

adidas

Q2 2021 RESULTS

AUGUST 5, 2021



AGENDA

- 1 INTRODUCTION**
- 2 BUSINESS UPDATE**
- 3 FINANCIAL UPDATE**
- 4 OUTLOOK**

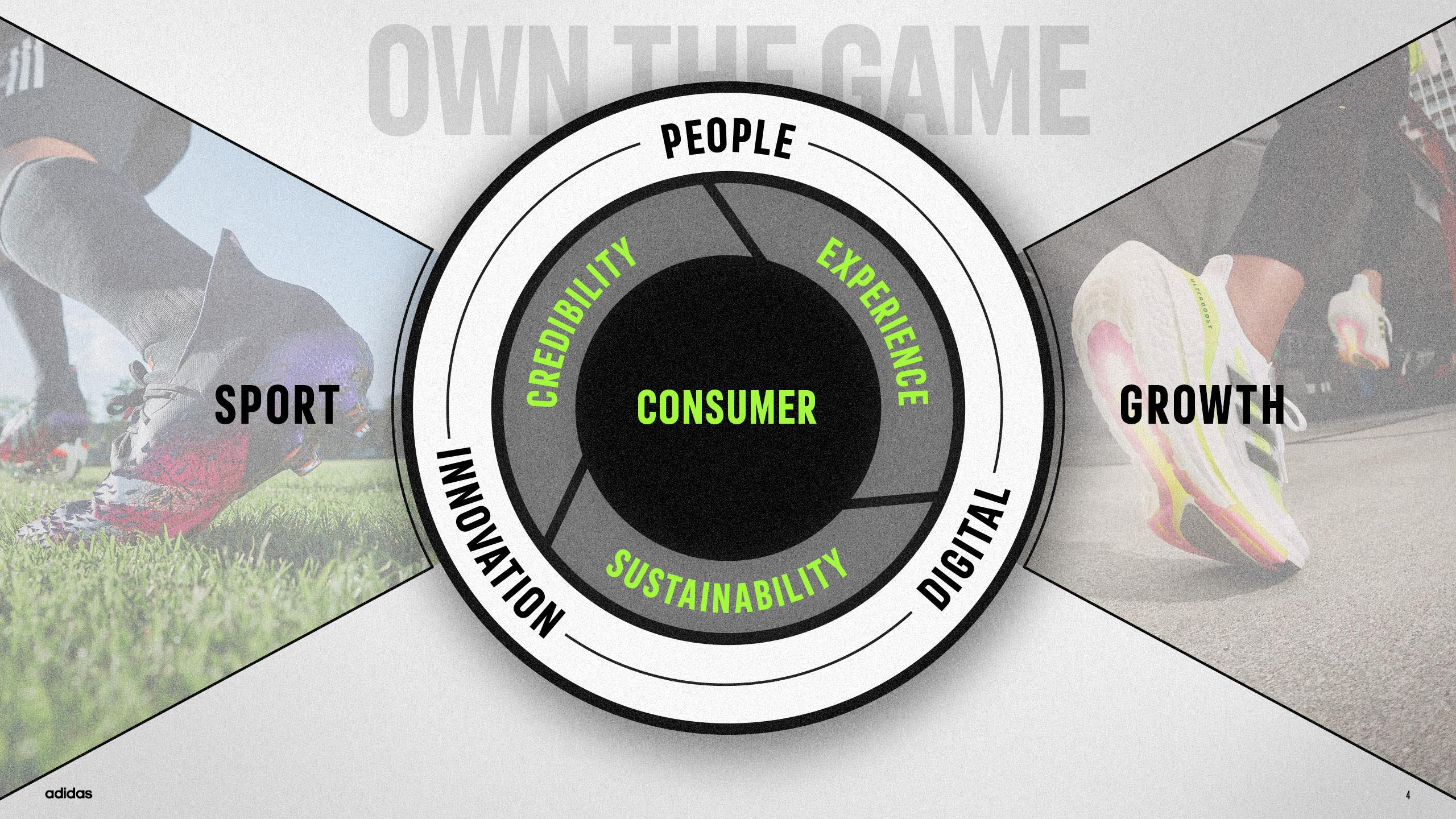


INTRODUCTION

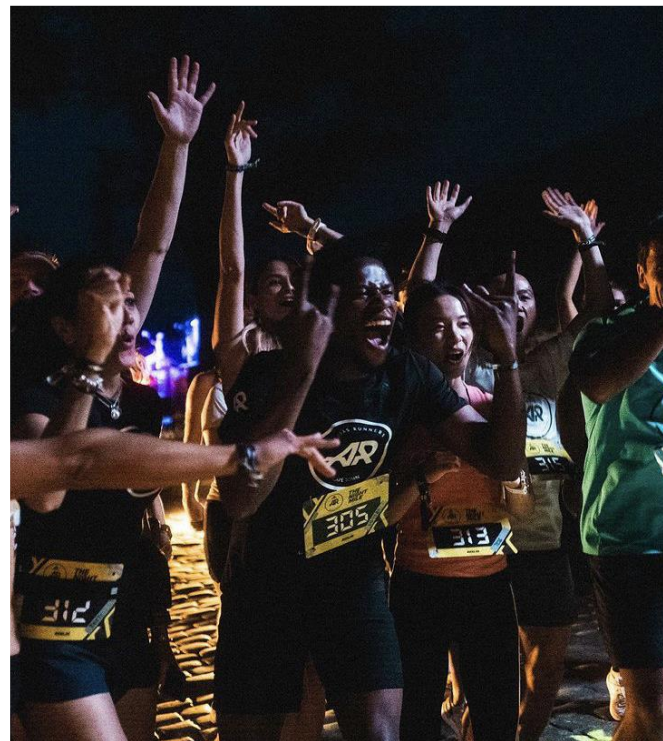
