silos in a creative World Cup themed pack called the Samba pack, the launch of the federation jerseys, and the always highly anticipated official match ball.
- Intensifying the roll-out and significantly increasing the volumes of our industry-changing and award-winning Boost technology into key adidas running franchises as well as the global roll-out of Springblade.
- Unleashing the potential of our interactive training and coaching technologies, which will be driven by the launch of the miCoach Smart Run. Smart Run is the most advanced and most intuitive wrist-based running device on the market today, eliminating the need for cables, straps and additional sensors.
- Leveraging the return of Derrick Rose as the centrepiece of our basketball offensive, as well as broadening our activities with our portfolio of next-generation NBA stars to cultivate growth in both footwear and apparel.
- Changing the game in how athletes train in cold conditions with the new ClimaWarm+ range, developed with adidas ambassador David Beckham. By using hollow fibres that trap air to create insulation, the technology not only increases warmth but also reduces the garment's weight, giving the athlete an optimised warmth-to-weight ratio to maximise comfort and performance.
- Continuing to amplify Reebok's holistic fitness positioning with the further global roll-out of our FitHub concept through own retail and shop-in-shops. Designed to inspire the fit generation and to showcase the brand's pinnacle footwear and apparel offering, Reebok FitHubs are changing consumers' perception of the brand by solidifying Reebok's image as THE fitness brand.

In summary, we have dealt swiftly and decisively with our challenges in 2013. There is no doubt that our industry-leading innovations, strong partnership activations and keen understanding of the global consumer are clearly enhancing our position as the premium multi-sports company in the industry. I am sure you agree, from the initiatives I have shared, we have great potential to continue on our journey towards long-term sustainable value creation.

Great success is achieved by those with the ambition, desire and persistency to constantly improve, accept challenges as normal and embrace change. This mentality is at the core of the adidas Group's philosophy and why we are fully committed to the course we set out on with our Route 2015 strategic plan. I am confident in the plan. And I am confident in our ability to execute against it. I look forward to sharing more details on that front with you at our Investor Field Trip which will take place here in Herzogenaurach on December 2–3, 2013.

Yours sincerely,

HERBERT HAINER
adidas Group CEO

Our Share

In the third quarter of 2013, international stock markets maintained the positive momentum from the previous two quarters and increased considerably. The DAX-30 and US equity markets rose to new all-time highs in September, driven by the worldwide recovery of leading economic indicators as well as ongoing accommodative monetary policies of the ECB and the Fed. A lacklustre Q2 earnings season, currency headwinds in many emerging economies as well as geopolitical risk factors only temporarily weighed on equity markets during the quarter. Accordingly, the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index increased 8.0% and 11.4%, respectively. The adidas AG share in comparison underperformed these indices and decreased 3.6%.

Global stock markets gain momentum in the third quarter

In the third quarter of 2013, international stock markets improved significantly, thereby accelerating the positive momentum from the first two quarters of 2013. The key catalyst of the uptrend was the recovery in leading economic indicators in the euro area, driven by momentum in Germany and France. Similarly, the stabilisation of economic data in China as well as the announcement of small measures to stimulate the Chinese economy were clear tailwinds for international stock markets. The ECB's surprising forward guidance in July that rates would remain low for an extended period of time as well as the Fed's decision in September to keep buying US $ 85 billion in bonds per month again strongly supported equity markets during the quarter. Nevertheless, setbacks from various geopolitical risk factors such as Syria, the looming US government shutdown towards the end of the quarter as well as currency headwinds in many emerging markets, such as Turkey, India and Brazil, weighed on equity markets during the third quarter. These, as well as a weaker than expected Q2 earnings season, with several companies cutting full year estimates, however only had a temporary effect on stock markets. As a result, the DAX-30 and MSCI World Textiles, Apparel & Luxury Goods Index increased strongly, gaining 8.0% and 11.4%, respectively, compared to the end of June 2013.

adidas AG share decreases in the third quarter

At the beginning of the third quarter, the adidas AG share suffered losses, reflecting the overall challenging market environment. However, from mid-July onwards, the share price reversed its previous weakness and traded sideways in line with the market direction. In August, the adidas AG share gained momentum, driven by positive analyst commentary prior to the adidas Group first half results release. Following the publication of the results on August 8, the share price decreased 2.1%, as Q2 results came in slightly below top- and bottom-line consensus. Despite a challenging macro backdrop and tough event-driven comparatives from last year, analysts positively commented on the strong product innovation pipeline as well as the strong gross margin development year to date. As a result, several brokers increased their target prices, reflecting growing confidence in the targeted margin delivery for the remainder of Route 2015. Towards the end of August, the adidas AG share was again under pressure, as disappointing reports by major US retailers weighed on the overall market sentiment. During the first half of September, the share price partially offset previous losses due to improving market trends. On September 19, the adidas Group amended its full year 2013 guidance, as a result of intensified currency headwinds, distribution constraints and a softer consumer environment in Russia/CIS as well as the overall weakness in the golf market, resulting in a 3.0% share price decline on the day following the ad-hoc press release. As a consequence, the adidas AG share finished the quarter at € 80.18, representing a decrease of 3.6% compared to the end of June 2013. Since the end of 2012, the adidas AG share is still among the top performers of the DAX-30, gaining 19.1%.

05 ⁄ **Historical performance of the adidas AG share and important indices at September 30, 2013** (in %)

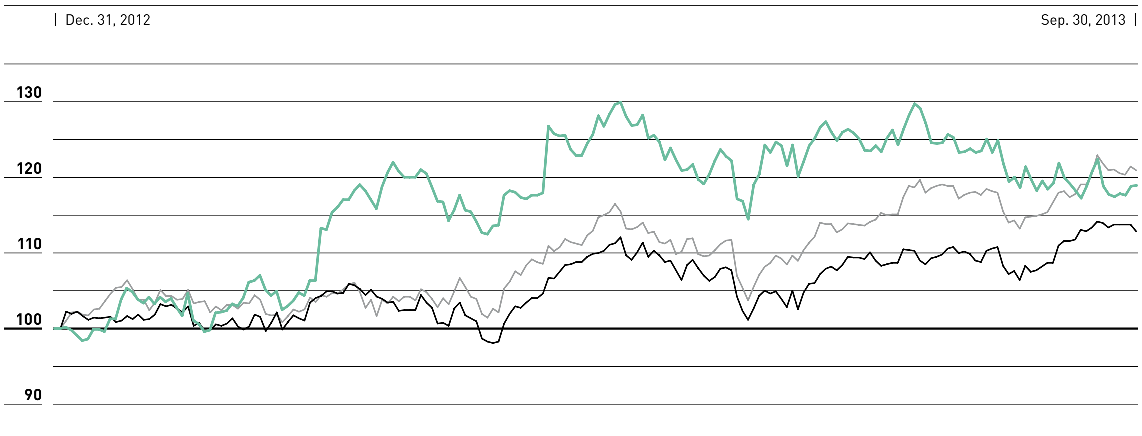
	YTD	1 year	3 years	5 years	Since IPO
adidas AG	19	26	77	113	729
DAX-30	13	19	38	47	291
MSCI World Textiles, Apparel & Luxury Goods	21	38	62	141	399

Source: Bloomberg.

adidas GROUP

adidas AG share at a glance

06 Share price development in 2013[1]



1) Index: December 31, 2012 = 100.

07 The adidas AG share

Number of shares outstanding Nine months average	209,216,186
Number of shares outstanding At September 30[1]	209,216,186
Type of share	Registered no-par-value share
Free float	100%
Initial Public Offering	November 17, 1995
Share split	June 6, 2006 (in a ratio of 1:4)
Stock exchange	All German stock exchanges
Stock registration number (ISIN)	DE000A1EWWW0
Stock symbol	ADS, ADSGn.DE

1) All shares carry full dividend rights.

Important indices

- DAX-30
- MSCI World Textiles, Apparel & Luxury Goods
- Deutsche Börse Prime Consumer
- Dow Jones Sustainability Index World
- Dow Jones Sustainability Index Europe
- FTSE4Good Europe
- ASPI Eurozone Index
- Ethibel Index Excellence Europe
- ECPI Euro Ethical Index
- ECPI EMU Ethical Index
- STOXX Global ESG Leaders

Number of ADRs decreases

The number of Level 1 ADRs (American Depository Receipts) decreased during the three-month period compared to the end of the second quarter of 2013. At September 30, 2013, 11.5 million ADRs were outstanding (June 28, 2013: 12.6 million). This development also represents a decrease versus September 28, 2012, when 12.2 million ADRs were outstanding. The Level 1 ADR closed the quarter at US $ 54.20, reflecting a slight increase compared to the end of June 2013. The better performance of the Level 1 ADR price compared to the ordinary share price was due to the depreciation of the US dollar versus the euro at the end of the third quarter of 2013 compared to the end of June 2013.

Changes in shareholder base

In the third quarter of 2013, the Group did not receive any voting rights notifications according to §§ 21 section 1, 25 section 1 or 25a section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). All voting rights notifications received can be viewed on our corporate website :// WWW.ADIDAS-GROUP.COM/VOTING_RIGHTS_NOTIFICATIONS.

Directors' dealings reported on corporate website

The purchase or sale of adidas AG shares (ISIN DE000A1EWWW0) or related financial instruments, as defined by § 15a WpHG, conducted by members of our Executive or Supervisory Boards, by key executives or by any person in close relationship with these persons, is reported on our website :// WWW.ADIDAS-GROUP.COM/DIRECTORS_DEALINGS. In the third quarter of 2013, adidas AG did not receive any notifications pursuant to § 15a WpHG.

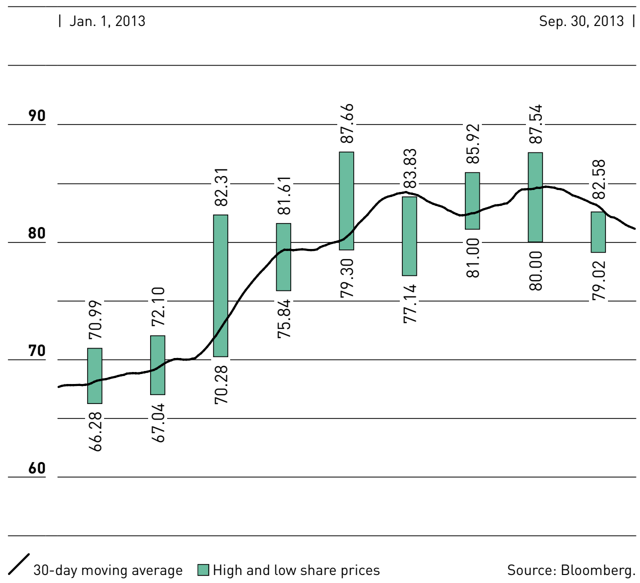
adidas AG again included in Dow Jones Sustainability Indices and STOXX Global ESG Leaders indices

For the 14th consecutive time, adidas AG has been selected to join the Dow Jones Sustainability Indices (DJSI), the world's first global sustainability index family tracking the performance of the leading sustainability-driven companies worldwide. In the category "Textiles, Apparel & Luxury Goods", adidas AG was rated as industry leader in sustainability issues and corporate responsibility for the tenth time. In addition, adidas AG remains a component of the STOXX Global ESG Leaders indices for the third consecutive year. The index family is made up of three specialised indices for the categories environmental, social and governance, and one broad index which sums up the specialised indices.

Successful Investor Relations activities

In August 2013, the adidas Group 2012 Annual Report "Pushing Boundaries" ranked second among the German DAX-30 companies for the prestigious "Best Annual Report 2012" award granted by the German business magazine "manager magazin". The prize is awarded by a jury which reviews 160 annual reports from across Germany's most important stock indices, the DAX-30, MDAX, SDAX and TecDAX. After winning this title in 2007 and 2012, and coming narrowly second in 2011, this is the fourth time the adidas Group has ranked among the top two.

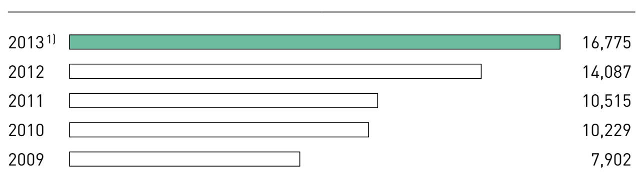
08 / **adidas AG high and low share prices per month** 1) (in €)



Source: Bloomberg.

1) Based on daily Xetra closing prices.

09 / **adidas AG market capitalisation at year-end** (€ in millions)



2013 1)	16,775
2012	14,087
2011	10,515
2010	10,229
2009	7,902

1) At September 30.

