

Adidas sees steep costs from strong dollar next year

FRANKFURT - German sportswear and equipment giant Adidas expects costs to increase sharply next year as a result of the strong dollar, its chief financial officer said in a newspaper interview on Thursday.



"As a result of negative exchange rate developments, our purchasing costs will rise by around 500 million euros (\$548 million) next year," CFO Robin Stalker told the financial daily *Boersen-Zeitung*.

"The euro will account for around half of this and other currencies the rest," he said.

The strong dollar is a burden for companies such as Adidas, which manufactures its products in Asia and pays its bills in US dollars.

The US currency is rising against the euro and other currencies as a result of the divergent monetary policy stances of the US Federal Reserve and the European Central Bank.

Stalker said it was not the first time that Adidas faced rising purchasing costs due to either exchange rate effects or higher raw materials prices.

"We already reacted quickly to that, for example by reducing our range of products or raising our prices," he said.

"We're therefore confident this time that we'll largely be able to compensate for these effects on the level of gross margins," Stalker said.

Source: AFP