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adidas AG delivers exceptional fourth quarter results
2014 will see high-single-digit currency-neutral sales growth

Q4 2013 highlights:

- **Currency-neutral Group sales increase 12%**
- **Group sales grow in all regions, channels and brands**
- **adidas and Reebok brand sales increase 10% and 9% currency-neutral, respectively**
- **Comparable Retail store sales up 3% currency-neutral**

Full year 2013 highlights:

- **Currency-neutral Group sales up 3%**
- **Gross margin improves 1.5pp to 49.3%**
- **Goodwill impairment in an amount of € 52 million**
- **Operating margin excluding goodwill impairment improves to 8.7%**
- **Earnings per share excluding goodwill impairment increase 6% to a record level of € 4.01**
- **Net cash position of € 295 million at year-end**
- **Management to propose dividend of € 1.50 per share**

Outlook

- **Group results in 2014 to be significantly impacted by currency movements**
- **Currency-neutral Group sales to increase at a high-single-digit rate**
- **Operating margin to be at a level between 8.5% and 9.0%**
- **Net income attributable to shareholders to be at a level between € 830 million and € 930 million**

"We finished 2013 with an exceptionally strong fourth quarter. Currency-neutral sales grew 12%, which was above our expectations," commented Herbert Hainer, adidas Group CEO. "This ensured that we met our revised full year targets from September, despite a further worsening of currency exchange rates. In the fourth quarter alone, negative currency effects cost us 9 percentage points on the top line."

adidas Group currency-neutral sales increase 12% in the fourth quarter

In the fourth quarter of 2013, Group revenues grew 12% on a currency-neutral basis. Currency-neutral sales in **Retail** and **Other Businesses** increased 15% and 28%, respectively. Sales in the **Wholesale** segment grew 8% on a currency-neutral basis. Currency-neutral revenues in **Western Europe** increased 3%, supported by strong double-digit growth at Reebok and TaylorMade-adidas Golf. In **European Emerging Markets**, currency-neutral sales were up 11% as a result of double-digit revenue growth at both adidas and Reebok. Group sales in **North America** increased 14% on a currency-neutral basis, driven by double-digit sales increases at adidas, TaylorMade-adidas Golf and Reebok-CCM Hockey. In **Greater China**, Group sales were up 8% on a currency-neutral basis, driven by strong double-digit sales gains at adidas Originals & Sport Style. Currency-neutral revenues in **Other Asian Markets** grew 15%, due to double-digit increases at adidas and TaylorMade-adidas Golf. In **Latin America**, adidas Group sales were up 32% on a currency-neutral basis driven by strong double-digit growth at adidas and Reebok. Currency translation effects had a negative impact on sales in euro terms. Group revenues grew 3% to € 3.479 billion in the fourth quarter of 2013 from € 3.369 billion in 2012.

Fourth quarter operating margin excluding goodwill impairment improves 2.0 percentage points

The Group's gross margin decreased 0.1 percentage points to 47.5% (2012: 47.6%) in the fourth quarter. Gross margin development was positively impacted by a more favourable pricing, product and regional sales mix as well as lower input costs during the fourth quarter. This, however, was more than offset by the negative effects resulting from a less favourable hedging rate. Group gross profit increased 3% to € 1.652 billion (2012: € 1.603 billion). Other operating expenses as a percentage of sales decreased 2.5 percentage points to 46.5% (2012: 49.0%), as higher expenditure related to the Group's expansion of own-retail activities was more than offset by lower marketing expenditure as well as a decrease in operating overhead expenses. In the fourth quarter of 2013, excluding goodwill impairment losses, operating profit increased significantly to € 98 million compared to € 26 million in the prior year. This represents an improvement in operating margin excluding goodwill impairment of 2.0 percentage points. Including goodwill impairment losses, the Group reported an operating profit of € 45 million compared to an operating loss of € 239 million in 2012. Net income attributable to shareholders excluding goodwill impairment losses amounted to € 42 million versus net loss attributable to shareholders of € 7 million last year.

adidas Group currency-neutral sales grow 3%

In 2013, Group revenues grew 3% on a currency-neutral basis, as a result of sales increases in Retail and Other Businesses. Currency-neutral Wholesale revenues remained stable compared to the prior year. Group sales were below Management's initial expectations of an increase at a mid-single-digit rate. Currency translation effects had a negative impact on sales in euro terms. Group revenues decreased 3% to € 14.492 billion in 2013 from € 14.883 billion in 2012.