Group Business Performance

In the first nine months of 2013, the adidas Group delivered a solid financial performance, despite macroeconomic challenges in many regions, especially Western Europe. Currency-neutral Group sales remained stable as growth in Retail offset sales declines in Wholesale and Other Businesses. In euro terms, adidas Group revenues decreased 4% to € 11.013 billion from € 11.514 billion in 2012. The Group's gross margin grew 2.1 percentage points to 49.8% (2012: 47.8%), driven by the positive impact from a more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales. The Group's gross profit remained stable at € 5.488 billion in the first nine months of 2013 versus € 5.500 billion in 2012. The Group's operating margin was up 0.4 percentage points to 10.5% from 10.1% in 2012. This was primarily due to the increase in gross margin, which more than offset the negative effect from higher other operating expenses as a percentage of sales. The Group's operating profit remained stable at € 1.157 billion in the first nine months of 2013 (2012: € 1.159 billion). The Group's net income attributable to shareholders was virtually unchanged at € 796 million (2012: € 798 million). Diluted earnings per share remained stable at € 3.81 in the first nine months of 2013 versus € 3.82 in 2012.

Economic and Sector Development

Global economy grows in the third quarter

In the third quarter of 2013, the global economy grew moderately, with the emerging markets continuing to outperform most developed economies. Relatively stable inflationary pressures and increases in real disposable incomes in most emerging markets supported domestic consumption and economic activity, albeit at a slightly lower rate than those seen in recent quarters. Conversely, many developed markets continued to face economic challenges, primarily driven by sovereign debt concerns, as well as due to disruptions resulting from the US debt ceiling debate. Despite improved confidence regarding monetary policy actions, particularly in the euro area, low growth and even recession in many mature economies remained as significant negative pressures for global economic expansion.

In Western Europe, many of the region's major economies remained in recession, with high unemployment levels and acute austerity measures negatively impacting investment, consumer spending and confidence. However, increasing domestic consumption supported economic growth in Germany, the region's largest economy.

European emerging markets recorded positive GDP growth, with moderating inflationary pressures helping offset lower export activity and weakening domestic investments.

The US economy grew modestly in the third quarter, with falling inflation and a recovery in the real estate market helping drive consumer confidence and spending. However, market disruptions caused by the debt ceiling debate crisis, higher tax rates, lower government spending and relatively high unemployment rates, negatively impacted economic expansion.

In Asia, wage increases in most of the region's markets helped to drive domestic demand and economic expansion. However, modest increases in inflation adversely affected consumer spending, particularly in India.

10 ⁄ **Quarterly consumer confidence development [1]**
(by region)

	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013
USA [2]	68.4	66.7	61.9	82.1	79.7
Euro area [3]	(25.7)	(26.3)	(23.5)	(18.8)	(14.9)
Japan [4]	40.4	39.1	45.0	44.3	45.1
China [5]	100.8	103.7	102.6	97.0	99.8
Russia [6]	(6.0)	(8.0)	(7.0)	(6.0)	(7.0)
Brazil [7]	113.2	115.2	114.3	110.1	110.3

1) Quarter-end figures.
2) Source: Conference Board.
3) Source: European Commission.
4) Source: Economic and Social Research Institute, Government of Japan.
5) Source: China National Bureau of Statistics.
6) Source: Russia Federal Service of State Statistics.
7) Source: Confederação Nacional da Indústria.

11 ⁄ **Exchange rate development [1]** (€ 1 equals)

	Average rate 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Average rate 2013 [2]
USD	1.2862	1.3194	1.2805	1.3080	1.3505	1.3173
GBP	0.8115	0.8161	0.8456	0.8572	0.8361	0.8520
JPY	102.65	113.61	120.87	129.39	131.78	127.22
RUB	39.951	40.074	39.802	42.783	43.682	41.636
CNY	8.1137	8.2931	8.0341	8.0817	8.3029	8.1263

1) Spot rates at quarter-end.
2) Average rate for the first nine months of 2013.

In China, growth remained robust where a recovery in manufacturing and new orders coupled with strong infrastructure investment helped to support GDP growth. Japan's economy continued to rebound, fuelled by a significant stimulus programme and the relatively low value of the yen, which assisted growth in domestic demand and a recovery in export activity.

In Latin America, a recovery in exports, low unemployment rates and significant government stimulus programmes supported the region's economic development. However, falling domestic consumption and slight increases in inflation negatively impacted economic growth.

Positive growth in the global sporting goods industry in the third quarter

In the third quarter of 2013, the global sporting goods industry recorded modest growth, primarily driven by rising consumer spending in the emerging markets, which more than offset subdued private spending in most Western European markets. The e-commerce channel continued to see rapid expansion across the industry, with a wide diversity of strategies being implemented to leverage commercial opportunities through digital, social media and, particularly, mobile technologies. From a category perspective, basketball remained strong, with both performance and lifestyle performing well. Running posted a solid performance, with lightweight and technical running continuing to record strong growth.

In Europe, despite high unemployment and low consumer confidence in many markets, the sporting goods industry grew modestly. In Western Europe, demand for sporting goods in some euro area countries remained highly challenging, particularly in peripheral markets.

In European emerging markets, a slight contraction in disposable income growth rates negatively impacted consumer sentiment and spending and detracted from the sporting goods sector's expansion, especially in Russia.

The continued recovery of the US market and a stabilisation of inflation helped drive consumer spending which, in turn, benefited retailers and the industry. Sporting goods sales continued to see positive trends in basketball, training and sporting lifestyle. However, outdoor footwear and the golfing market were both weak spots for the industry during the quarter. Many sporting goods retailers remained focused on high-performance and technically innovative products to help support higher prices and to drive sales.

In Asia, wage increases and rising consumer spending supported expansion of the sporting goods industry. In China, this trend was particularly evident, with growth fastest in the lower tier cities. However, inventory issues continued to negatively impact some sportswear sector players in this market. In Japan, economic progress helped support improvements in consumer sentiment and a recovery in retail and sporting goods sales.

In Latin America, low unemployment levels and higher wages supported robust retail and sporting goods sales. However, continued inflationary pressures and low consumer confidence lessened the robust expansion of the sector during the quarter.

Income Statement

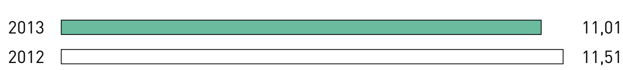
adidas Group currency-neutral sales remain stable in the third quarter of 2013

In the third quarter of 2013, Group revenues remained stable on a currency-neutral basis as growth in Retail offset sales declines in Wholesale and Other Businesses. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 7% to € 3.879 billion in the third quarter of 2013 from € 4.173 billion in 2012.

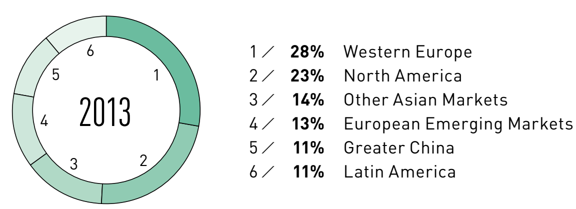
Third quarter Group sales supported by growth in Retail

In the third quarter of 2013, currency-neutral Wholesale revenues decreased 1% due to sales declines at adidas. Currency-neutral Retail sales rose 6% versus the prior year, due to sales growth at adidas. Revenues in Other Businesses were down 9% on a currency-neutral basis, primarily as a result of sales declines at TaylorMade-adidas Golf. Currency translation effects had a negative impact on segmental sales in euro terms. Wholesale revenues decreased 7% to € 2.553 billion in the third quarter of 2013 from € 2.743 billion in 2012. Retail sales decreased 2% to € 923 million versus € 944 million in the prior year. Sales in Other Businesses declined 17% to € 403 million (2012: € 486 million).

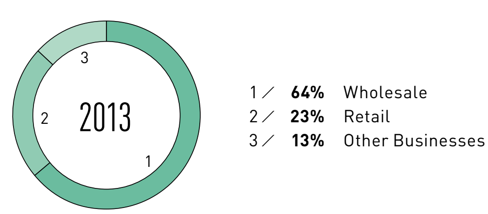
12 ⁄ **Nine months net sales** (€ in millions)



13 ⁄ **Nine months net sales by region**



14 ⁄ **Nine months net sales by segment**



adidas Group currency-neutral sales remain stable in the first nine months of 2013

In the first nine months of 2013, Group revenues remained stable on a currency-neutral basis due to growth in Retail, offsetting sales declines in Wholesale and Other Businesses. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 4% to € 11.013 billion in the first nine months of 2013 from € 11.514 billion in 2012 ⁄ **DIAGRAM 12**.

Nine months Group sales supported by growth in Retail

In the first nine months of 2013, currency-neutral Wholesale revenues decreased 2%, due to sales declines at both adidas and Reebok. Currency-neutral Retail sales increased 6% versus the prior year as a result of sales growth at adidas and Reebok. Revenues in Other Businesses decreased 1% on a currency-neutral basis, mainly due to a sales decline at TaylorMade-adidas Golf. Currency translation effects had a negative impact on segmental sales in euro terms. Wholesale revenues decreased 6% to € 7.048 billion in the first nine months of 2013 from € 7.470 billion in 2012. Retail sales increased 1% to € 2.512 billion versus € 2.491 billion in the prior year. Sales in Other Businesses declined 6% to € 1.453 billion in the first nine months of 2013 (2012: € 1.553 billion).

Currency-neutral Group sales increase in most regions

In the first nine months of 2013, currency-neutral adidas Group sales grew in all regions except Western Europe and North America. Revenues in Western Europe decreased 8% on a currency-neutral basis, mainly due to sales declines in the UK, Italy and Spain. In European Emerging Markets, Group sales increased 1% on a currency-neutral basis as a

15 ⁄ Major product launches in Q3 2013

Product	Brand
Terrex Swift R GTX hiking shoe	adidas
TX Advanced J mountain jacket	adidas
Rose 773 basketball shoe	adidas
adipure Crazy Ghost basketball shoe	adidas
adizero Crazy Light 3 basketball shoe	adidas
Mastermind Originals sneaker collection	adidas
Crazyquick training shoe	adidas
adidas by Stella McCartney Boost running shoe	adidas
Porsche Design Sport women's collection	adidas
adizero adios Boost running shoe	adidas
Springblade running shoe	adidas
adidas NEO label Selena Gomez collection	adidas
Reebok CrossFit Speed training collection	Reebok
ZigTech 3.0 running shoe	Reebok
ZigWild TR 3.0 running shoe	Reebok
R1 Black driver	TaylorMade
SLDR driver	TaylorMade
Ghost Tour series putter	TaylorMade
Gore-Tex 3L golf rain suit	adidas Golf
mi adizero Tour custom golf shoe	adidas Golf
Tight Lies fairway wood driver	Adams Golf
Cardiff ADC golf shoe	Ashworth
Total Motion shoe collection	Rockport
CCM RBZ skate	CCM
CCM RBZ Stage 2 stick	CCM
CCM RBZ Roller skate	CCM
RibCor stick	Reebok Hockey

16 ⁄ Net sales by region (€ in millions)

	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Western Europe	3,053	3,342	(9%)	(8%)
European Emerging Markets	1,432	1,486	(4%)	1%
North America	2,534	2,641	(4%)	(1%)
Greater China	1,244	1,169	6%	7%
Other Asian Markets	1,566	1,741	(10%)	2%
Latin America	1,184	1,135	4%	15%
Total [1]	**11,013**	**11,514**	**(4%)**	**0%**

1) Rounding differences may arise in totals.

17 ⁄ Net sales by product category (€ in millions)

	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Footwear	5,354	5,423	(1%)	3%
Apparel	4,284	4,761	(10%)	(6%)
Hardware	1,375	1,329	3%	9%
Total [1]	**11,013**	**11,514**	**(4%)**	**0%**

1) Rounding differences may arise in totals.

result of sales growth in most markets. Sales for the adidas Group in North America were down 1% on a currency-neutral basis as a result of declines in the USA. Sales in Greater China increased 7% on a currency-neutral basis. Currency-neutral revenues in Other Asian Markets grew 2%, driven by sales increases in India, South Korea and Australia. 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 negative impact on regional sales in euro terms ⁄ **TABLE 16**.

Group sales up in footwear and hardware

In the first nine months of 2013, Group sales grew in most product categories on a currency-neutral basis. Currency-neutral footwear sales increased 3%. This development was mainly due to double-digit growth in the running and outdoor categories. Apparel revenues decreased 6% on a currency-neutral basis, as growth in running and basketball was more than offset by sales declines in football and training. Currency-neutral hardware sales increased 9% compared to the prior year, primarily due to strong growth in the training category. In addition, the first-time consolidation of Adams Golf at the end of the second quarter of 2012 positively contributed to this development. Currency translation effects had a negative impact on sales in euro terms ⁄ **TABLE 17**.