KASPER RORSTED
CEO



OWN THE GAME



SPORTS BACK ON CENTER STAGE



PROGRESS ON OUR DEI JOURNEY

2021

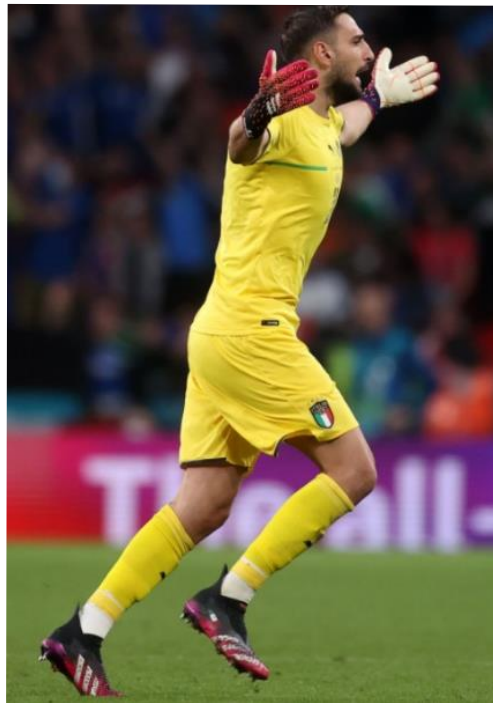
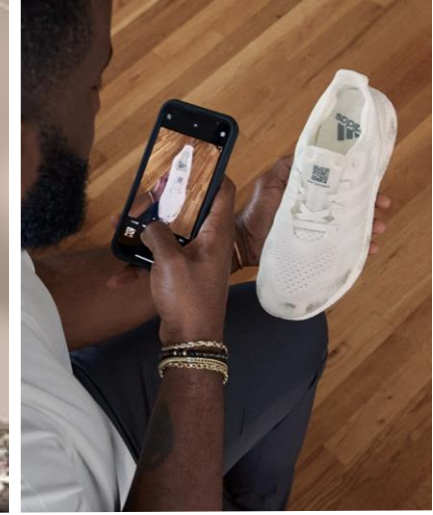
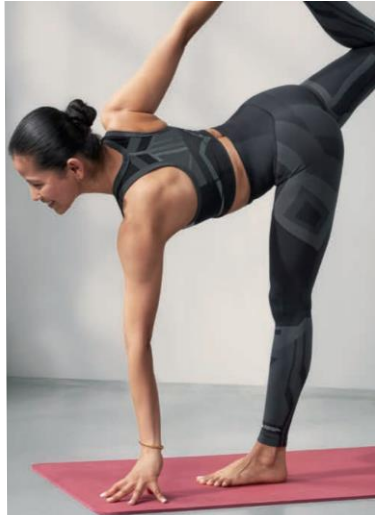


