



# PUSHING BOUNDARIES



ADAMSGOLF

TaylorMade®

adidas



Reebok



ROCKPORT®

CCM



# INTRODUCTION

John-Paul O'Meara

Vice President Investor Relations



# OPERATIONAL HIGHLIGHTS

Herbert Hainer

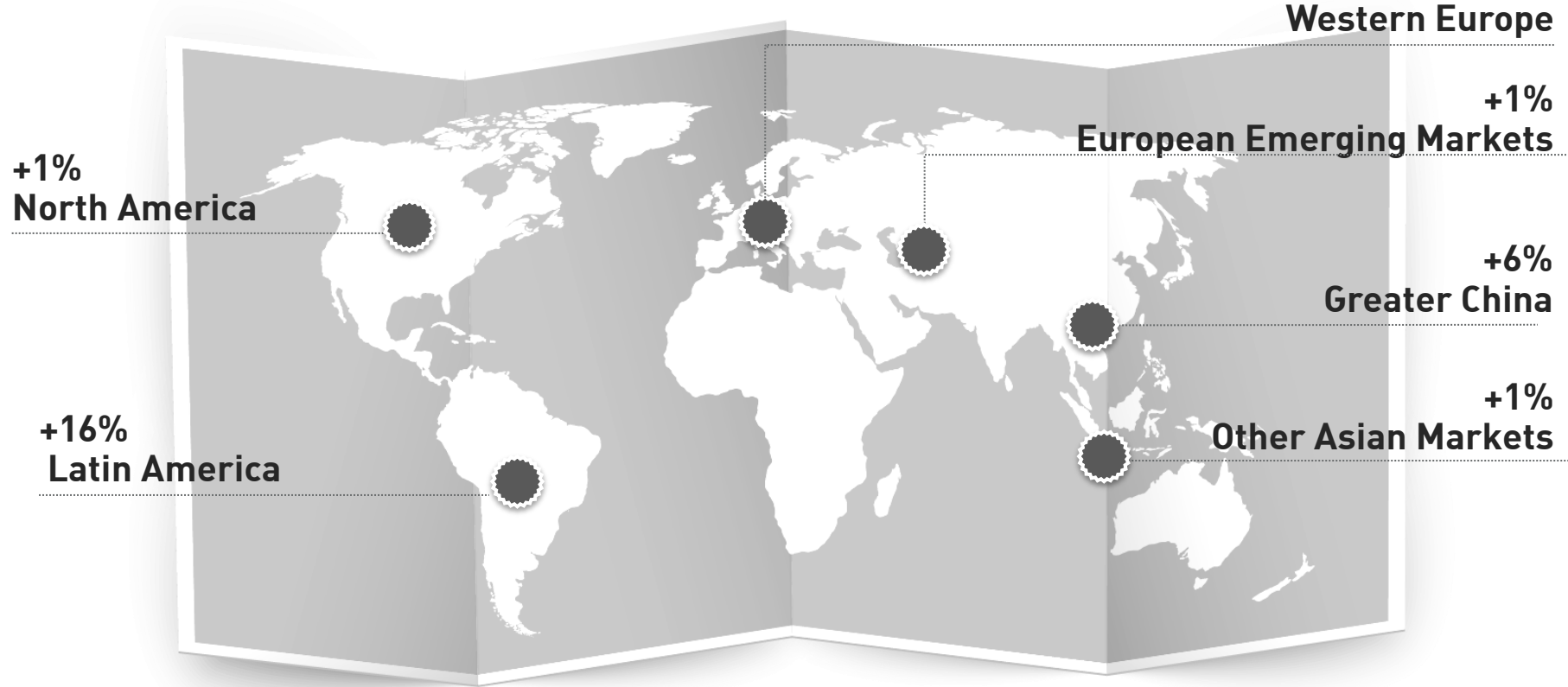
adidas Group CEO

# adidas Group Delivers Record Earnings In H1



- Sales remain stable on a currency-neutral basis
- Growth across all regions except Western Europe
- Gross margin improves 2.1pp to 50.1%
- Operating margin improves 0.7pp to 9.7%
- Net income and EPS increase 6%
- Net borrowings reduced by € 223 million to € 94 million

# Sales Momentum Continues In Emerging Markets (9%)



Sales development on a currency-neutral basis.

