

GROUP STRATEGY Our goal as a Group is to lead the sporting goods industry with brands built on a passion for sports and a sporting lifestyle. We continuously strive to generate consumer excitement and enhance brand profitability by executing a clear strategy. In everything we do, we are focused on strengthening and developing our brands to maximize the Group's operational and financial performance and create shareholder value.

PERFORMANCE AS CORE GROUP VALUE Our Group's mission and strategy are rooted in our desire to provide athletes with the best possible equipment to optimize their performance. This philosophy originated with our brands' founders Adi Dassler, J. W. Foster and Gary Adams whose passion for sport inspired them to develop innovative sports products and create new sports categories. We aim to consistently perform at a level where we not only meet but exceed the expectations of our stakeholders.

We strive to be closer to consumers than any of our competitors, and our unique understanding of consumers enables us to enhance their athletic experience. In support of these efforts, we continuously optimize our sales and distribution processes and improve our customer service efforts for our retail partners. We make every effort to align our employees' personal objectives with our Group and brand targets and reward our staff for high achievement. [▷ see Employees, p. 068](#) Further, we are particularly focused on ensuring best-practice social and environmental standards. [▷ see Sustainability, p. 065](#) A commitment to constantly increase value for our shareholders is at the core of our activities. This commitment to top performance differentiates us from other competitors and is a unifying principle across our multi-brand organization.

LEVERAGING OPPORTUNITIES ACROSS OUR BRAND PORTFOLIO The strength of our brands is a key factor in our Group's success. Within our brand portfolio, we primarily pursue two strategic options:

- ⇒ Market penetration – gaining market share across all markets in which we compete, and
- ⇒ Market development – expanding into new markets and addressing new consumer segments.

Our multi-brand approach allows us to tackle opportunities from several perspectives, as both a mass and niche player, providing distinct and relevant products to a broad spectrum of consumers. In this way, each brand is able to concentrate on its core competencies and excel. Across all brands, we focus on increasing awareness and visibility, providing clear and consistent messaging and supporting product initiatives at the point-of-sale. In addition, our commercial success also depends on leveraging the scale of our organization and sharing best practice across our Group.

LEADING POSITION IN MARKETS WORLDWIDE As a global organization, we target leading market positions in all regions where we compete. In Europe, where our Group is the market leader in terms of sales, our strategy is two-fold. First, we continue to strengthen our position in the major Western European markets by growing our brands through well-coordinated efforts with key account partners. Secondly, we are capitalizing on the strong growth opportunities in the region's emerging markets (i.e. Eastern Europe, the Middle East and Africa).

In North America, we see significant upside potential. As a Group, we are number two in terms of sales, but we believe we are currently underrepresented in the North American sporting goods market. Therefore, we target market share expansion via a strong, consumer-driven product offering, a diversified distribution strategy, and visible and engaging communication initiatives.

In Asia, where our Group is the market leader in terms of sales with number one positions in Japan, Korea, India, Thailand, Indonesia and New Zealand, our goal is to strengthen and extend our market leadership position. Our key priority in the medium term is expanding our business in the region's two most important markets Japan and China. In tandem, we will also continue to capitalize on opportunities in the other emerging markets of Asia.

Finally, in Latin America, our Group's fastest-growing region for the last several years, we are focused on rapidly expanding our business in the four most important markets: Brazil, Argentina, Mexico and Chile. Our target is to take over market leadership in terms of sales by 2010.