New product introductions positively contributed to the sales development in all product categories. An overview of major product launches in the third quarter of 2013 is provided in the major product launches table ⁄ **TABLE 15**.

Group gross margin increases 2.1 percentage points

The gross margin of the adidas Group increased 2.1 percentage points to 49.8% in the first nine months of 2013 (2012: 47.8%) ⁄ **DIAGRAM 19**. This development was due to a more favourable pricing, product and regional sales mix as well as a larger share of higher-margin Retail sales, which more than offset the negative effect from a less favourable hedging rate. Gross profit for the adidas Group remained stable at € 5.488 billion in the first nine months of 2013 (2012: € 5.500 billion) ⁄ **DIAGRAM 18**.

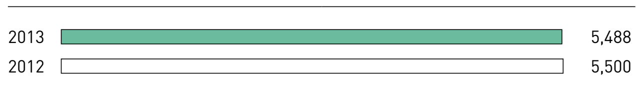
Royalty and commission income declines

Royalty and commission income for the adidas Group decreased 1% to € 78 million in the first nine months of 2013 from € 79 million in 2012. On a currency-neutral basis, royalty and commission income was also down 1%, mainly as a result of lower licensee sales at adidas.

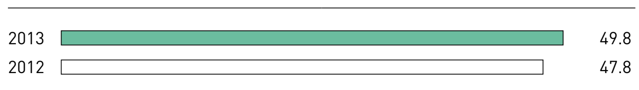
Other operating income grows

Other operating income includes items such as gains from the disposal of fixed assets and releases of accruals and provisions as well as insurance compensation. In the first nine months of 2013, other operating income increased 32% to € 106 million (2012: € 80 million), mainly due to the release of other operational provisions.

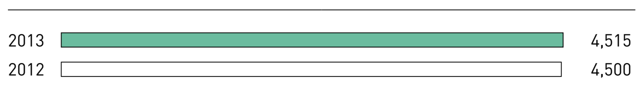
18 ⁄ **Nine months gross profit** (€ in millions)



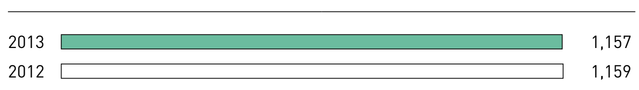
19 ⁄ **Nine months gross margin** (in %)



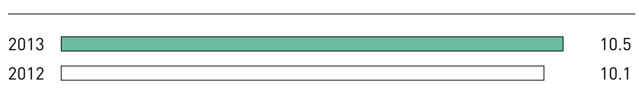
20 ⁄ **Nine months other operating expenses** (€ in millions)



21 ⁄ **Nine months operating profit** (€ in millions)



22 ⁄ **Nine months operating margin** (in %)



Other operating expenses as a percentage of sales up 1.9 percentage points

Other operating expenses, including depreciation and amortisation, consist of items such as sales working budget, marketing working budget and operating overhead costs. Other operating expenses as a percentage of sales rose 1.9 percentage points to 41.0% in the first nine months of 2013 from 39.1% in 2012. In euro terms, other operating expenses remained stable at € 4.515 billion (2012: € 4.500 billion), as the decrease in marketing expenses was offset by higher expenditure related to the expansion of the Group's own-retail activities ⁄ **DIAGRAM 20**. Thereof, sales and marketing working budget expenditures amounted to € 1.336 billion, which represents a decrease of 1% versus the prior year level (2012: € 1.346 billion). By brand, adidas sales and marketing working budget increased 1% to € 1.025 billion in the first nine months of 2013 compared to € 1.013 billion in the prior year. Sales and marketing working budget for Reebok decreased 16% to € 148 million (2012: € 176 million). As a percentage of sales, the Group's sales and marketing working budget increased 0.4 percentage points to 12.1% (2012: 11.7%).

Number of Group employees up 4%

At the end of the first nine months of 2013, the Group employed 48,842 people. This represents an increase of 4% versus the prior year level of 46,961. New hirings related to the expansion of the Group's own-retail store base, in particular in European Emerging Markets, were the main driver of this development. On a full-time equivalent basis, the number of employees increased 3% to 42,540 at the end of the first nine months of 2013 (2012: 41,124).

Operating margin improves 0.4 percentage points

Group operating profit remained stable at € 1.157 billion in the first nine months of 2013 (2012: € 1.159 billion) ⁄ **DIAGRAM 21**. As a result, the operating margin of the adidas Group improved 0.4 percentage points to 10.5% (2012: 10.1%) ⁄ **DIAGRAM 22**. This was primarily due to the positive effects from the increase in gross margin, which more than offset higher other operating expenses as a percentage of sales.

Financial income down 49%

Financial income decreased 49% to € 15 million in the first nine months of 2013 from € 29 million in the prior year, mainly due to a decrease in interest income.

Financial expenses decrease 21%

Financial expenses declined 21% to € 67 million in the first nine months of 2013 (2012: € 84 million) ⁄ **DIAGRAM 23**. The decrease in interest expenses was the main contributor to the decline.

Income before taxes as a percentage of sales increases 0.5 percentage points

Income before taxes (IBT) for the adidas Group remained stable at € 1.105 billion (2012: € 1.104 billion) ⁄ **DIAGRAM 24**. IBT as a percentage of sales improved 0.5 percentage points to 10.0% in the first nine months of 2013 from 9.6% in 2012. This was a result of the Group's operating margin increase and lower net financial expenses.

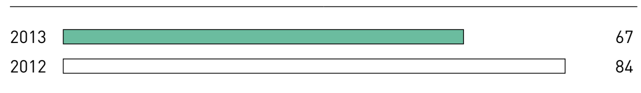
Net income attributable to shareholders remains virtually unchanged

The Group's net income attributable to shareholders remained virtually unchanged at € 796 million in the first nine months of 2013 (2012: € 798 million) ⁄ **DIAGRAM 25**. The Group's tax rate decreased 0.1 percentage points to 27.7% in the first nine months of 2013 (2012: 27.8%).

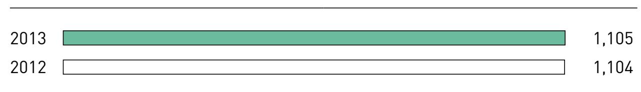
Basic and diluted earnings per share stable at € 3.81

In the first nine months of 2013, basic and diluted earnings per share remained stable at € 3.81 (2012: € 3.82) ⁄ **DIAGRAM 26**. The weighted average number of shares used in the calculation of both basic and diluted earnings per share was 209,216,186 (2012 average: 209,216,186) as there were no potential dilutive shares in the first nine months.

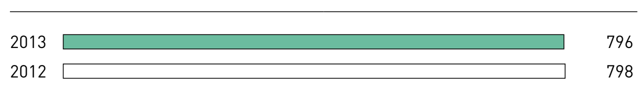
23 ⁄ **Nine months financial expenses** (€ in millions)



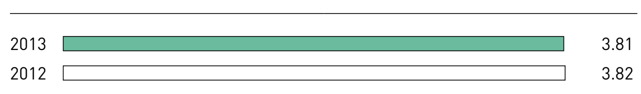
24 ⁄ **Nine months income before taxes** (€ in millions)



25 ⁄ **Nine months net income attributable to shareholders** (€ in millions)



26 ⁄ **Nine months diluted earnings per share** (in €)



Statement of Financial Position and Statement of Cash Flows

Total assets decrease 3%

At the end of September 2013, total assets declined 3% to € 11.389 billion versus € 11.742 billion in the prior year. This was the result of a decrease in current assets as well as non-current assets. Compared to December 31, 2012, total assets decreased 2%.

27 ⁄ **Structure of statement of financial position**[1] (in % of total assets)

	Sep. 30, 2013	Sep. 30, 2012[2]
Assets (€ in millions)	**11,389**	11,742
Cash and cash equivalents	**9.8%**	8.5%
Accounts receivable	**18.9%**	19.2%
Inventories	**22.1%**	20.2%
Fixed assets	**36.3%**	37.1%
Other assets	**12.9%**	15.0%

■ September 30, 2013 □ September 30, 2012

1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 32.
2) Adjusted, see Note 07.

28 ⁄ **Structure of statement of financial position**[1] (in % of total liabilities and equity)

	Sep. 30, 2013	Sep. 30, 2012[2]
Liabilities and equity (€ in millions)	**11,389**	11,742
Short-term borrowings	**6.0%**	3.9%
Accounts payable	**12.3%**	11.0%
Long-term borrowings	**5.7%**	10.3%
Other liabilities	**26.7%**	26.3%
Total equity	**49.3%**	48.5%

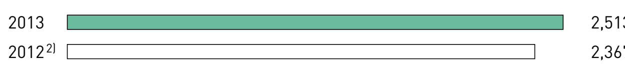
■ September 30, 2013 □ September 30, 2012

1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 32.
2) Adjusted, see Note 07.

Group inventories increase 6%

Group inventories increased 6% to € 2.513 billion at the end of September 2013 versus € 2.367 billion in 2012 ⁄ **DIAGRAM 29**. On a currency-neutral basis, inventories were up 12%, as a result of the Group's expectations for growth in the coming quarters and distribution centre issues in Russia/CIS during the third quarter.

29 ⁄ **Inventories** 1) (€ in millions)



1) At September 30.
2) Adjusted, see Note 07.

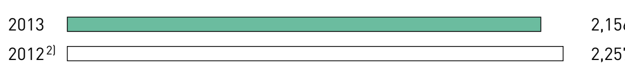
Short-term financial assets decline 87%

Short-term financial assets declined 87% to € 42 million at the end of September 2013 from € 324 million in the prior year. This development was driven by the decrease in short-term cash investments.

Accounts receivable decrease 4%

At the end of September 2013, Group receivables decreased 4% to € 2.156 billion (2012: € 2.257 billion) ⁄ **DIAGRAM 30**. On a currency-neutral basis, receivables were up 2%.

30 ⁄ **Accounts receivable** 1) (€ in millions)



1) At September 30.
2) Adjusted, see Note 07.

Other current financial assets down 24%

Other current financial assets were down 24% to € 173 million at the end of September 2013 from € 228 million in 2012. This development was mainly due to the decrease in security deposits as well as in the fair value of financial instruments.

Other current assets up 7%

Other current assets increased 7% to € 530 million at the end of September 2013 from € 496 million in 2012, mainly due to the increase in prepayments.

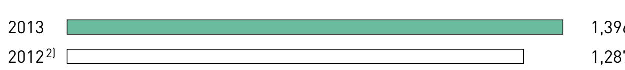
Fixed assets decrease 5%

Fixed assets include property, plant and equipment, goodwill, trademarks and other intangible assets as well as long-term financial assets. Fixed assets decreased 5% to € 4.136 billion at the end of September 2013 versus € 4.359 billion in 2012. Additions in an amount of € 472 million were primarily related to the continued expansion of our own-retail activities, investments into the Group's logistics and IT infrastructure as well as the further development of the Group's headquarters in Herzogenaurach. Additions were more than offset by depreciation and amortisation amounting to € 535 million, disposals amounting to € 33 million and negative currency translation effects amounting to € 127 million. Compared to December 31, 2012, fixed assets remained stable.

Other non-current assets down 10%

Other non-current assets decreased 10% to € 92 million at the end of September 2013 from € 102 million in 2012, mainly driven by a decrease in prepaid promotion partnerships.

31 ⁄ **Accounts payable** 1) (€ in millions)



1) At September 30.
2) Adjusted, see Note 07.

Accounts payable increase 8%

Accounts payable increased 8% to € 1.396 billion at the end of September 2013 versus € 1.287 billion in 2012 ⁄ **DIAGRAM 31**. On a currency-neutral basis, accounts payable grew 12%, reflecting an increase in inventories during the first nine months.

Short-term borrowings grow 51%

Short-term borrowings grew 51% to € 687 million at the end of September 2013 from € 454 million in the prior year. The increase was mainly due to a reclassification of long-term borrowings to short-term borrowings, as a result of the Group's Eurobond, which will mature within the next twelve months. This was partly offset by cash repayments of short-term borrowings.

Other current financial liabilities increase 9%

At the end of September 2013, other current financial liabilities increased 9% to € 90 million from € 83 million in 2012, primarily as a result of the increase in the fair value of financial instruments, partly offset by the decrease in other loans.