# Latin America Accelerates With Sales Up 21%



- Currency-neutral sales in Latin America increase 21% in Q2
- Double-digit sales increases in most of the region's major markets
- Comp store sales up 13% in Q2
- adidas Football grows over 40% in Q2



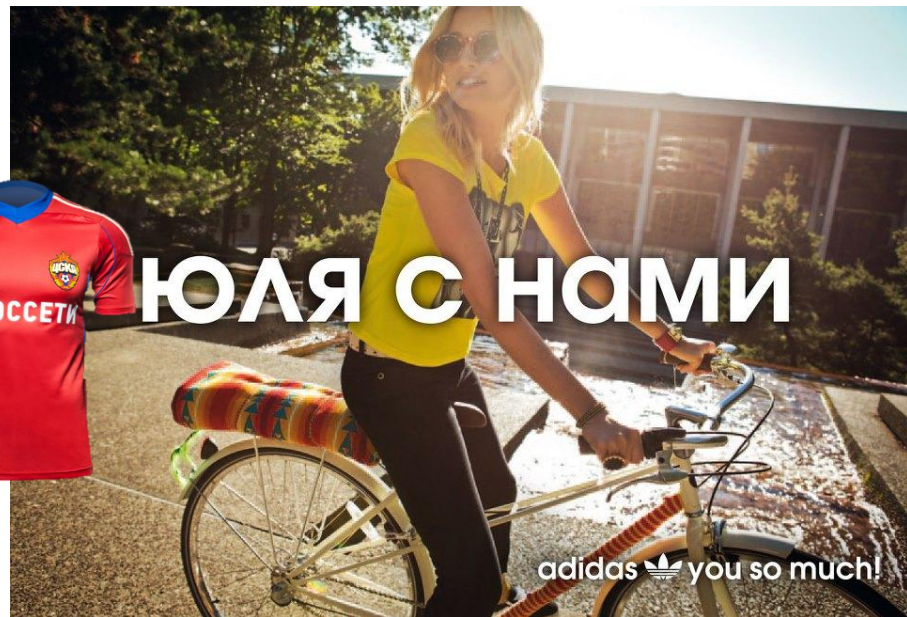


# adidas With Leading Momentum In Greater China



- Strong momentum continues with sales growing 6% in Q2
- adidas continues to gain significant market share
- Comp store sales grow 11% currency-neutral

# Sales In European Emerging Markets Stable In Q2



- Sales in European Emerging Markets increase 1% in H1
- Wholesale and Other Businesses up 4% and 10%, respectively in Q2
- Comp store sales negatively impacted by declines in traffic



# Macroeconomic Challenges Weigh On Western Europe

- Sales down 9% currency-neutral YTD, heavily impacted by prior year event-related sales
- Retail up 9% in Q2, with comp store sales turning positive, up 2% during the quarter
- Running and Training grow at a mid-single-digit rate in Q2

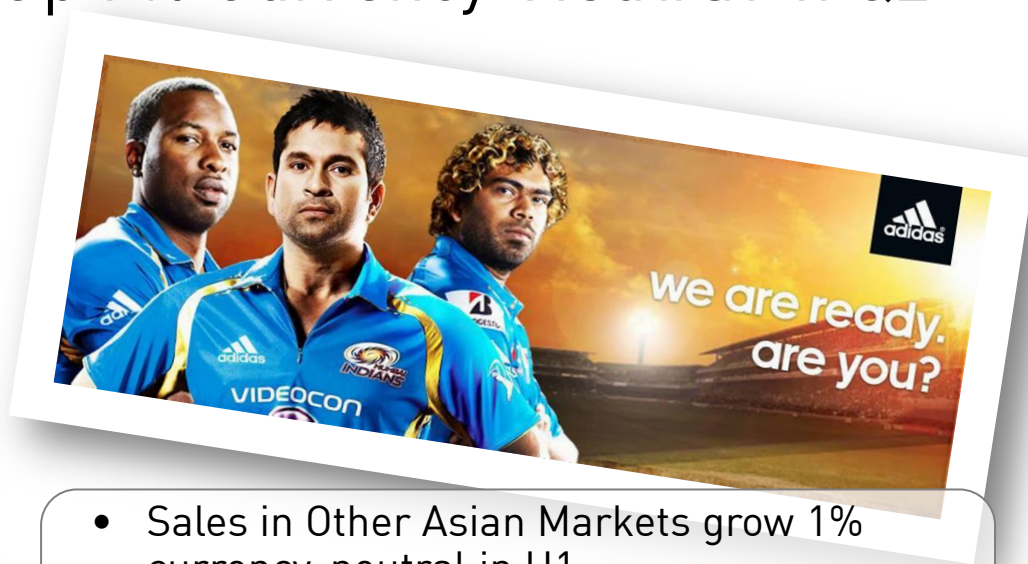


# North America Impacted By Challenging Golf Market



- Sales increase 1% currency-neutral in H1 driven by 3% growth at adidas
- Comp store sales grow 13% at adidas own retail in Q2
- Strong performance in Running and Training
- Reebok sales increase 1% excluding NFL