A pair of red and black football cleats is shown in profile, resting on a grass field. The cleats have a distinctive design with a black stripe running down the side and a black sole with yellow studs. The background is a blurred green field and a red wall.

BUSINESS UPDATE

KASPER RORSTED
CEO

CONSUMER HIGHLIGHTS



CREDIBILITY

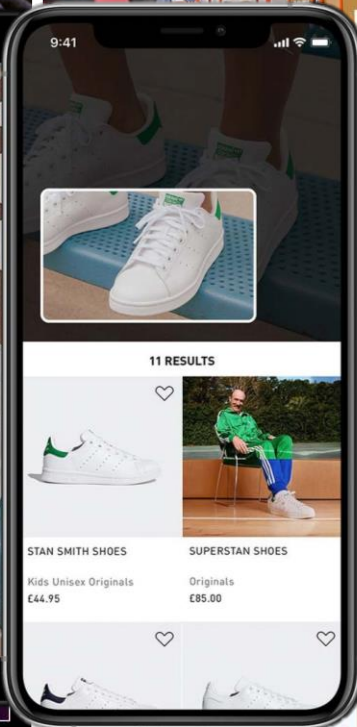
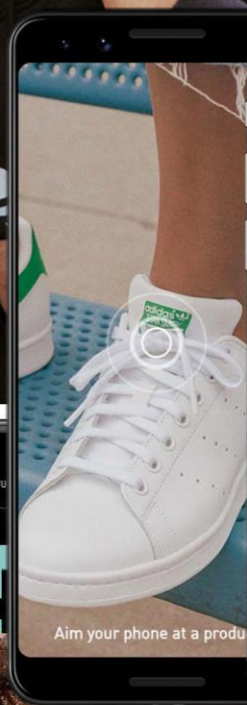
EXPERIENCE

