

Adidas profits hurt by strong euro

FRANKFURT, GERMANY: Adidas, the German maker of sportswear and equipment, says that earnings are down in the first quarter, hit by unfavourable exchange rates and the strong euro.



Herbert Hainer, Chief Executive of Adidas says the first quarter profits were hurt by the strong euro but overall, strong profits will be recorded this year.
Image: Adidas

"Our financial results for the first quarter reflect the challenging start to 2014 which we had expected," said Chief Executive Herbert Hainer.

"Strong performances particularly in the emerging markets and in our own retail sector were masked by strategic changes to how we go to market at Taylor Made-Adidas golf as well as adverse currency effects," Hainer said.

"Looking in depth through our results, however, there are many positive underlying trends. Therefore, we can look forward to an accelerated period of growth and momentum for our group for the remainder of 2014," he added.

In the period from January to March, net profit fell by 33.8% to €204m. Underlying or operating profit tumbled 31.4% to €303m and sales were down 5.8% at €3.533bn.

"While we still have to be wary of currencies and their effects on our financials, I expect a strong second quarter to point the way forward to a sustained period of growth and momentum for our group," said Hainer.

According to Adidas, in concrete terms, group sales were projected to rise at a high-single-digit rate on a currency-neutral basis this year.

In particular, this year's major sporting event, notably the FIFA World Cup in Brazil, would provide positive stimulus to sales.

"Group sales development will also be favourably affected by our high exposure to fast-growing emerging markets as well as the further expansion of retail," the statement said.

At the same time, currency effects were expected to have a significant negative impact on the group's top-line development in euro terms.

"As a result, full-year net profit would probably be between €830m and €930m compared with the €839m last year," the group said.

Source: AFP via I-Net Bridge

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