Group sales increase driven by growth in Retail and Other Businesses

In 2013, currency-neutral Wholesale revenues remained stable. While sales at Reebok grew at a low-single-digit rate, revenues at adidas remained at the prior year level. Currency-neutral Retail sales increased 8% versus the prior year, as a result of sales growth at both adidas and Reebok. Revenues in Other Businesses were up 5% on a currency-neutral basis, driven by sales increases at TaylorMade-adidas Golf, Reebok-CCM Hockey and Rockport. Currency translation effects had a negative impact on segmental sales in euro terms.

	2013	**2012**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
Wholesale	**9,100**	9,533	(5)	0
Retail	**3,446**	3,373	2	8
Other Businesses	**1,946**	1,977	(2)	5
Total[1]	**14,492**	**14,883**	**(3)**	**3**

2013 net sales development by segment

1) Rounding differences may arise in totals.

Currency-neutral sales increase in nearly all regions

In 2013, revenues in **Western Europe** decreased 6% on a currency-neutral basis, mainly due to sales declines in the UK, Italy and Spain. In **European Emerging Markets**, Group sales increased 4% on a currency-neutral basis as a result of sales growth in most of the region's major markets. Sales for the adidas Group in **North America** grew 2% on a currency-neutral basis, due to sales increases in both the USA and Canada. Sales in **Greater China** increased 7% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 5%, driven by strong increases in India, South Korea and Australia. In **Latin America**, sales grew 19% on a currency-neutral basis with double-digit increases in most of the region's major markets, in particular Argentina, Colombia and Mexico. Currency translation effects had a negative impact on regional sales in euro terms.

	2013	**2012**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	**€ in millions**	**in %**	**in %**
Western Europe	**3,800**	4,076	(7)	(6)
European Emerging Markets	**1,894**	1,947	(3)	4
North America	**3,362**	3,410	(1)	2
Greater China	**1,655**	1,562	6	7
Other Asian Markets	**2,206**	2,407	(8)	5
Latin America	**1,575**	1,481	6	19
Total[1)]	**14,492**	**14,883**	**(3)**	**3**

2013 net sales development by region

1) Rounding differences may arise in totals.

Group gross margin increases 1.5 percentage points

The gross margin of the adidas Group increased 1.5 percentage points to 49.3% in 2013 (2012: 47.7%), above Management's initial expectations of between 48.0% and 48.5%. 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 grew 1% in 2013 to € 7.140 billion versus € 7.103 billion in the prior year.

Goodwill impairment in an amount of € 52 million

As a result of the annual impairment test, the adidas Group has impaired goodwill and recorded a € 52 million pre-tax charge as at December 31, 2013 (2012: € 265 million). Within the wholesale cash-generating unit Iberia, goodwill impairment losses of € 23 million were recognised. Within the retail cash-generating unit North America, goodwill impairment losses of € 29 million were recognised. The goodwill of these two cash-generating units is completely impaired. The impairment losses were mainly caused by adjusted growth assumptions and an increase in the country-specific discount rates. The impairment losses were non-cash in nature and do not affect the adidas Group's liquidity.

Operating margin excluding goodwill impairment improves to 8.7%

Group operating profit increased 31% to € 1.202 billion in 2013 versus € 920 million in 2012. The operating margin of the adidas Group improved 2.1 percentage points to 8.3% (2012: 6.2%). Excluding the goodwill impairment losses, operating profit grew 6% to € 1.254 billion from € 1.185 billion last year, representing an operating margin of 8.7%, up 0.7 percentage points (2012: 8.0%). This is below Management's initial expectations of an operating margin approaching 9.0%. The improvement in the operating margin 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 28%

Financial income decreased 28% to € 26 million in 2013 from € 36 million in the prior year, mainly due to a decrease in interest income.