SUSTAINABILITY

CREDIBILITY



EXPERIENCE



SUSTAINABILITY

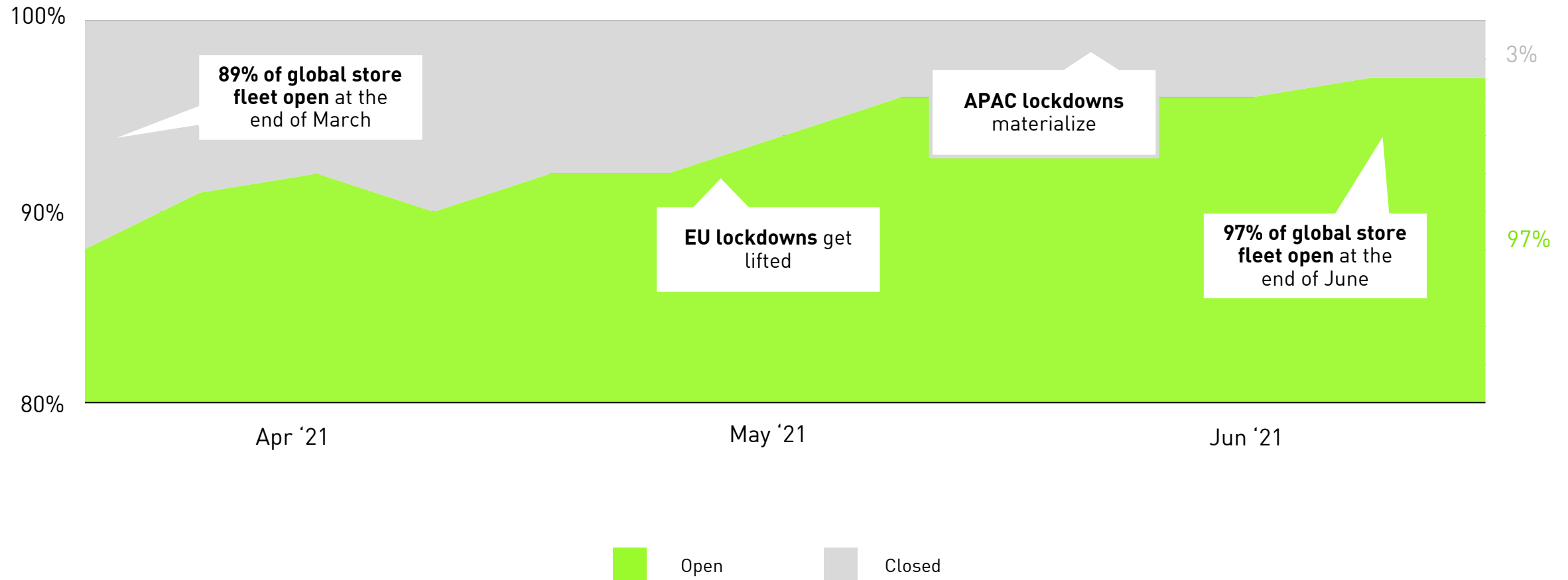


**COLLABORATION PUSHING BOUNDARIES
IN THE USE OF RENEWABLE RAW MATERIALS**



**PARTNERSHIP DRIVING THE CONVERSION OF
WORN APPAREL INTO NEW COTTON-LIKE FABRICS**

STORE OPENING TREND



STRENGTHS & WEAKNESSES

STRENGTHS

TOP-LINE MOMENTUM ACCELERATING

As 97% of stores open and new product launches sell through well

REVENUES ALMOST DOUBLE IN EMEA AND NORTH AMERICA

Driven by exceptional growth in both own retail and wholesale

STRONG GROSS MARGIN RECOVERY CONTINUES

Lower discounting compensating for unfavorable mix effect

DOUBLE-DIGIT OPERATING MARGIN

Despite significant step-up in marketing investments

WEAKNESSES

GEO-POLITICAL SITUATION WEIGHS ON TOP-LINE DEVELOPMENT

Significant drag on growth

SUPPLY-CHAIN CHALLENGES IMPACTING SALES AND PROFITS

Delays in product availability and higher shipping costs

RECOVERY IN APAC AT A SLOWER PACE

Due to continued impact from COVID-related restrictions

LOWER GROWTH IN FOOTWEAR

Also due to football events driving revenues in apparel and hardware

P&L AT A GLANCE

REVENUES INCREASE 55% CURRENCY-NEUTRAL
and 51% in euro terms to € 5,077 million

GROSS MARGIN UP 0.5PP TO 51.8%
due to better pricing and healthy inventory position

OPERATING PROFIT OF € 543 MILLION
reflecting operating margin of 10.7%

NET INCOME¹
of € 387 million

BASIC EPS¹
of € 1.93



TOP-LINE ACCELERATION

VS. 2020

VS. 2019

- Despite high-single-digit drag from external factors (EU lockdowns, supply-chain challenges)

- Despite low-double-digit drag from external factors (geo-political situation, APAC lockdowns)