# Other Asian Markets Up 7% Currency-Neutral In Q2



- Sales in Other Asian Markets grow 1% currency-neutral in H1
- Significant sales increases in South Korea, India and Australia
- Double-digit sales increases at adidas Originals



# adidas And Reebok Gross Margins Up In Q2

		Q2 2013	Change	H1 2013	Change
	Net sales (€ in millions)	2,546	 0% <sup>1)</sup>	5,404	 0% <sup>1)</sup>
	Gross margin	48.5%	 +2.6pp	48.3%	 +2.2pp
	Net sales (€ in millions)	355	 +11% <sup>1)</sup>	733	 (4%) <sup>1)</sup>
	Gross margin	39.7%	 +7.6pp	39.4%	 +4.1pp

<sup>1)</sup> currency-neutral



# Strong Growth In Running Across Every Geography

- Running sales up 16% in Q2
- Double-digit sales increases in both footwear and apparel
- Continued roll-out of Boost technology into various franchises and colourways





# adidas Outdoor Terrex Range Reaches New Heights



- Sales in Outdoor increase 25% in Q2
- Growth driven by Terrex footwear and apparel



# Football **Nitrocharged** As It Laps Tough Comparisons



- Football sales down 5% on a currency-neutral basis in Q2
- Strong double-digit sales increases in Latin America
- Footwear sales grow 6% in Q2





# Growth At adidas Originals Accelerates 8% In Q2



- Robust growth of both footwear and apparel in Q2
- Strong momentum in Greater China and Latin America
- Action sports sales almost double

# adidas Sport Style Up 9% Currency-Neutral in Q2



Y-3

PORSCHE DESIGN

# adidas NEO Label Resonating With Consumers Globally



- Sales increase 12% currency-neutral in Q2
- **"Live Your Style"** campaign featuring brand ambassadors Eddie Peng and Angelababy





# Reebok Returns To Growth In Q2

**RUN** THROUGH EVERYTHING

**ATV 19**

- Reebok sales for Q2 up 11% currency-neutral
- Solid sales increases in India, South Korea, Germany, France
- North America increases 1% excluding NFL



**Reebok**



# Reebok Activates New Collaborations

**Reebok**  
KEEBOK



**THE COLOR RUN™** fit with **Reebok**



# Reebok Classics A Hit At Retail

**Reebok**

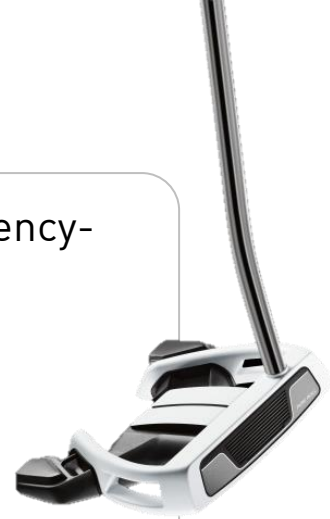
**SHAQNOSIS**  
Black/Truth Blue



# TaylorMade-adidas Golf Up 2% In H1



- TMaG sales down 8% currency-neutral in Q2
- Number of rounds played negatively impacted by unseasonable weather
- TMaG launches new R1 Black driver and Daddy Long Legs and Spider Blade putters
- adidas Golf introduces the successful adicross Tour shoe



# FINANCIAL HIGHLIGHTS

Robin J. Stalker

adidas Group CFO











# H1 Group Gross Margin Improves 2.1pp



- Pricing and favourable product mix
- Overproportionate growth in emerging markets
- Larger share of higher-margin Retail sales















- Negative FX impact











	Q2 2013		H1 2013	
Wholesale	 +2.8pp	41.1%	 +2.7pp	42.9%
Retail	 +2.5pp	65.4%	 +1.0pp	63.2%
Other Businesses	 (1.9pp)	43.4%	 (0.5pp)	44.0%
<b>adidas</b> GROUP	 +1.8pp	50.1% <sup>1)</sup>	 +2.1pp	50.1% <sup>1)</sup>