Financial expenses decrease 11%

Financial expenses declined 11% to € 94 million in 2013 (2012: € 105 million). The decrease in interest expenses was the main contributor to the decline.

Net income attributable to shareholders excluding goodwill impairment up 6%

The Group's net income attributable to shareholders increased to € 787 million in 2013 from € 526 million in 2012. This represents an increase of 49% versus the prior year level. Excluding the goodwill impairment losses, net income attributable to shareholders increased 6% to € 839 million (2012: € 791 million). The Group's tax rate decreased 8.0 percentage points to 30.4% in 2013 (2012: 38.4%), mainly due to lower non-tax-deductible goodwill impairment losses. Excluding the goodwill impairment losses, the effective tax rate improved 0.3 percentage points to 29.0% from 29.3% last year.

Earnings per share excluding goodwill impairment reach € 4.01

In 2013, basic and diluted earnings per share amounted to € 3.76 (2012: € 2.52), representing an increase of 49%. Excluding the goodwill impairment losses, basic and diluted earnings per share were up 6% to € 4.01, which is below Management's initial projections of € 4.25 to € 4.40 (2012: € 3.78). The weighted average number of shares used in the calculation was 209,216,186.

Group inventories up 6%

Group inventories increased 6% to € 2.634 billion at the end of December 2013 versus € 2.486 billion in 2012. On a currency-neutral basis, inventories were up 13% as a result of the Group's expectations for growth in the coming quarters as well as higher inventories in Russia/CIS due to distribution centre issues during the second half of 2013.

Accounts receivable increase 7%

Group receivables increased 7% to € 1.809 billion at the end of December 2013 (2012: € 1.688 billion). On a currency-neutral basis, receivables were up 17%, reflecting the growth of the Group's business during the fourth quarter of 2013.

Net cash position of € 295 million

Net cash at December 31, 2013 amounted to € 295 million, compared to net cash of € 448 million at the end of December 2012, representing a decrease of € 153 million. Higher working capital requirements were the primary drivers of this development. Currency translation had a positive effect of € 3 million. The Group's ratio of net borrowings over EBITDA amounted to –0.2 at the end of December 2013 (2012: –0.3).

adidas Group currency-neutral sales to increase at a high-single-digit rate in 2014

adidas Group sales are forecasted to increase at a high-single-digit rate on a currency-neutral basis in 2014. In particular, this year's major sporting events will provide positive stimulus to Group sales. As the Official Partner of the 2014 FIFA World Cup™ in Brazil, the adidas brand will be the most visible brand during the event and will benefit from record sales in the football category. Group sales development will also be favourably impacted by the Group's high exposure to fast-growing emerging markets as well as the further expansion of Retail. Currency translation is expected to have a significant negative impact on the Group's top-line development in reported terms.

Net income attributable to shareholders to be at a level between € 830 million and € 930 million

In 2014, the adidas Group gross margin is forecasted to increase to a level between 49.5% and 49.8% (2013: 49.3%). Improvements are expected in most segments. Group gross margin will benefit from a positive pricing, product and regional sales mix, as growth rates in high-margin emerging markets are projected to be above growth rates in more mature markets. In addition, the Reebok brand will positively influence Group gross margin development. However, these positive effects will be partly offset by less favourable hedging terms compared to the prior year, negative exchange rate variances in emerging markets such as Russia and Argentina, as well as increasing labour costs in our cost of sales.

In 2014, the Group's other operating expenses as a percentage of sales are expected to be around the prior year level (2013: 42.3%). Sales and marketing working budget expenses as a percentage of sales are projected to increase modestly compared to the prior year. Marketing investments will be centred on major sporting events such as the 2014 FIFA World Cup™ and highly innovative product launches, particularly in the running category. Further, the Group will support Reebok's growth strategy in key fitness categories, leveraging partnership assets such as CrossFit, Spartan Race and Les Mills. Operating overhead expenditure as a percentage of sales is forecasted to decrease modestly in 2014. Higher expenses in the Retail segment due to the planned expansion of the Group's store base will be offset by leverage in other areas.