+27%

+55%

+1%

+5%

Q1

Q2

Q1

Q2

OUR STRATEGIC GROWTH **MARKETS**

GREATER CHINA

Sell-through trends improving sequentially

-16%

NORTH AMERICA

15% increase vs. 2019 level

+87%

EMEA

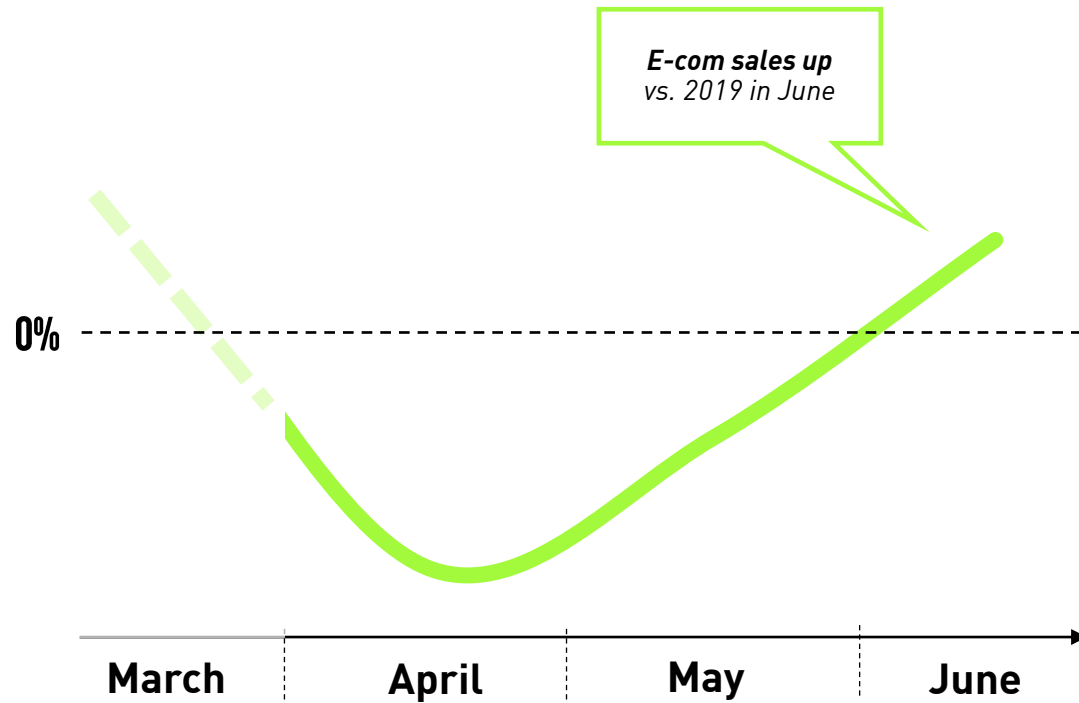
15% increase vs. 2019 level

+99%



IMPROVING SELL-OUT TREND IN CHINA

MONTHLY E-COM SALES GROWTH IN GREATER CHINA VS. 2019



OUR GROWTH CHANNELS

EXCEPTIONAL GROWTH IN OWN RETAIL DESPITE LOCKDOWNS

Increase of 70% reflects strong product sell-through

SUBSTANTIAL GROWTH IN E-COM OVER TWO-YEAR PERIOD

E-com net sales excluding China increase 86% vs. 2019 level