1) Total Group includes HQ/Consolidation

# H1 Group Operating Margin Increases 0.7pp

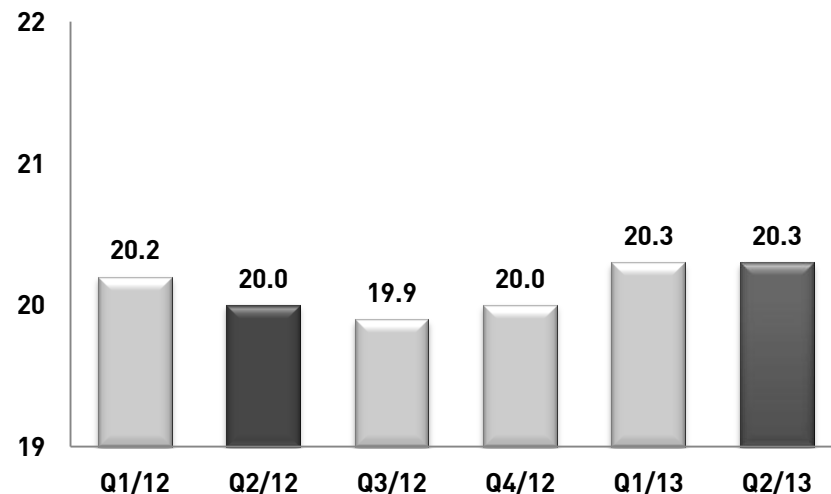
	Q2 2013		H1 2013	
Royalty and commission income	 (5%)	€ 26 million	 (2%)	€ 51 million
Other operating income	 +32%	€ 29 million	 (0%)	€ 47 million
Other operating expenses	 +1%	€ 1,497 million	 +1%	€ 2,980 million
Other operating expenses as a percentage of sales	 +1.9pp	44.3%	 +1.5pp	41.8%
Operating profit	 (2%)	€ 252 million	 +4%	€ 693 million
Operating margin	 +0.1pp	7.4%	 +0.7pp	9.7%

# Net Income Increases 6% In H1

	Q2 2013		H1 2013	
Financial income	 (34%)	€ 6 million	 (41%)	€ 10 million
Financial expenses	 (30%)	€ 22 million	 (30%)	€ 40 million
Income tax rate	 (3.0pp)	27.5%	 +0.1pp	27.5%
Net income attributable to shareholders	 +4%	€ 172 million	 +6 %	€ 480 million
Diluted earnings per share	 +4%	€ 0.82	 +6%	€ 2.29

# Operating Working Capital As A Percentage Of Sales Remains At Low Levels

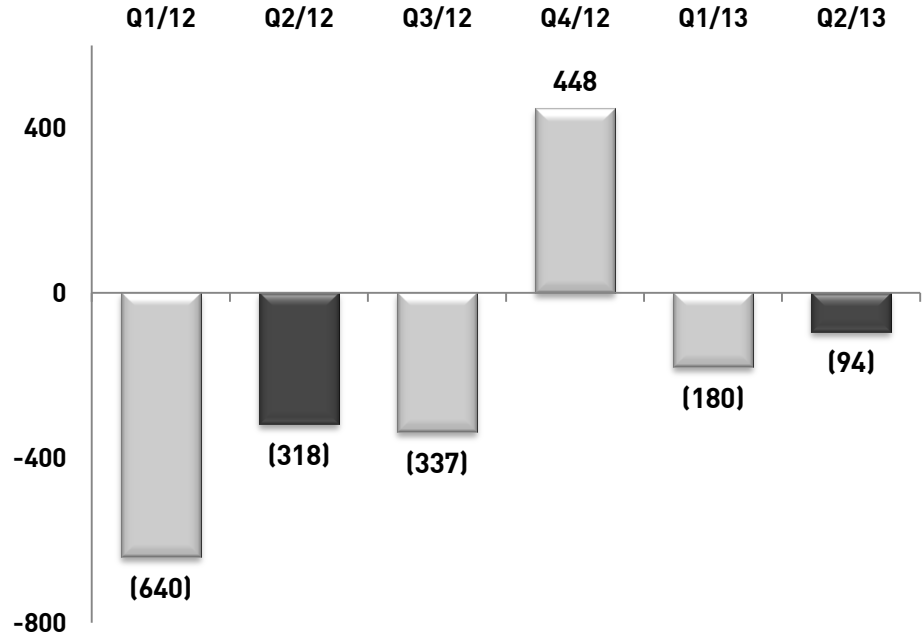
- Inventories remain stable on a currency-neutral basis
- Receivables up 2% on a currency-neutral basis
- Payables decrease 5% on a currency-neutral basis