In 2014, the operating margin for the adidas Group is forecasted to be at a level between 8.5% and 9.0% (2013 excluding goodwill impairment losses: 8.7%). The Group tax rate is expected to be at a level of around 28.5% and thus more favourable compared to the 2013 tax rate excluding goodwill impairment losses of 29.0%. As a result of these developments, net income attributable to shareholders is expected to be at a level between € 830 million and € 930 million compared to the 2013 net income attributable to shareholders, excluding goodwill impairment losses, of € 839 million. This represents basic earnings per share of between € 3.97 and € 4.45.

Dividend proposal of € 1.50 per share

The adidas AG Executive and Supervisory Boards will recommend paying a dividend of € 1.50 to shareholders at the Annual General Meeting (AGM) on May 8, 2014 (2012: € 1.35). Subject to the meeting's approval, the dividend will be paid on May 9, 2014. This represents an increase of 11% compared to an increase of net income attributable to shareholders, excluding goodwill impairment losses, of 6%. The total payout of € 314 million (2012: € 282 million) reflects a payout ratio of 37.4% of net income attributable to shareholders, excluding goodwill impairment losses, versus 35.7% in the prior year. This is in line with the Group's dividend policy, where Management intends to pay out between 20% and 40% of net income attributable to shareholders

Herbert Hainer stated: "Currency headwinds had a significant negative impact on our results in euro terms, and this is also expected to continue in 2014. From an operational perspective, there is no doubt that 2014 will be a successful year for us. Driven by our dominant role at the 2014 FIFA World Cup™, we will generate high-single-digit currency-neutral growth in line with our strategic business plan Route 2015."

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Please visit our corporate website: www.adidas-Group.com

adidas AG Consolidated Income Statement (IFRS)

€ in millions	Fourth quarter 2013	Fourth quarter 2012	Change	Fourth quarter 2013 excl. goodwill impairment	Fourth quarter 2012 excl. goodwill impairment	Change
Net sales	3,479	3,369	*3.3 %*	3,479	3,369	*3.3 %*
Cost of sales	1,827	1,766	*3.5 %*	1,827	1,766	*3.5 %*
Gross profit	**1,652**	**1,603**	*3.0 %*	**1,652**	**1,603**	*3.0 %*
(% of net sales)	47.5 %	47.6 %	*(0.1) pp*	47.5 %	47.6 %	*(0.1) pp*
Royalty and commission income	26	27	*(0.5) %*	26	27	*(0.5) %*
Other operating income	36	46	*(21.4) %*	36	46	*(21.4) %*
Other operating expenses	1,617	1,650	*(2.0) %*	1,617	1,650	*(2.0) %*
(% of net sales)	46.5 %	49.0 %	*(2.5) pp*	46.5 %	49.0 %	*(2.5) pp*
Goodwill impairment losses	52	265	*(80.2) %*	-	-	-
Operating profit	**45**	**(239)**	-	**98**	**26**	*266.2 %*
(% of net sales)	1.3 %	(7.1) %	*8.4 pp*	2.8 %	0.8 %	*2.0 pp*
Financial income	11	7	*62.5 %*	11	7	*62.5 %*
Financial expenses	28	21	*30.3 %*	28	21	*30.3 %*
Income before taxes	**28**	**(253)**	-	**81**	**12**	*571.4 %*
(% of net sales)	0.8 %	(7.5) %	*8.3 pp*	2.3 %	0.4 %	*2.0 pp*
Income taxes	38	20	*92.1 %*	38	20	*92.1 %*
(% of income before taxes)	134.3 %	(7.8) %	*142.1 pp*	47.1 %	164.8 %	*(117.7) pp*
Net income	**(10)**	**(273)**	*96.4 %*	**43**	**(8)**	-
(% of net sales)	(0.3) %	(8.1) %	*7.8 pp*	1.2 %	(0.2) %	*1.5 pp*
Net income attributable to shareholders	**(10)**	**(272)**	*96.2 %*	**42**	**(7)**	-
(% of net sales)	(0.3) %	(8.1) %	*7.8 pp*	1.2 %	(0.2) %	*1.4 pp*
Net income attributable to non-controlling interests	**1**	**(1)**	-	**1**	**(1)**	-
Basic earnings per share (in €)	**(0.05)**	**(1.30)**	*96.2 %*	**0.20**	**(0.03)**	-
Diluted earnings per share (in €)	**(0.05)**	**(1.30)**	*96.2 %*	**0.20**	**(0.03)**	-