Other current provisions down 31%

Other current provisions were down 31% to € 405 million at the end of September 2013 versus € 587 million in 2012. This primarily relates to a decrease in provisions for returns and allowances as well as other operational provisions.

Current accrued liabilities grow 7%

Current accrued liabilities increased 7% to € 1.170 billion at the end of September 2013 from € 1.091 billion in 2012, mainly due to an increase in accruals for outstanding invoices as well as accruals for personnel costs.

Other current liabilities up 17%

Other current liabilities were up 17% to € 334 million at the end of September 2013 from € 285 million in 2012, primarily as a result of an increase in customer prepayments.

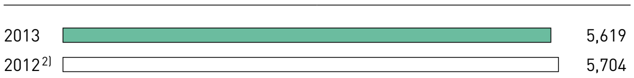
Long-term borrowings decline 46%

Long-term borrowings declined 46% to € 654 million at the end of September 2013 from € 1.209 billion in the prior year. This development was mainly due to a reclassification of long-term borrowings to short-term borrowings, as a result of the Group's Eurobond, which will mature within the next 12 months.

Shareholders' equity negatively impacted by currency translation effects

Shareholders' equity decreased 1% to € 5.619 billion at the end of September 2013 versus € 5.704 billion in 2012 ⁄ **DIAGRAM 32**. The net income generated during the last 12 months was more than offset by the dividend paid to our shareholders of € 282 million, negative currency translation effects of € 286 million, the decrease in the fair value of financial instruments of € 23 million as well as actuarial losses of defined benefit plans of € 25 million. Compared to December 31, 2012, shareholders' equity increased 6%.

32 ⁄ **Shareholders' equity** [1] (€ in millions)



1) At September 30, excluding non-controlling interests.
2) Adjusted, see Note 07.

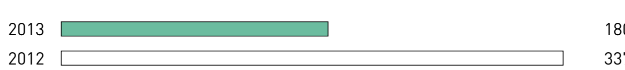
Cash flow reflects improved Group profitability

In the first nine months of 2013, net cash outflow from operating activities was € 40 million (2012: € 5 million). The increase in cash used in operating activities compared to the prior year was primarily due to higher income taxes paid as well as higher operating working capital requirements, partly offset by lower interest payments. Net cash outflow from investing activities was € 56 million (2012: € 122 million). The decrease in net cash outflow from investing activities compared to the prior year was primarily due to higher proceeds from the sale of short-term financial assets, partly offset by an increase in spending for property, plant and equipment such as investments in the furnishing and fitting of stores in our Retail segment as well as investments into the Group's logistics infrastructure. Net cash outflow from financing activities totalled € 434 million (2012: net cash inflow of € 220 million). This was mainly related to the dividend paid to our shareholders of € 282 million as well as cash repayments of short-term borrowings of € 221 million. Exchange rate effects of € 21 million negatively impacted the Group's cash position in the first nine months of 2013 (2012: positive effect of € 3 million). As a result of all these developments, cash and cash equivalents decreased € 551 million to € 1.119 billion at the end of September 2013 compared to € 1.670 billion at the end of December 2012.

Net borrowings decrease € 157 million

Net borrowings at September 30, 2013 amounted to € 180 million, which represents a decrease of € 157 million, or 47%, versus € 337 million at the end of September 2012 ⁄ **DIAGRAM 33**. The decrease was driven by the strong operating cash flow development over the past 12 months. Currency translation had a positive effect of € 3 million. The Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 0.1 at the end of September 2013 versus 0.2 in the prior year.

33 ⁄ **Net borrowings** [1] (€ in millions)



1) At September 30.

Business Performance by Segment

The adidas Group has divided its operating activities into Wholesale, Retail and Other Businesses. The Wholesale segment comprises the adidas and Reebok business activities with retailers. The Retail segment comprises the own-retail and e-commerce activities of the adidas and Reebok brands. The financial results of TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands, which comprise brands such as Y-3 and Five Ten, are aggregated under Other Businesses.

Wholesale Business Performance

Wholesale third quarter sales development

In the third quarter of 2013, revenues for the Wholesale segment decreased 1% on a currency-neutral basis. High-single-digit growth at Reebok was more than offset by sales declines at adidas Originals & Sport Style. Revenues at adidas Sport Performance remained stable. Currency translation effects negatively impacted segmental revenues in euro terms. Sales in the Wholesale segment were down 7% to € 2.553 billion in the third quarter of 2013 from € 2.743 billion in 2012.

Wholesale nine months results

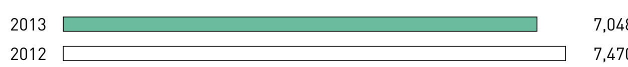
In the first nine months of 2013, sales in the Wholesale segment declined 2% on a currency-neutral basis due to sales decreases at adidas Sport Performance and Reebok. Sales at adidas Originals & Sport Style grew at a low-single-digit rate. Currency translation effects negatively impacted segmental revenues in euro terms. Sales in the Wholesale segment decreased 6% to € 7.048 billion from € 7.470 billion in 2012 ⁄ **TABLE 34**.

Wholesale gross margin increased 2.7 percentage points to 43.3% in the first nine months of 2013 from 40.6% in the prior year, driven by a more favourable pricing, product and regional sales mix. By brand, the adidas wholesale gross margin grew 2.2 percentage points to 44.8% (2012: 42.6%). Wholesale gross margin of the Reebok brand increased 6.2 percentage points to 31.0% (2012: 24.8%). Wholesale gross profit grew 1% to € 3.049 billion in the first nine months of 2013 from € 3.034 billion in 2012 ⁄ **TABLE 34**.

34 ⁄ **Wholesale at a glance** (€ in millions)

	Nine months 2013	Nine months 2012	Change
Net sales	7,048	7,470	(6%)
Gross profit	3,049	3,034	1%
Gross margin	43.3%	40.6%	2.7pp
Segmental operating profit	2,450	2,388	3%
Segmental operating margin	34.8%	32.0%	2.8pp

35 ⁄ **Wholesale nine months net sales** (€ in millions)



Segmental operating expenses decreased 7% to € 599 million in the first nine months of 2013 from € 646 million in 2012. This was primarily due to lower expenditure for sales administration and logistics. As a percentage of sales, segmental operating expenses decreased 0.1 percentage points to 8.5% (2012: 8.6%). Segmental operating expenses in Wholesale primarily relate to expenditure for sales force, administration and logistics as well as sales working budget expenses.

36 ⁄ **Wholesale net sales by region** (€ in millions)

	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Western Europe	2,401	2,702	(11%)	(10%)
European Emerging Markets	441	445	(1%)	6%
North America	1,230	1,334	(8%)	(5%)
Greater China	1,060	998	6%	7%
Other Asian Markets	983	1,071	(8%)	3%
Latin America	933	920	2%	12%
Total [1]	**7,048**	**7,470**	**(6%)**	**(2%)**

1) Rounding differences may arise in totals.

Segmental operating profit improved 3% to € 2.450 billion in the first nine months of 2013 versus € 2.388 billion in the prior year. Segmental operating margin increased 2.8 percentage points to 34.8% (2012: 32.0%) ⁄ **TABLE 34**, mainly as a result of the strong gross margin increase.

Wholesale development by region

In the first nine months of 2013, currency-neutral sales for the Wholesale segment increased in all regions except Western Europe and North America. Currency-neutral revenues in Western Europe decreased 10%, mainly due to sales declines in the UK, Italy and Spain. Currency-neutral sales in European Emerging Markets rose 6% due to growth in most markets. Currency-neutral Wholesale sales in North America were down 5% due to declines in the USA. Revenues in Greater China increased 7% on a currency-neutral basis. Sales in Other Asian Markets grew 3% on a currency-neutral basis, driven by strong sales increases in India, South Korea and Australia. In Latin America, currency-neutral sales were up 12%, supported by double-digit sales growth in most of the region's major markets. Currency translation effects had a negative impact on regional sales in euro terms ⁄ **TABLE 36**.

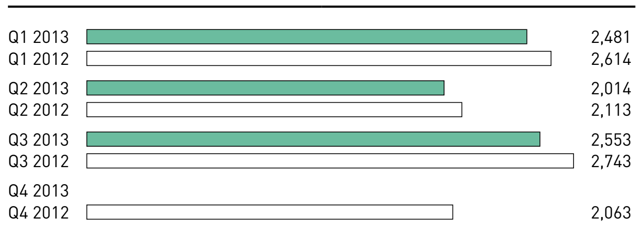
Wholesale development by brand

In the first nine months of 2013, adidas Sport Performance wholesale revenues decreased 2% on a currency-neutral basis. Sales increases in the training, running and outdoor categories were more than offset by declines in categories closely related to prior year events, such as football and Olympic sports. Currency translation effects had a negative impact on revenues in euro terms. adidas Sport Performance sales declined 6% to € 4.586 billion from € 4.866 billion in the prior year.

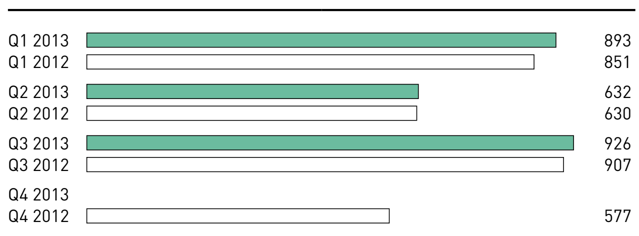
Currency-neutral adidas Originals & Sport Style wholesale revenues grew 1% in the first nine months of 2013. This increase was driven by double-digit sales growth at the adidas NEO label. Currency translation effects negatively impacted revenues in euro terms. adidas Originals & Sport Style sales decreased 2% to € 1.703 billion (2012: € 1.747 billion).

In the first nine months of 2013, Reebok wholesale revenues decreased 1% on a currency-neutral basis, mainly due to the discontinuation of the NFL licence agreement. Currency translation effects negatively impacted revenues in euro terms. Reebok sales were down 7% to € 767 million (2012: € 821 million).

37 ⁄ **Wholesale net sales by quarter** (€ in millions)



38 ⁄ **Wholesale segmental operating profit by quarter** (€ in millions)



Retail Business Performance

Retail third quarter sales development

In the third quarter of 2013, Retail revenues increased 6% on a currency-neutral basis as a result of high-single-digit sales growth at adidas, which more than offset sales declines at Reebok. eCommerce grew 57% on a currency-neutral basis. Currency-neutral comparable store sales decreased 3%. Currency translation effects had a negative impact on sales in euro terms. Retail revenues declined 2% to € 923 million in the third quarter of 2013 from € 944 million in 2012.

Retail nine months results

In the first nine months of 2013, currency-neutral Retail sales increased 6%. Concept stores, factory outlets and concession corners were all up versus the prior year. eCommerce grew 67% on a currency-neutral basis. Currency translation effects negatively impacted segmental revenues in euro terms. Sales grew 1% to € 2.512 billion from € 2.491 billion in the prior year ⁄ **TABLE 39**. Currency-neutral comparable store sales were down 2% versus the prior year. Sales growth in concession corners was more than offset by decreases in concept stores and factory outlets.

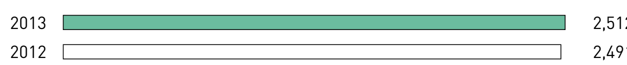
Gross margin in the Retail segment increased 1.6 percentage points to 62.6% in the first nine months of 2013 from 61.0% in 2012. The positive effect from a more favourable pricing and product mix contributed to the margin increase. By brand, the adidas gross margin grew 1.4 percentage points to 63.6% (2012: 62.2%) and Reebok's gross margin rose 2.5 percentage points to 57.6% (2012: 55.1%). Retail gross profit increased 3% to € 1.573 billion in the first nine months of 2013 from € 1.520 billion in 2012 ⁄ **TABLE 39**.

Segmental operating expenses increased 8% to € 1.061 billion in the first nine months of 2013 from € 982 million in 2012. This was mainly a result of higher expenses related to the expansion of the Group's store base, particularly in European Emerging Markets. Segmental operating expenses as a percentage of sales increased 2.8 percentage points to 42.2% (2012: 39.4%). Segmental operating expenses in Retail primarily relate to personnel and rent expenses as well as the sales working budget.

39 ⁄ **Retail at a glance** (€ in millions)

	Nine months 2013	Nine months 2012	Change
Net sales	2,512	2,491	1%
Gross profit	1,573	1,520	3%
Gross margin	62.6%	61.0%	1.6pp
Segmental operating profit	512	538	(5%)
Segmental operating margin	20.4%	21.6%	(1.2pp)

40 ⁄ **Retail nine months net sales** (€ in millions)



Segmental operating profit decreased 5% to € 512 million in the first nine months of 2013 versus € 538 million in the prior year. Segmental operating margin decreased 1.2 percentage points to 20.4% (2012: 21.6%) ⁄ **TABLE 39**. This was a result of higher segmental operating expenses as a percentage of sales, which more than offset the increase in gross margin.