Average operating working capital as a % of net sales,  
at quarter-end

# Net Borrowings Decline 70%







- Net borrowings reduced by € 223 million to € 94 million
- Ratio of net borrowings/EBITDA decreases to 0.1 (2012: 0.2)
- Equity ratio increases significantly to 47.5% (2012: 45.5%)



Net borrowings at quarter-end, € in millions















# H1 Wholesale Segmental Operating Margin Up 2.6pp

<b>Wholesale</b>	<b>Q2 2013</b>	<b>Change</b>	<b>H1 2013</b>	<b>Change</b>
Net sales (€ in millions)	<b>2,014</b>	 <b>(1%)<sup>1)</sup></b>	<b>4,495</b>	 <b>(2%)<sup>1)</sup></b>
Gross margin	<b>41.1%</b>	 <b>+2.8pp</b>	<b>42.9%</b>	 <b>+2.7pp</b>
Segmental operating margin	<b>31.4%</b>	 <b>+1.6pp</b>	<b>33.9%</b>	 <b>+2.6pp</b>

<sup>1)</sup> currency-neutral

# Retail Sales Increase 6% Currency-Neutral In H1

<b>Retail</b>	<b>Q2 2013</b>	<b>Change</b>	<b>H1 2013</b>	<b>Change</b>
Net sales (€ in millions)	<b>867</b>	 <b>+5%<sup>1)</sup></b>	<b>1,589</b>	 <b>+6%<sup>1)</sup></b>
adidas comp store sales		 <b>(1)%<sup>1)</sup></b>		 <b>(1)%<sup>1)</sup></b>
Reebok comp store sales		 <b>(3)%<sup>1)</sup></b>		 <b>(1)%<sup>1)</sup></b>
Total comp store sales		 <b>(2)%<sup>1)</sup></b>		 <b>(1)%<sup>1)</sup></b>
Gross margin	<b>65.4%</b>	 <b>+2.5pp</b>	<b>63.2%</b>	 <b>+1.0pp</b>
Segmental operating margin	<b>24.9%</b>	 <b>(0.5pp)</b>	<b>19.9%</b>	 <b>(1.5pp)</b>

<sup>1)</sup> currency-neutral

# Retail Store Development

- 2,542 stores operated at quarter-end
- Net openings of 84 stores in Q2
- 156 new stores opened, 72 stores closed, 18 stores remodelled
- 1,437 adidas and 356 Reebok branded; 749 factory outlets



# Other Businesses Grow 2% Currency-Neutral In H1

Other Businesses	Q2 2013	Change	H1 2013	Change
Net sales (€ in millions)	502	↓ (4%) <sup>1)</sup>	1,050	↑ +2% <sup>1)</sup>
Gross margin	43.4%	↓ (1.9pp)	44.0%	↓ (0.5pp)
Segmental operating margin	27.8%	↓ (3.2pp)	29.6%	↓ (0.2pp)

<sup>1)</sup> currency-neutral





# STRATEGIC INITIATIVES AND OUTLOOK

Herbert Hainer

adidas Group CEO





# adidas Group Updates 2013 Full Year Outlook

## Group sales (currency-neutral)

low- to mid-single-digit increase



Wholesale sales (currency-neutral)

low-single-digit increase

Retail sales (currency-neutral)

high-single- to low-double-digit increase

Other Businesses sales (currency-neutral)