Net Sales

€ in millions	Fourth quarter 2013	Fourth quarter 2012	Change	Change (currency-neutral)
Wholesale	2,052	2,063	*(0.5) %*	*7.9 %*
Retail	934	883	*5.9 %*	*14.8 %*
Other Businesses	493	424	*16.2 %*	*27.8 %*
Western Europe	747	733	*1.9 %*	*3.4 %*
European Emerging Markets	462	461	*0.2 %*	*10.7 %*
North America	828	769	*7.7 %*	*14.2 %*
Greater China	411	393	*4.5 %*	*7.5 %*
Other Asian Markets	640	666	*(3.9) %*	*14.5 %*
Latin America	391	347	*12.7 %*	*32.4 %*
adidas	2,583	2,535	*1.8 %*	*10.3 %*
Reebok	426	428	*(0.3) %*	*8.9 %*
TaylorMade-adidas Golf	304	273	*11.4 %*	*25.3 %*
Rockport	87	79	*11.2 %*	*17.6 %*
Reebok-CCM Hockey	78	54	*45.0 %*	*55.4 %*

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions	Year ending Dec. 31 2013	2012	Change	Year ending Dec. 31 2013 excl. goodwill impairment	2012	Change
Net sales	14,492	14,883	*(2.6) %*	14,492	14,883	*(2.6) %*
Cost of sales	7,352	7,780	*(5.5) %*	7,352	7,780	*(5.5) %*
Gross profit	**7,140**	**7,103**	*0.5 %*	**7,140**	**7,103**	*0.5 %*
(% of net sales)	49.3%	47.7%	*1.5 pp*	49.3%	47.7%	*1.5 pp*
Royalty and commission income	104	105	*(1.2) %*	104	105	*(1.2) %*
Other operating income	143	127	*12.8 %*	143	127	*12.8 %*
Other operating expenses	6,133	6,150	*(0.3) %*	6,133	6,150	*(0.3) %*
(% of net sales)	42.3%	41.3%	*1.0 pp*	42.3%	41.3%	*1.0 pp*
Goodwill impairment losses	52	265	*(80.2) %*	-	-	-
Operating profit	**1,202**	**920**	*30.6 %*	**1,254**	**1,185**	*5.8 %*
(% of net sales)	8.3%	6.2%	*2.1 pp*	8.7%	8.0%	*0.7 pp*
Financial income	26	36	*(28.2) %*	26	36	*(28.2) %*
Financial expenses	94	105	*(11.2) %*	94	105	*(11.2) %*
Income before taxes	**1,134**	**851**	*33.3 %*	**1,186**	**1,116**	*6.3 %*
(% of net sales)	7.8%	5.7%	*2.1 pp*	8.2%	7.5%	*0.7 pp*
Income taxes	344	327	*5.3 %*	344	327	*5.3 %*
(% of income before taxes)	30.4%	38.4%	*(8.0) pp*	29.0%	29.3%	*(0.3) pp*
Net income	**790**	**524**	*50.7 %*	**842**	**789**	*6.7 %*
(% of net sales)	5.4%	3.5%	*1.9 pp*	5.8%	5.3%	*0.5 pp*
Net income attributable to shareholders	**787**	**526**	*49.3 %*	**839**	**791**	*6.0 %*
(% of net sales)	5.4%	3.5%	*1.9 pp*	5.8%	5.3%	*0.5 pp*
Net income attributable to non-controlling interests	**3**	**(2)**	-	**3**	**(2)**	-
Basic earnings per share (in €)	**3.76**	**2.52**	*49.3 %*	**4.01**	**3.78**	*6.0 %*
Diluted earnings per share (in €)	**3.76**	**2.52**	*49.3 %*	**4.01**	**3.78**	*6.0 %*