Retail development by region

In the first nine months of 2013, currency-neutral Retail sales increased in all regions except European Emerging Markets. Retail revenues in Western Europe grew 6% on a currency-neutral basis, mainly due to sales increases in Germany, the UK, France and Italy. Sales in European Emerging Markets remained stable on a currency-neutral basis, as declines in Ukraine offset sales growth in the region's other markets. Currency-neutral Retail sales in North America grew 9% due to growth in the USA and Canada. Retail revenues in Greater China increased 14% on a currency-neutral basis. Sales in Other Asian Markets grew 4% on a currency-neutral basis, mainly driven by sales increases in Japan, Australia and South Korea. In Latin America, currency-neutral Retail sales grew 27%, with double-digit increases in

41 ⁄ **Retail net sales by region** (€ in millions)

	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Western Europe	403	384	5%	6%
European Emerging Markets	958	1,003	(5%)	(0%)
North America	465	440	6%	9%
Greater China	156	138	13%	14%
Other Asian Markets	295	326	(9%)	4%
Latin America	235	200	18%	27%
Total [1)]	**2,512**	**2,491**	**1%**	**6%**

1) Rounding differences may arise in totals.

most of the region's major markets, in particular Argentina and Brazil. Currency translation effects had a negative impact on regional sales in euro terms ⁄ **TABLE 41**.

Retail development by brand

In the first nine months of 2013, adidas Group Retail sales increased at both adidas and Reebok. Currency-neutral adidas Sport Performance revenues grew 5% in the period, mainly due to double-digit growth in the training, running and basketball categories. adidas Originals & Sport Style sales rose 11% on a currency-neutral basis, driven by adidas Originals, where sales grew at a low-double-digit rate. Currency-neutral Reebok sales were 1% higher compared to the prior year. Comparable store sales decreased 1% on a currency-neutral basis for the adidas brand and 4% on a currency-neutral basis for the Reebok brand. Currency translation effects had a negative impact on revenues in euro terms. adidas Sport Performance own-retail sales decreased 1% to € 1.361 billion in the first nine months of 2013 from € 1.368 billion in 2012. adidas Originals & Sport Style own-retail sales were up 6% to € 739 million from € 698 million in 2012. Own-retail sales of Reebok branded products decreased 3% to € 405 million (2012: € 419 million).

Retail store development

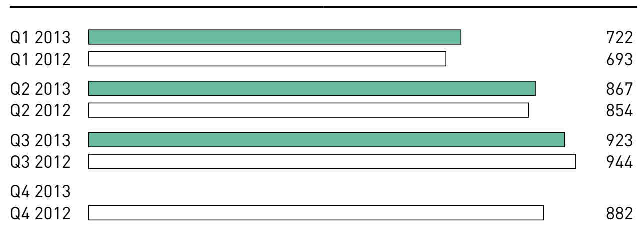
At September 30, 2013, the adidas Group Retail segment operated 2,611 stores. This represents a net increase of 165 stores versus the prior year-end level of 2,446. Of the total number of stores, 1,483 were adidas and 369 Reebok branded (December 31, 2012: 1,353 adidas stores, 363 Reebok stores). In addition, the adidas Group Retail segment operated 759 factory outlets (December 31, 2012: 730). During the first nine months of 2013, the Group opened 375 new stores, 210 stores were closed and 86 stores were remodelled.

Retail development by store type

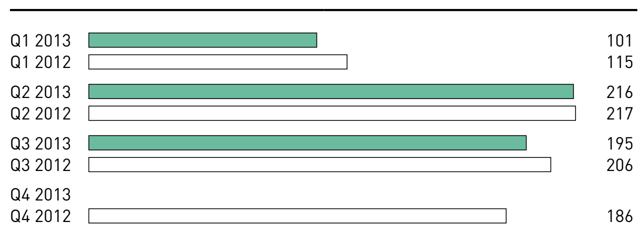
Concept store revenues include sales from adidas Sport Performance, adidas Originals & Sport Style and Reebok concept stores. In the first nine months of 2013, concept store revenues grew 4% on a currency-neutral basis. Sales grew at a mid-single-digit rate at adidas, while Reebok sales were up at a low-single-digit rate. Currency-neutral comparable concept store sales were down 3%. In the first nine months of 2013, the Group opened 224 new concept stores and closed 107 concept stores. As a result, the number of concept stores increased by 117 to 1,554 at the end of the first nine months of 2013 (December 31, 2012: 1,437), of which 1,285 were related to the adidas brand and 269 to the Reebok brand. Currency translation effects had a negative impact on sales in euro terms. Concept store sales decreased 1% to € 1.145 billion in the first nine months of 2013 (2012: € 1.161 billion).

Factory outlet revenues include sales from adidas and Reebok factory outlets. In the first nine months of 2013, factory outlet revenues grew 3% on a currency-neutral basis as a result of mid-single-digit sales increases at adidas. Comparable factory outlet sales were down 1% on a currency-neutral basis. In the first nine months of 2013, the Group opened 70 and closed 41 factory outlets. As a result, the number of

42 ⁄ **Retail net sales by quarter** (€ in millions)



43 ⁄ **Retail segmental operating profit by quarter**
(€ in millions)



factory outlets increased by 29 to 759 at the end of the first nine months of 2013 (December 31, 2012: 730). Currency translation effects had a negative impact on sales in euro terms. Factory outlet sales decreased 2% to € 1.117 billion in the first nine months of 2013 from € 1.145 billion in 2012.

Concession corner revenues include adidas and Reebok concession corners. In the first nine months of 2013, sales from concession corners increased 3% on a currency-neutral basis. Sales grew at a low-single-digit rate at adidas, while Reebok sales were up at a mid-single-digit rate. Currency-neutral comparable sales from concession corners grew 6%. In the first nine months of 2013, the Group opened 81 concession corners and closed 62. As a result, the number of concession corners grew by 19 to 298 at the end of the first nine months of 2013 (December 31, 2012: 279), of which 198 were related to the adidas brand and 100 to the Reebok brand. Currency translation effects had a negative impact on sales in euro terms. Concession corner sales increased 2% to € 83 million in the first nine months of 2013 (2012: € 81 million).

eCommerce revenues include e-commerce operations of the adidas and Reebok brands. In the first nine months of 2013, sales from adidas and Reebok e-commerce platforms were up 67% on a currency-neutral basis compared to the prior year. Sales increased at strong double-digit rates at both adidas and Reebok. Currency translation effects had a negative impact on sales in euro terms. eCommerce revenues grew 61% to € 166 million in the first nine months of 2013 from € 103 million in 2012.

Other Businesses Performance

Other Businesses third quarter sales development

In the third quarter of 2013, revenues from Other Businesses decreased 9% on a currency-neutral basis. Growth at Reebok-CCM Hockey was more than offset by sales declines at TaylorMade-adidas Golf, Rockport and Other Centrally Managed Brands. Currency translation effects negatively impacted revenues in euro terms. Sales of Other Businesses decreased 17% to € 403 million in the third quarter of 2013 (2012: € 486 million).

Other Businesses nine months results

In the first nine months of 2013, revenues of Other Businesses were down 1% on a currency-neutral basis, driven by sales declines at TaylorMade-adidas Golf and Reebok-CCM Hockey. Revenues at Other Centrally Managed Brands increased at a mid-single-digit rate and sales at Rockport grew at a low-single-digit rate. Currency translation effects negatively impacted revenues in euro terms. Sales of Other Businesses decreased 6% to € 1.453 billion (2012: € 1.553 billion) ⁄ **TABLE 44**.

Gross margin decreased 2.4 percentage points to 41.6% (2012: 44.0%), as a result of lower product margins at TaylorMade-adidas Golf, which more than offset the positive effect from higher product margins at Rockport and Reebok-CCM Hockey. Other Businesses gross profit was down 11% to € 605 million in the first nine months of 2013 from € 682 million in 2012 ⁄ **TABLE 44**.

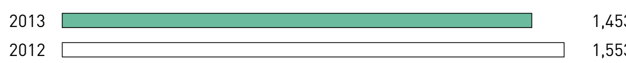
Segmental operating expenses decreased 5% to € 224 million in the first nine months of 2013 from € 237 million in 2012. This was driven in particular by lower expenditures for sales administration at TaylorMade-adidas Golf and Rockport. Segmental operating expenses as a percentage of sales grew 0.2 percentage points to 15.4% (2012: 15.2%). Segmental operating expenses in Other Businesses primarily relate to expenditure for sales force and administration as well as sales working budget expenses for TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands.

Other Businesses segmental operating profit decreased 15% to € 381 million in the first nine months of 2013 versus € 445 million in the prior year. Segmental operating margin was down 2.5 percentage points to 26.2% from 28.7% in 2012 ⁄ **TABLE 44**. This was a result of the gross margin decrease as well as the negative impact from higher segmental operating expenses as a percentage of sales.

44 ⁄ **Other Businesses at a glance** (€ in millions)

	Nine months 2013	Nine months 2012	Change
Net sales	1,453	1,553	(6%)
Gross profit	605	682	(11%)
Gross margin	41.6%	44.0%	(2.4pp)
Segmental operating profit	381	445	(15%)
Segmental operating margin	26.2%	28.7%	(2.5pp)

45 ⁄ **Other Businesses nine months net sales** (€ in millions)



46 ⁄ **Other Businesses net sales by region** (€ in millions)

	Nine months 2013	Nine months 2012	Change	Change (currency-neutral)
Western Europe	249	256	(3%)	(1%)
European Emerging Markets	34	38	(10%)	(3%)
North America	839	867	(3%)	(0%)
Greater China	29	33	(11%)	(10%)
Other Asian Markets	287	344	(16%)	(4%)
Latin America	15	15	(4%)	0%
Total [1]	**1,453**	**1,553**	**(6%)**	**(1%)**

1) Rounding differences may arise in totals.

Other Businesses development by region

In the first nine months of 2013, currency-neutral sales of Other Businesses were down 1% in Western Europe as a result of sales decreases in most segments. Sales in European Emerging Markets decreased 3% on a currency-neutral basis, as sales increases at Rockport and TaylorMade-adidas Golf were more than offset by sales declines at Reebok-CCM Hockey. Currency-neutral sales in North America remained stable, as sales increases at Reebok-CCM Hockey were offset by declines at TaylorMade-adidas Golf and Rockport. Revenues in Greater China were down 10% on a currency-neutral basis as a result of revenue declines at TaylorMade-adidas Golf. Sales in Other Asian Markets decreased 4% on a currency-neutral basis as growth at Rockport was more than offset by sales declines at TaylorMade-adidas Golf. In Latin America, currency-neutral sales remained stable as growth at TaylorMade-adidas Golf was offset by sales declines at Rockport. Currency translation effects had a negative impact on regional sales in euro terms ⁄ **TABLE 46**.

Other Businesses development by segment

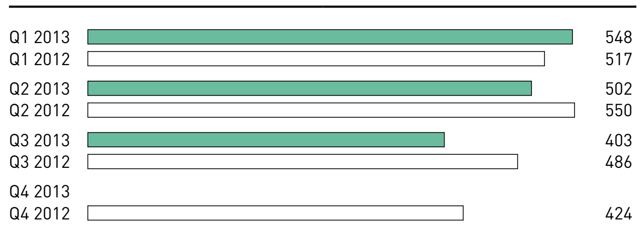
In the first nine months of 2013, TaylorMade-adidas Golf revenues decreased 2% on a currency-neutral basis. While revenues at adidas Golf and Ashworth grew on a currency-neutral basis, sales at TaylorMade decreased due to sales declines in the metalwoods and irons category. Currency translation effects negatively impacted TaylorMade-adidas Golf sales in euro terms. Revenues were down 8% to € 981 million in the first nine months of 2013 from € 1.071 billion in the prior year.

Rockport revenues increased 1% on a currency-neutral basis, supported by sales growth around Rockport's lightweight concepts. Currency translation effects negatively impacted sales in euro terms. Revenues in the Rockport segment decreased 3% to € 201 million in the first nine months of 2013 (2012: € 207 million).