mid- to high-single-digit increase

## Gross margin

48.5% to 49.0%



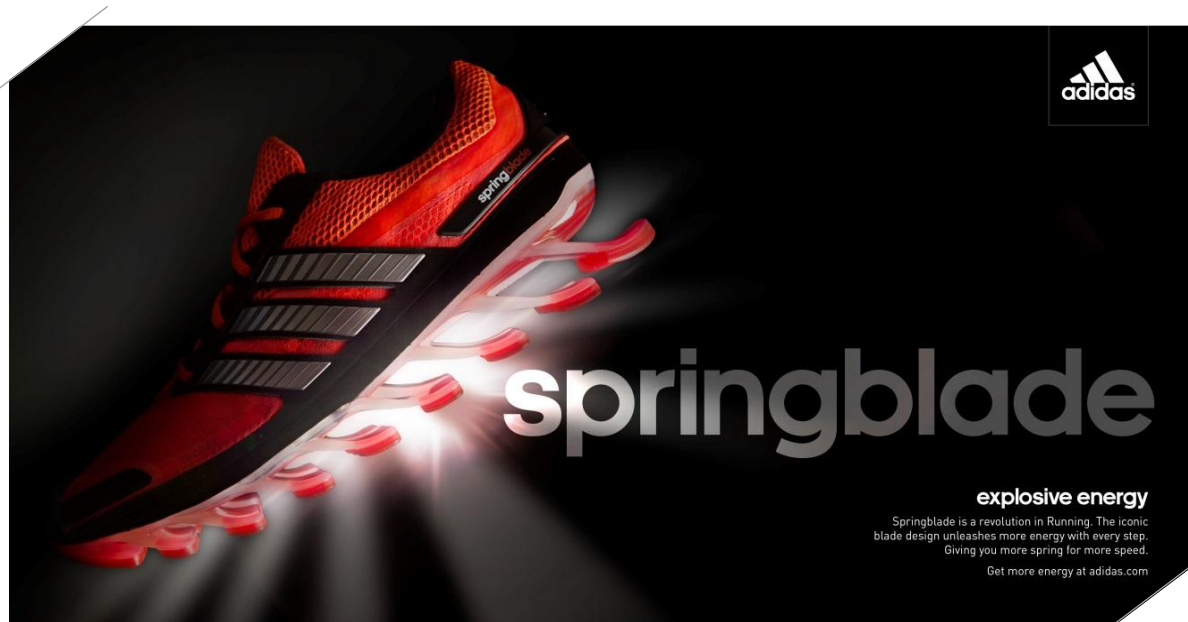
## Operating margin

approaching 9.0%

## Basic earnings per share

increase at a rate of 12% to 16% to a level between € 4.25 and € 4.40

# adidas Running Introduces Revolutionary Springblade



# Leveraging Assets To Drive Basketball Momentum



# Football Gearing Up For New Season





# World Cup Activation To Accelerate



# Bringing More To The Game: *micoach smart\_ball*





# Reebok One Series Footwear And Apparel Collection

Reebok  ONE



# Celebrating 30 Years With Reebok Classic Leather

## KEEPING IT CLASSIC SINCE '83

**Reebok**  
CLASSIC

WHERE IT  
ALL BEGAN





# ReebokONE Platform Rapidly Gaining Instructors

The image displays a collage of ReebokONE instructor profiles, including Kayte Natter, Juan Lugo, Gerren Liles, Laura Myren, and Elspeth Polt. Each profile features a profile picture, name, and a brief bio. A central graphic shows a circular badge with the text "5215 Members". Below the profiles, there are four icons representing the platform's benefits: "Think Bigger" (lightbulb), "Move Smarter" (dumbbell), "Dress Better" (clothing rack), and "Motivate Often" (megaphone). The ReebokONE logo is prominently displayed at the bottom right.

ReebokONE

Join ReebokONE today

Create your free professional profile on Reebok.com

Let your clients find you

5215 Members

ReebokONE

# Reebok To Announce Exciting New Partnership

# LES MILLS

# Reebok



adidas  
GROUP



# Reebok To Open First Fit Hub In Western Europe



- 6 Fit Hub stores to open in UK in 2013





# TaylorMade-adidas Golf Launches New SLDR Driver





# adidas Group Well On Track For Future Success

- Innovation to drive further market share gains in key adidas focus categories
- Reebok back to growth and on path to sustainable success
- Undisputed leader in golf with unparalleled track record
- Strong balance sheet to invest in operational and growth opportunities





adidas®

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GROUP

QUESTIONS & ANSWERS



# Upcoming Event Dates

Nov 7, 2013	Nine Months 2013 Results
Dec 2-3, 2013	Investor Trip, Herzogenaurach
Mar 5, 2014	Full Year 2013 Results
May 6, 2014	First Quarter 2014 Results
May 8, 2014	Annual General Meeting
May 9, 2014	Dividend Payment <sup>1)</sup>

<sup>1)</sup> Subject to Annual General Meeting Approval.