Net Sales

€ in millions	Year ending Dec. 31, 2013	Year ending Dec. 31, 2012	Change	Change (currency-neutral)
Wholesale	9,100	9,533	*(4.5) %*	*0.3 %*
Retail	3,446	3,373	*2.2 %*	*8.1 %*
Other Businesses	1,946	1,977	*(1.5) %*	*4.8 %*
Western Europe	3,800	4,076	*(6.8) %*	*(5.8) %*
European Emerging Markets	1,894	1,947	*(2.7) %*	*3.5 %*
North America	3,362	3,410	*(1.4) %*	*2.2 %*
Greater China	1,655	1,562	*6.0 %*	*7.1 %*
Other Asian Markets	2,206	2,407	*(8.3) %*	*5.3 %*
Latin America	1,575	1,481	*6.3 %*	*18.6 %*
adidas	11,059	11,344	*(2.5) %*	*2.5 %*
Reebok	1,599	1,667	*(4.1) %*	*1.6 %*
TaylorMade-adidas Golf	1,285	1,344	*(4.3) %*	*3.1 %*
Rockport	289	285	*1.1 %*	*5.8 %*
Reebok-CCM Hockey	260	243	*7.1 %*	*11.1 %*

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Statement of Financial Position (IFRS)

€ in millions	December 31, 2013	December 31, 2012	Change in %
Cash and cash equivalents	1,587	1,670	(5.0)
Short-term financial assets	41	265	(84.4)
Accounts receivable	1,809	1,688	7.2
Other current financial assets	183	192	(5.1)
Inventories	2,634	2,486	5.9
Income tax receivables	86	76	12.7
Other current assets	506	489	3.7
Assets classified as held for sale	11	11	1.2
Total current assets	**6,857**	**6,877**	**(0.3)**
Property, plant and equipment	1,238	1,095	13.1
Goodwill	1,204	1,281	(6.1)
Trademarks	1,419	1,484	(4.4)
Other intangible assets	164	167	(2.3)
Long-term financial assets	120	112	7.9
Other non-current financial assets	30	21	40.6
Deferred tax assets	486	528	(8.0)
Other non-current assets	81	86	(4.8)
Total non-current assets	**4,742**	**4,774**	**(0.7)**
Total assets	**11,599**	**11,651**	**(0.4)**
Short-term borrowings	681	280	143.3
Accounts payable	1,825	1,790	1.9
Other current financial liabilities	113	83	37.4
Income taxes	240	275	(12.6)
Other current provisions	450	563	(20.1)
Current accrued liabilities	1,147	1,084	5.9
Other current liabilities	276	299	(8.0)
Total current liabilities	**4,732**	**4,374**	**8.2**
Long-term borrowings	653	1,207	(45.9)
Other non-current financial liabilities	22	17	28.3
Pensions and similar obligations	255	251	1.4
Deferred tax liabilities	338	368	(8.2)
Other non-current provisions	25	69	(63.4)
Non-current accrued liabilities	64	40	59.3
Other non-current liabilities	29	34	(11.6)
Total non-current liabilities	**1,386**	**1,986**	**(30.2)**
Share capital	209	209	-
Reserves	321	641	(49.8)
Retained earnings	4,959	4,454	11.3
Shareholders' equity	5,489	5,304	3.5
Non-controlling interests	(8)	(13)	37.9
Total equity	**5,481**	**5,291**	**3.6**
Total liabilities and equity	**11,599**	**11,651**	**(0.4)**
Additional balance sheet information			
Operating working capital	2,618	2,384	9.8
Working capital	2,125	2,504	(15.1)
Net cash	295	448	(34.3)

Rounding differences may arise in percentages and totals.