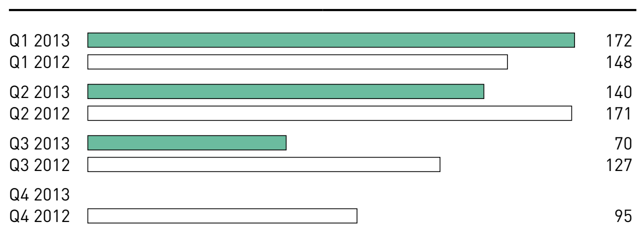
Currency-neutral Reebok-CCM Hockey sales were down 1%. This development was mainly due to the NHL lockout, which negatively impacted the segmental performance at the beginning of the year. Currency translation effects had a negative impact on sales in euro terms. Reebok-CCM Hockey revenues decreased 4% to € 181 million in the first nine months of 2013 from € 189 million in 2012.

Other Centrally Managed Brands revenues grew 5% on a currency-neutral basis, primarily driven by growth at Y-3 as well as Porsche Design. Currency translation effects had a negative impact on sales in euro terms. Revenues of Other Centrally Managed Brands increased 4% to € 90 million (2012: € 86 million).

47 ⁄ **Other Businesses net sales by quarter** (€ in millions)



48 ⁄ **Other Businesses segmental operating profit by quarter** (€ in millions)



Subsequent Events and Outlook

In 2013, despite a high degree of economic uncertainty, we expect the global economy and consumer spending to increase, providing a positive backdrop for the continued growth and expansion of the sporting goods industry. Through an extensive pipeline of new and innovative products at all brands, tight control of inventories throughout 2012, and a more benign input cost environment, we project top- and bottom-line improvements in our Group's financial results in 2013. However, the lacklustre trading environment in Europe, the unfavourable development of several currencies versus the euro as well as the softness in the global golf market indicate that the Group's goals for the full year will be more challenging to reach than when initially announced. We forecast adidas Group sales to increase at a low-single-digit rate on a currency-neutral basis, with growth expected in most segments. Group gross margin is forecasted to increase to a level between 48.5% and 49.0%, primarily as a result of positive regional and channel mix effects, as well as improvements in the Retail segment and at the Reebok brand. Group operating margin is forecasted to increase to a level of around 8.5%, driven by the increase in gross margin. As a result, we project earnings per share to grow to a level between € 3.92 and € 4.06.

Subsequent Events

No subsequent events

Since the end of the third quarter of 2013, there have been no significant organisational, management, economic, sociopolitical, legal or financial changes which we expect to influence our business materially going forward.

Outlook

Forward-looking statements

This Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of the adidas Group. The outlook is based on estimates that we have made on the basis of all the information available to us at this point in time. In addition, such forward-looking statements are subject to uncertainties as described in the Risk and Opportunity Report of the adidas Group 2012 Annual Report (pp. 164–183), which are beyond the control of the adidas Group. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialise, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. The adidas Group does not assume any obligation to update any forward-looking statements made in this Management Report beyond statutory disclosure obligations.

Global economy to grow in 2013

According to the World Bank, global GDP is projected to increase 2.2% in 2013 (2012: 2.3%). The consensus remains that the majority of the world's economic growth will continue to be derived from the emerging markets, particularly in Asia and Latin America. Developed markets are expected to expand 1.2%, with the euro area's GDP forecasted to contract in 2013. Furthermore, in many of these developing economies, this growth is projected to continue to support wage increases and disposable income. These economic growth expectations and the outlook for consumer spending, particularly in the emerging markets, are forecasted to be supportive of our growth aspirations in 2013.

In Western Europe, GDP is projected to increase around 0.1% in 2013, as declines in the euro area will be offset by growth in other countries, such as the UK. Deleveraging, tight credit levels, austerity measures and high unemployment remain major headwinds to the region's economic recovery. Nevertheless, increasing domestic demand and GDP growth in Germany, the region's largest economy, are forecasted to remain positive and provide an important stabilising effect, particularly for the euro area.

Despite lower demand for exports, European emerging markets are estimated to grow at around 2.2% in 2013, with major economies such as Russia, Turkey and Poland, in particular, expected to benefit from increasing domestic consumption.

In the USA, GDP is forecasted to grow 2.2% in 2013, driven by domestic consumption as well as increasing industrial and export activities. The consensus is that inflation will remain moderate, while the labour and housing markets will continue to improve, supporting spending and economic expansion. Nevertheless, headwinds from higher taxes and public spending cuts, together with a relatively high unemployment rate, will impede a more rapid overall recovery.

In Asia, GDP is projected to increase 4.3% in 2013. With the exception of Japan, growth is expected to remain relatively high, with strong industrial activity, manageable inflationary pressures and strong wage growth contributing to economic expansion. In Japan, GDP is predicted to increase 1.9% in 2013, driven by the government's substantial fiscal and monetary policies and an improvement in exports.

In Latin America, GDP is expected to increase 2.0% in 2013, with low unemployment rates and government stimulus programmes forecasted to support economic activity. However, elevated inflation rates and high levels of indebtedness are forecasted to negatively impact this development.

Sporting goods industry expansion to continue in 2013

In the absence of any major economic shocks, we expect the global sporting goods industry to grow in 2013, however with significant regional variation. Following macroeconomic trends, consumer spending on sporting goods in the emerging economies is expected to grow faster than in the more developed markets. Inflationary pressures, particularly in relation to commodity prices, are projected to remain relatively contained in most markets. Private consumption in many mature markets is forecasted to remain challenging in 2013, limiting industry expansion in those markets. Wage growth in the faster-growing economies is forecasted to add significant costs to the industry, especially where the industry sources and manufactures sporting goods. Nevertheless, in 2013, the industry should gain momentum towards the end of the year, particularly in the football category, due to the build-up to the 2014 FIFA World Cup.

In much of Europe, the sporting goods industry is expected to be negatively affected by rising unemployment levels, stringent austerity measures, low wage growth and reduced consumer spending. Moreover, lapping the London 2012 Olympic Games (UK) and the UEFA EURO 2012 (Poland and Ukraine), which added to the industry's performance in 2012, will accentuate the contraction, particularly in the host markets.

In the USA, industry growth rates are expected to be ahead of the economy's overall growth. From a category perspective, the trend towards basketball styles is set to continue. Training and high-performance technical footwear and apparel are also predicted to be significant sporting goods drivers for the year.

In Greater China, strong wage growth and domestic consumption should propel sporting goods sales in 2013. However, oversupply and discounting are expected to remain as ongoing concerns for the industry, particularly for local players.

In other Asian markets, the sporting goods industry is also forecasted to grow in 2013, albeit with regional differences. Japan's sporting goods industry is expected to grow modestly in 2013, with the weaker yen and the substantial government stimulus programmes helping to drive improvements in consumer sentiment and domestic spending. Most of the other major Asian emerging markets are expected to see robust sporting goods sales growth in 2013, as domestic demand increases and rising wages continue to drive purchases of discretionary items.

49 / **adidas Group 2013 outlook**

Currency-neutral sales development (in %):		Previous guidance [1]
adidas Group	low-single-digit increase	low- to mid-single-digit increase
Wholesale	low-single-digit increase	
Retail	high-single-digit increase	high-single- to low-double-digit increase
Comparable store sales	to remain at a similar level	low- to mid-single-digit increase
Other Businesses	low- to mid-single-digit increase	mid- to high-single-digit increase
TaylorMade-adidas Golf	low-single-digit increase	mid-single-digit increase
Rockport	mid-single-digit increase	mid- to high-single-digit increase
Reebok-CCM Hockey	mid-single-digit increase	mid- to high-single-digit increase
Gross margin	48.5% to 49.0%	
Operating margin	around 8.5%	approaching 9.0%
Earnings per share	€ 3.92 to € 4.06	€ 4.25 to € 4.40
Average operating working capital as a percentage of sales	increase	moderate increase
Capital expenditure	€ 500 million to € 550 million	
Store base	net increase by around 250 stores	net increase by around 200 stores
Gross borrowings	decline	

1) As published on August 8, 2013.

The sporting goods industry in Latin America is projected to record robust growth in 2013, with wage growth expected to promote consumer spending and discretionary purchases. Furthermore, given the importance of football in this region, the industry is expected to gain significant momentum from the 2013 FIFA Confederations Cup and the build-up to the 2014 FIFA World Cup.

adidas Group currency-neutral sales to increase at a low-single-digit rate in 2013

We expect adidas Group sales to increase at a low-single-digit rate on a currency-neutral basis in 2013. Currency translation is expected to have a significant negative impact on our top-line development in reported terms. Group sales development will be favourably impacted by our high exposure to fast-growing emerging markets as well as the further expansion of Retail, offsetting the lacklustre trading environment in Europe and the softness in the global golf market. In addition, our strength in innovation will lead to major product launches throughout 2013, which will more than offset the non-recurrence of sales related to the UEFA EURO 2012 and the London 2012 Olympic Games. In terms of phasing, sales growth is projected to be weighted towards the end of the year.

Currency-neutral Wholesale revenues expected to increase at a low-single-digit rate

We project currency-neutral Wholesale segment revenues to increase at a low-single-digit rate compared to the prior year. Our growth expectations are supported by order backlog development as well as positive retailer and trade show feedback. Currency-neutral adidas Sport Performance sales are forecasted to increase at a low-single-digit rate, driven by growth in key categories such as running, training, outdoor and basketball. adidas Originals & Sport Style revenues are projected to increase at a mid-single-digit rate on a currency-neutral basis, primarily as a result of continued momentum and expansion of the adidas NEO label. Currency-neutral Reebok sales are expected to increase at a low- to mid-single-digit rate, mainly due to growth in fitness training, fitness running and Classics as well as the introduction of new categories such as Studio.

Retail sales to increase at a high-single-digit rate on a currency-neutral basis

adidas Group currency-neutral Retail segment sales are projected to grow at a high-single-digit rate in 2013. Expansion of the Group's own-retail store base is expected to be the main contributor to revenue growth. The Group expects a net increase of its store base by around 250 adidas and Reebok stores in 2013. We plan to open around 500 new stores, depending on the availability of desired locations. New stores will primarily be located in European emerging markets. Approximately 250 stores will be closed over the course of the year. Around 150 stores will be remodelled. Comparable store sales are expected to remain at a similar level compared to the prior year.

Currency-neutral sales of Other Businesses to grow at a low- to mid-single-digit rate

Revenues of Other Businesses are expected to increase at a low- to mid-single-digit rate on a currency-neutral basis in 2013. TaylorMade-adidas Golf currency-neutral sales are projected to grow at a low-single-digit rate compared to the prior year. New product introductions in footwear, the first full year of consolidation of Adams Golf as well as product launches in core categories such as metalwoods and irons should support growth in this segment. Currency-neutral revenues at Rockport are forecasted to increase at a mid-single-digit rate, driven by a broadening of the product assortment, particularly around the company's lightweight concepts and the women's business, as well as own-retail expansion. Currency-neutral sales at Reebok-CCM Hockey are expected to grow at a mid-single-digit rate, supported by new product introductions in its key categories, skates and sticks.

adidas Group sales expected to increase in nearly all regions

In 2013, we expect Group currency-neutral revenues to increase in all of our regions except Western Europe. In Western Europe, the non-recurrence of the UEFA EURO 2012 and the London 2012 Olympic Games, as well as persistently weak conditions in many of the region's peripheral markets, will more than offset the positive effects resulting from the build-up to the 2014 FIFA World Cup. In European Emerging Markets, the expansion of and increasing sophistication in our own-retail activities, particularly in Russia/CIS, are forecasted to have a positive influence on Group sales. In North America, we expect solid growth due to continued momentum of the adidas brand as we further strengthen our product offering and distribution scope as well as introduce consumer engagement initiatives. Reebok sales trends are expected to improve throughout the year, driven by new product introductions particularly during the second half. In Greater China, we expect further growth in line with our Route 2015 aspirations. This development will be primarily driven by expanding and solidifying our distribution footprint, including the further roll-out of adidas Originals and the adidas NEO label. In Other Asian Markets, growth will be driven by markets such as South Korea and Southeast Asia as well as the non-recurrence of clean-up activities at Reebok India Company. Lastly, in Latin America, despite trade barriers which will continue to weigh on growth prospects and the timing of sales in certain markets, Group sales development is projected to be positively impacted by the solid momentum of the region's sporting goods industry. Furthermore, the 2013 FIFA Confederations Cup as well as preparations for the 2014 FIFA World Cup will be a positive stimulus to the region.

Group gross margin to improve in 2013

In 2013, the adidas Group gross margin is forecasted to increase to a level between 48.5% and 49.0%, representing a strong improvement compared to the prior year level of 47.7%. Improvements are expected in most segments. The Group's gross margin will benefit from positive regional and channel mix effects, as growth rates in high-margin emerging markets and Retail are projected to be above growth rates in more mature markets and Wholesale. In addition, improvements in the Retail segment as well as at the Reebok brand will positively influence the Group's gross margin development. However, these positive effects will be partly offset by less favourable hedging rates compared to the prior year as well as increasing labour costs, which negatively impact our cost of sales.

Group other operating expenses to increase as a percentage of sales

In 2013, the Group's other operating expenses as a percentage of sales are expected to increase compared to the prior year level of 41.3%. Sales and marketing working budget expenses as a percentage of sales are projected to be above the prior year level. The non-recurrence of expenses in relation to the UEFA EURO 2012 as well as the London 2012 Olympic Games will be more than offset by marketing expenditure to support new product launches at all brands, as well as the expansion of Reebok's activities in the fitness category. Operating overhead expenditure as a percentage of sales is forecasted to grow in 2013. Higher administrative and personnel expenses in the Retail segment due to the continued expansion of the Group's store base will more than offset the leverage in the Group's non-allocated central costs. We expect the number of employees within the adidas Group to increase slightly versus the prior year level. Additional hires will be mainly related to own-retail expansion and will be located in emerging markets. The adidas Group will continue to spend around 1% of Group sales on research and development in 2013. Areas of particular focus include advanced cushioning solutions, lightweight and digital sports technologies as well as sustainable product innovation. In addition, we will continue our commitment to expanding Reebok's product offering to match its fitness positioning.

Operating margin to continue to expand

In 2013, we expect the operating margin for the adidas Group to increase to a level of around 8.5% (2012 excluding goodwill impairment losses: 8.0%). The increase in the Group's gross margin is expected to be the primary driver of the improvement.

Earnings per share to increase to a level between € 3.92 and € 4.06

Basic and diluted earnings per share are expected to increase at a rate of 4% to 7% to a level between € 3.92 and € 4.06 compared to the 2012 basic and diluted earnings per share of € 3.78 excluding goodwill impairment losses. This represents net income attributable to shareholders of € 820 million to € 850 million. Top-line improvement and an increased operating margin will be the main drivers of this positive development. In addition, we expect lower interest rate expenses in 2013 as a result of a lower average level of gross borrowings. The Group's tax rate is expected to be at a level between 28.0% and 28.5% and thus more favourable compared to the prior year tax rate of 29.3% excluding goodwill impairment losses.

Average operating working capital as a percentage of sales to increase

In 2013, average operating working capital as a percentage of sales is expected to increase compared to the prior year level (2012: 20.0%). This is mainly due to working capital increases to support the growth of our business as well as the build-up to the 2014 FIFA World Cup.

Capital expenditure to be between € 500 million and € 550 million

In 2013, capital expenditure is expected to be between € 500 million and € 550 million (2012: € 434 million). Investments will focus on adidas and Reebok controlled space initiatives, in particular in emerging markets. These investments will account for around 35% of total investments in 2013. Other areas of investment include the Group's logistics infrastructure, the further development of the adidas Group headquarters in Herzogenaurach, Germany, and the increased deployment of SAP and other IT systems in major subsidiaries within the Group. All investments within the adidas Group in 2013 are expected to be fully financed through cash generated from operating activities.

Excess cash to be used to support growth initiatives

In 2013, we expect continued positive cash flow from operating activities. Cash will be used to finance working capital needs, investment activities, as well as dividend payments. We intend to largely use excess cash to invest in our Route 2015 growth initiatives and to further reduce gross borrowings. In 2013, gross borrowings of € 280 million will mature. In order to ensure long-term flexibility, we aim to maintain a ratio of net borrowings over EBITDA of less than two times as measured at year-end (2012: –0.3).

Management Assessment of Overall Risks and Opportunities

Management aggregates all risks reported by different business units and functions. Taking into account the occurrence likelihood and the potential financial impact of the risks explained in the 2012 Annual Report, as well as the current business outlook, adidas Group Management does not foresee any material jeopardy to the viability of the Group as a going concern. Management remains confident that the Group's earnings strength forms a solid basis for our future business development and provides the necessary resource to pursue the opportunities available to the Group. Compared to the assessment in the 2012 Annual Report, the Group's risk and opportunity profile remains unchanged, albeit with a negative bias due to ongoing macroeconomic, currency and competitive headwinds.

50 / **Major product launches in Q4 2013**

Product	Brand
miCoach Smart Run watch	adidas
Supernova Glide Boost running shoe	adidas
D Rose 4 basketball shoe	adidas
D Rose signature basketball apparel collection	adidas
White Copa Mundial football boot	adidas
2014 FIFA World Cup federation football jerseys	adidas
The Enlightened Pack football boot collection	adidas
Yohji Yamamoto adizero F50 football boot	adidas
Originals Samba World Cup footwear collection	adidas
Originals Superstar half-shell footwear collection	adidas
Originals Run Thru Time collection	adidas
Slopecruiser winter boot	adidas
Terrex Ndosphere jacket	adidas
NEO for Selena Gomez winter collection	adidas
UR Lead women's dance collection	Reebok
Reebok One Series running shoe	Reebok
ATV19 running shoe	Reebok
SLDR fairway woods and Rescue clubs	TaylorMade
SpeedBlade irons	TaylorMade
ClimaWarm+ outerwear	adidas Golf
adicross III golf shoe	adidas Golf
Presidents Cup U.S. team apparel	Ashworth
Trailbreaker footwear collection	Rockport

Consolidated Statement of Financial Position

adidas AG Consolidated Statement of Financial Position (IFRS) (€ in millions)

	Sep. 30, 2013	Sep. 30, 2012[1]	Change in %	Dec. 31, 2012
ASSETS				
Cash and cash equivalents	1,119	1,002	11.7	1,670
Short-term financial assets	42	324	(87.1)	265
Accounts receivable	2,156	2,257	(4.5)	1,688
Other current financial assets	173	228	(24.0)	192
Inventories	2,513	2,367	6.2	2,486
Income tax receivables	97	60	61.9	76
Other current assets	530	496	6.9	489
Assets classified as held for sale	11	11	(0.2)	11
Total current assets	**6,641**	**6,745**	**(1.5)**	**6,877**
Property, plant and equipment	1,149	1,029	11.6	1,095
Goodwill	1,267	1,553	(18.4)	1,281
Trademarks	1,449	1,514	(4.3)	1,484
Other intangible assets	151	155	(2.6)	167
Long-term financial assets	119	108	10.8	112
Other non-current financial assets	24	24	(2.4)	21
Deferred tax assets	497	512	(2.8)	528
Other non-current assets	92	102	(10.0)	86
Total non-current assets	**4,748**	**4,997**	**(5.0)**	**4,774**
Total assets	**11,389**	**11,742**	**(3.0)**	**11,651**

1) Adjusted, see Note 07.
Rounding differences may arise in percentages and totals.

.. ⁄ **adidas AG Consolidated Statement of Financial Position (IFRS)** (€ in millions)

	Sep. 30, 2013	Sep. 30, 2012[1]	Change in %	Dec. 31, 2012
LIABILITIES AND EQUITY				
Short-term borrowings	687	454	51.3	280
Accounts payable	1,396	1,287	8.5	1,790
Other current financial liabilities	90	83	9.1	83
Income taxes	297	295	0.6	275
Other current provisions	405	587	(30.9)	563
Current accrued liabilities	1,170	1,091	7.2	1,084
Other current liabilities	334	285	17.3	299
Total current liabilities	**4,379**	**4,082**	**7.3**	**4,374**
Long-term borrowings	654	1,209	(45.9)	1,207
Other non-current financial liabilities	14	9	54.9	17
Pensions and similar obligations	261	220	19.1	251
Deferred tax liabilities	347	413	(15.9)	368
Other non-current provisions	48	46	4.5	69
Non-current accrued liabilities	48	37	30.0	40
Other non-current liabilities	28	34	(23.8)	34
Total non-current liabilities	**1,400**	**1,968**	**(28.9)**	**1,986**
Share capital	209	209	–	209
Reserves	442	769	(42.5)	641
Retained earnings	4,968	4,726	5.1	4,454
Shareholders' equity	**5,619**	**5,704**	**(1.5)**	**5,304**
Non-controlling interests	(9)	(12)	(21.9)	(13)
Total equity	**5,610**	**5,692**	**(1.4)**	**5,291**
Total liabilities and equity	**11,389**	**11,742**	**(3.0)**	**11,651**

1) Adjusted, see Note 07.
Rounding differences may arise in percentages and totals.

Consolidated Income Statement

.. adidas AG Consolidated Income Statement (IFRS) (€ in millions)

	Nine months 2013	Nine months 2012	Change	Third quarter 2013	Third quarter 2012	Change
Net sales	11,013	11,514	(4.3%)	3,879	4,173	(7.0%)
Cost of sales	5,525	6,014	(8.1%)	1,966	2,195	(10.4%)
Gross profit	**5,488**	**5,500**	**(0.2%)**	**1,913**	**1,978**	**(3.3%)**
(% of net sales)	49.8%	47.8%	2.1pp	49.3%	47.4%	1.9pp
Royalty and commission income	78	79	(1.5%)	27	27	(0.7%)
Other operating income	106	80	32.3%	59	33	80.2%
Other operating expenses	4,515	4,500	0.3%	1,536	1,544	(0.5%)
(% of net sales)	41.0%	39.1%	1.9pp	39.6%	37.0%	2.6pp
Operating profit	**1,157**	**1,159**	**(0.2%)**	**463**	**494**	**(6.1%)**
(% of net sales)	10.5%	10.1%	0.4pp	11.9%	11.8%	0.1pp
Financial income	15	29	(49.0%)	5	12	(56.1%)
Financial expenses	67	84	(21.5%)	26	27	(1.1%)
Income before taxes	**1,105**	**1,104**	**0.1%**	**442**	**479**	**(7.7%)**
(% of net sales)	10.0%	9.6%	0.5pp	11.4%	11.5%	(0.1pp)
Income taxes	306	307	(0.3%)	124	136	(8.8%)
(% of income before taxes)	27.7%	27.8%	(0.1pp)	28.0%	28.3%	(0.3pp)
Net income	**799**	**797**	**0.3%**	**318**	**343**	**(7.3%)**
(% of net sales)	7.3%	6.9%	0.3pp	8.2%	8.2%	(0.0pp)
Net income attributable to shareholders	**796**	**798**	**(0.3%)**	**316**	**344**	**(8.0%)**
(% of net sales)	7.2%	6.9%	0.3pp	8.2%	8.2%	(0.1pp)
Net income attributable to non-controlling interests	**3**	**(1)**	**280.0%**	**2**	**(1)**	**400.9%**
Basic earnings per share (in €)	3.81	3.82	(0.3%)	1.51	1.64	(8.0%)
Diluted earnings per share (in €)	3.81	3.82	(0.3%)	1.51	1.64	(8.0%)

Rounding differences may arise in percentages and totals.

Consolidated Statement of Comprehensive Income

.. / **adidas AG Consolidated Statement of Comprehensive Income (IFRS)** (€ in millions)

	Nine months 2013	Nine months 2012[1]
Net income after taxes	**799**	**797**
Net loss on cash flow hedges, net of tax	(1)	(112)
Actuarial gain/(loss) of defined benefit plans (IAS 19), net of tax	0	(1)
Currency translation	(196)	43
Other comprehensive income	**(197)**	**(70)**
Total comprehensive income	**602**	**727**
Attributable to shareholders of adidas AG	597	728
Attributable to non-controlling interests	5	(1)

1) Adjusted, see Note 07.
Rounding differences may arise in totals.

Consolidated Statement of Changes in Equity

.. adidas AG Consolidated Statement of Changes in Equity (IFRS) (€ in millions)

	Share capital	Capital reserve	Cumulative translation adjustments	Hedging reserves	Other reserves [1]	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
Balance at December 31, 2011 [2]	**209**	**722**	**(6)**	**113**	**(38)**	**4,137**	**5,137**	**(9)**	**5,128**
Net income recognised directly in equity			43	(112)	(1)		(70)	(0)	(70)
Net income						798	798	(1)	797
Total comprehensive income			**43**	**(112)**	**(1)**	**798**	**728**	**(1)**	**727**
Dividend payment						(209)	(209)	(1)	(210)
Acquisition of shares from non-controlling interest shareholders					(0)		(0)	(1)	(1)
Convertible bond		55					55		55
Acquisition of shares from non-controlling interest shareholders in accordance with IAS 32					(7)		(7)		(7)
Reclassifications of non-controlling interests in accordance with IAS 32						0	0		0
Balance at September 30, 2012 [2]	**209**	**777**	**37**	**1**	**(46)**	**4,726**	**5,704**	**(12)**	**5,692**
Balance at December 31, 2012	**209**	**777**	**(51)**	**(21)**	**(64)**	**4,454**	**5,304**	**(13)**	**5,291**
Net income recognised directly in equity			(198)	(1)	0		(199)	2	(197)
Net income						796	796	3	799
Total comprehensive income			**(198)**	**(1)**	**0**	**796**	**597**	**5**	**602**
Dividend payment						(282)	(282)	(1)	(283)
Balance at September 30, 2013	**209**	**777**	**(249)**	**(22)**	**(64)**	**4,968**	**5,619**	**(9)**	**5,610**

1) Reserves for actuarial gains/losses, share option plans and acquisition of shares from non-controlling interest shareholders.
2) Adjusted, see Note 07.
Rounding differences may arise in totals.

Consolidated Statement of Cash Flows

adidas AG Consolidated Statement of Cash Flows (IFRS) (€ in millions)

	Nine months 2013	Nine months 2012[1]
Operating activities:		
Income before taxes	1,105	1,104
Adjustments for:		
Depreciation, amortisation and impairment losses	208	197
Reversals of impairment losses	(1)	(1)
Unrealised foreign exchange gains, net	(0)	(23)
Interest income	(14)	(28)
Interest expense	53	77
Losses on sale of property, plant and equipment, net	5	4
Other non-cash income	–	(1)
Operating profit before working capital changes	**1,356**	**1,329**
Increase in receivables and other assets	(615)	(677)
(Increase)/decrease in inventories	(120)	174
Decrease in accounts payable and other liabilities	(296)	(485)
Cash generated from operations before interest and taxes	**325**	**341**
Interest paid	(60)	(84)
Income taxes paid	(305)	(262)
Net cash used in operating activities	**(40)**	**(5)**
Investing activities:		
Purchase of trademarks and other intangible assets	(24)	(31)
Proceeds from sale of trademarks and other intangible assets	1	2
Purchase of property, plant and equipment	(256)	(222)
Proceeds from sale of property, plant and equipment	2	3
Acquisition of subsidiaries and other business units net of cash acquired	–	(57)
Proceeds from disposal of subsidiaries net of cash	–	14
Proceeds from sale of short-term financial assets	227	140
(Purchase of)/proceeds from investments and other long-term assets	(20)	1
Interest received	14	28
Net cash used in investing activities	**(56)**	**(122)**
Financing activities:		
Proceeds from long-term borrowings	–	3
Proceeds from issue of a convertible bond	–	496
Repayments of finance lease obligations	(2)	–
Dividend paid to shareholders of adidas AG	(282)	(209)
Dividend paid to non-controlling interest shareholders	(1)	(1)
Acquisition of non-controlling interests	–	(8)
Proceeds from short-term borrowings	72	102
Cash repayments of short-term borrowings	(221)	(163)
Net cash (used in)/generated from financing activities	**(434)**	**220**
Effect of exchange rates on cash	**(21)**	**3**
(Decrease)/increase of cash and cash equivalents	(551)	96
Cash and cash equivalents at beginning of the year	1,670	906
Cash and cash equivalents at end of the period	**1,119**	**1,002**

1) Adjusted, see Note 07.
Rounding differences may arise in totals.

Selected Explanatory Notes to the Interim Consolidated Financial Statements (IFRS) as at September 30, 2013

01 General

The interim consolidated financial statements of adidas AG and its direct and indirect subsidiaries (collectively the "Group") for the nine months ending September 30, 2013 are prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The Group applied all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations of the IFRS Interpretations Committee effective as at September 30, 2013.

These interim consolidated financial statements have been prepared in compliance with International Accounting Standard IAS 34 "Interim Financial Reporting" and with German Accounting Standard GAS 16 "Interim Financial Reporting". Accordingly, these interim consolidated financial statements do not include all of the information and notes required for consolidated financial statements at financial year-ends. Therefore, these interim consolidated financial statements should be read in conjunction with the 2012 annual consolidated financial statements. The accounting policies as well as principles and practices applied in the consolidated financial statements for the year ending December 31, 2012 also apply to the interim consolidated financial statements for the first nine months ending September 30, 2013.

An exemption to this principle is the application of new/revised standards and interpretations which are effective for financial years starting from January 1, 2013. The adidas Group is applying the revised standard IAS 19 Employee Benefits – Revised (2011), IAS 19R, as of the beginning of the 2013 financial year. IAS 19R is retrospectively effective for annual periods beginning on or after January 1, 2013. Changes due to IAS 19R which are relevant for the adidas Group are as follows: According to the net interest approach, the net interest result to be reported within profit or loss of the period is determined by multiplying the net pension liability with the discount rate which is used to measure the gross defined benefit obligation. As the net pension liability is reduced by any plan assets, this calculation implicitly assumes a rate of return on plan assets in the amount of the discount rate. In addition, the changes of IAS 19R comprise the effect of the immediate recognition of unvested past service costs in the statement of income as incurred instead of amortising them over the vesting period. The Group has analysed the effects of the above-mentioned changes of IAS 19R on the current as well as prior consolidated financial statements and has come to the conclusion that these changes do not have any material effect on the Group's consolidated financial statements. Therefore, no reclassification between other reserves and retained earnings within equity was carried out.

The interim consolidated financial statements and the interim Group management report have not been audited in accordance with § 317 German Commercial Code (Handelsgesetzbuch – HGB) or reviewed by an auditor.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim consolidated financial statements only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

The results of operations for the first nine months ending September 30, 2013 are not necessarily indicative of results to be expected for the entire year.

02 Seasonality

The sales of the Group in certain product categories are seasonal and therefore revenues and attributable earnings may vary within the financial year. Sales and earnings tend to be strongest in the first and third quarters of the financial year because these coincide with the launch of the spring/summer and fall/winter collections, respectively. This is especially relevant for the adidas and Reebok brands, whose sales account for approximately 90% of the Group's net sales. However, shifts in the share of sales and attributable earnings of particular product categories, brands or the regional composition may occur throughout the year.

03 Assets/liabilities classified as held for sale

The composition of assets/liabilities classified as held for sale is unchanged compared to June 30, 2013.

04 Shareholders' equity

In the period from January 1, 2013 to September 30, 2013, the nominal capital of adidas AG did not change. Consequently, on September 30, 2013, the nominal capital of adidas AG amounted to € 209,216,186, divided into 209,216,186 registered no-par-value shares ("registered shares").

05 Other operating income and other operating expenses

Other operating income mainly includes income from the release of accrued liabilities and other provisions as well as sundry income.

Other operating expenses include expenses for marketing, sales and research and development, as well as for logistics and central administration. In addition, they include impairment losses as well as depreciation on tangible assets and amortisation on intangible assets (except goodwill impairment losses), with the exception of depreciation and amortisation which is included in the cost of sales. In the first nine months of 2013, depreciation and amortisation expense for tangible and intangible assets (excluding goodwill) and impairment losses amounted to € 205 million (2012: € 192 million).

06 Segmental information

Following the Group's internal management reporting and in accordance with the definition of IFRS 8 "Operating Segments", six operating segments have been identified: Wholesale, Retail, TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands. According to the criteria of IFRS 8 for reportable segments, the business segments Wholesale and Retail are reported separately, while the remaining are aggregated under Other Businesses due to their only subordinate materiality.

The Wholesale segment comprises all business activities relating to the distribution of adidas and Reebok products to retail customers.

The Retail segment comprises all business activities relating to the sale of adidas and Reebok products directly to end consumers through own retail and own e-commerce platforms.

The operating segment TaylorMade-adidas Golf comprises the brands TaylorMade, adidas Golf, Adams Golf and Ashworth.

The Other Centrally Managed Brands segment primarily includes the business activities of the labels Y-3, Porsche Design Sport and adidas SLVR as well as the business activities of the brand Five Ten in the outdoor action sports sector. Furthermore, the segment also comprises the German own-retail activities of the adidas NEO label.

Certain centralised Group functions do not meet the definition of IFRS 8 for a reportable operating segment. This includes functions such as central treasury, global sourcing as well as other headquarter departments. Income and expenses relating to these corporate functions are presented together with other non-allocable items and intersegment eliminations in the reconciliation of segmental operating profit. The results of the operating segments are reported in the line item "Segmental operating profit". This is defined as gross profit minus costs directly attributable to the segment or the group of segments (primarily sales and logistics costs) before marketing working budget expenditures and operating overhead costs not directly attributable.

Segmental assets include accounts receivable as well as inventories.

Segments (€ in millions)

	Wholesale		Retail		Other Businesses		Total	
	2013	2012	2013	2012	2013	2012	2013	2012
Net sales (non-Group) [1]	7,048	7,470	2,512	2,491	1,453	1,553	11,013	11,514
Segmental operating profit [1]	2,450	2,388	512	538	381	445	3,343	3,371
Segmental assets [2]	2,986	3,100 [3]	909	741	717	736	4,612	4,577 [3]

1) Nine months.
2) At September 30.
3) Adjusted, see Note 07.

Operating profit (€ in millions)

	Nine months 2013	Nine months 2012
Operating profit for reportable segments	2,962	2,926
Operating profit for Other Businesses	381	445
Segmental operating profit	**3,343**	**3,371**
HQ/Consolidation	248	253
Marketing working budget	(1,097)	(1,121)
Other operating expenses	(1,415)	(1,423)
Royalty and commission income	78	79
Operating profit	**1,157**	**1,159**
Financial income	15	29
Financial expenses	(67)	(84)
Income before taxes	**1,105**	**1,104**

07 Other information

The discovery of numerous financial irregularities, which were identified in March 2012, resulted in the identification of material errors in the prior period financial statements of Reebok India Company. As a consequence of these errors, material misstatements are also included in the consolidated financial statements of adidas AG for the 2011 financial year and previous financial years, which have been corrected in accordance with IAS 8.41 et seqq.

These corrections are reflected in the consolidated financial statements as at December 31, 2012, in which the comparative figures for the year 2011 are restated and the opening balance sheet for 2011 is corrected to the extent that earlier periods are affected. As a result of the adjustment of the consolidated statement of financial position as at December 31, 2011, the opening balance sheet as at January 1, 2012 has changed. Consequently, this has to be reflected in the consolidated statement of financial position as at September 30, 2012 and is included in these interim consolidated financial statements. For more detailed information regarding the restatements, see Note 03 Adjustments according to IAS 8 in the 2012 annual consolidated financial statements.

08 Events after the balance sheet date

Between the end of the first nine months of 2013 and the finalisation of these interim consolidated financial statements on November 4, 2013, there were no major Group-specific matters which we expect to influence our business materially going forward.

Herzogenaurach, November 4, 2013
The Executive Board of adidas AG

Executive and Supervisory Boards

Executive Board

HERBERT HAINER
Chief Executive Officer

ROLAND AUSCHEL [1]
Global Sales

GLENN BENNETT
Global Operations

ROBIN J. STALKER
Chief Financial Officer

ERICH STAMMINGER
Global Brands

Supervisory Board

IGOR LANDAU
Chairman

SABINE BAUER [2]
Deputy Chairwoman

WILLI SCHWERDTLE
Deputy Chairman

DIETER HAUENSTEIN [2]

DR. WOLFGANG JÄGER [2]

DR. STEFAN JENTZSCH

HERBERT KAUFFMANN

ROLAND NOSKO [2]

ALEXANDER POPOV

HANS RUPRECHT [2]

HEIDI THALER-VEH [2]

CHRISTIAN TOURRES

1) Effective October 1, 2013.
2) Employee representative.

Biographical information on our Executive Board members as well as on mandates of the members of the Executive Board and the members of the Supervisory Board is available at :// **WWW.ADIDAS-GROUP.COM/EXECUTIVE-BOARD** and :// **WWW.ADIDAS-GROUP.COM/SUPERVISORY-BOARD**.

Financial Calendar
2014

March 5, 2014

Full Year 2013 Results
Analyst and press conferences in Herzogenaurach, Germany
Press release, conference call and webcast
Publication of 2013 Annual Report

May 6, 2014

First Quarter 2014 Results
Press release, conference call and webcast
Publication of First Quarter 2014 Report

May 8, 2014

Annual General Meeting
Fuerth (Bavaria), Germany
Webcast

May 9, 2014

Dividend payment
(Subject to Annual General Meeting approval)

August 7, 2014

First Half 2014 Results
Press release, conference call and webcast
Publication of First Half 2014 Report

November 6, 2014

Nine Months 2014 Results
Press release, conference call and webcast
Publication of Nine Months 2014 Report

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please see our corporate website.

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