STRONG REBOUND IN WHOLESALE

Revenues almost double driven by growth with strategic accounts

E-COM GROWTH

-14% VS. 2020

+64% VS. 2019

DTC SHARE

37%

-13PP VS. 2020
+5PP VS. 2019



OUR STRATEGIC GROWTH CATEGORIES

RUNNING GROWS OVERPROPORTIONATELY

Diversification of franchise and technology portfolio pays off

OUTDOOR SALES MORE THAN DOUBLE

Successful product launches and activations driving credibility

FOOTBALL REVENUES GROWING TRIPLE DIGITS

As excitement returns on both professional and amateur level



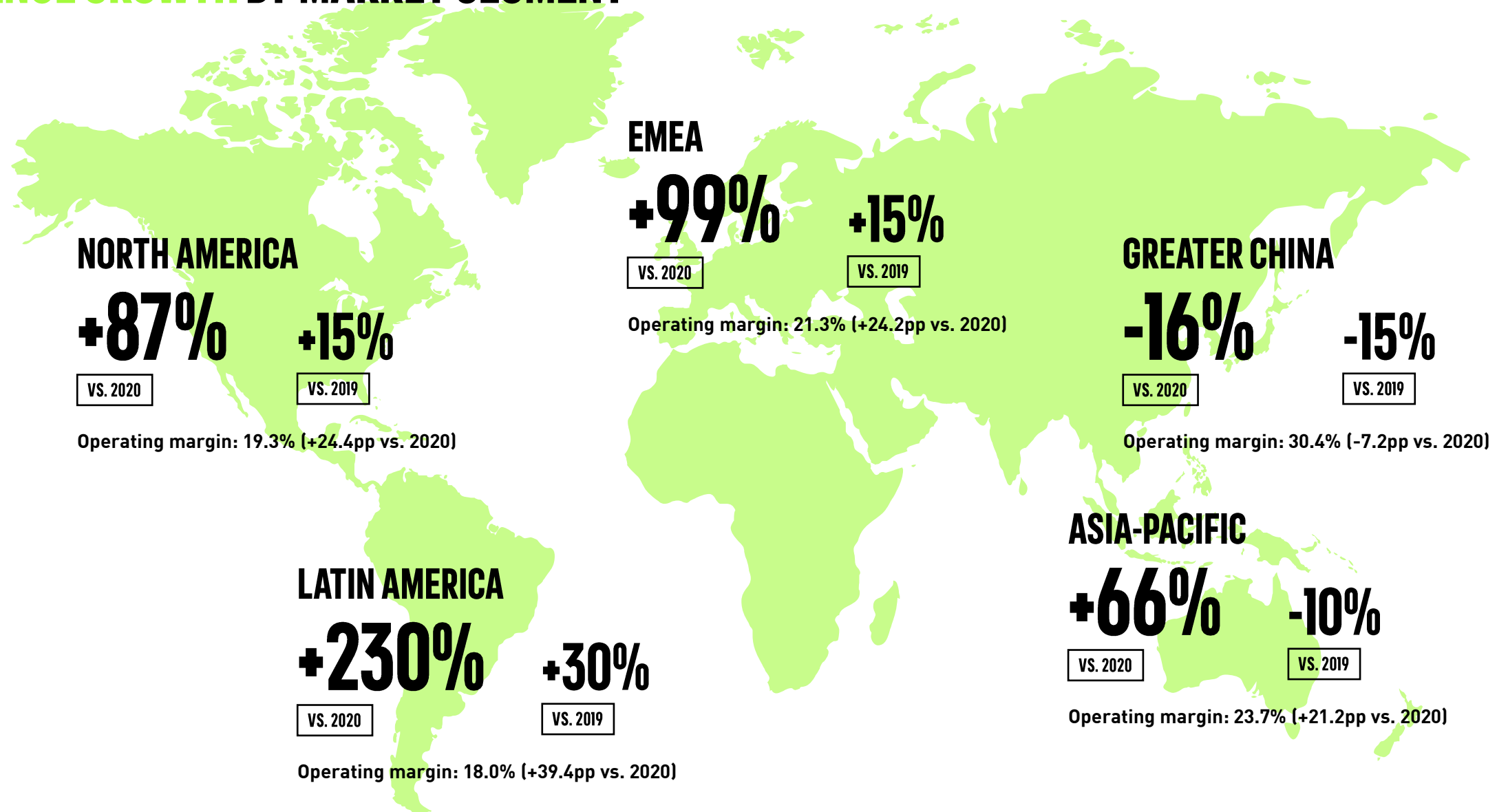
FINANCIAL UPDATE

HARM OHLMEYER

CFO



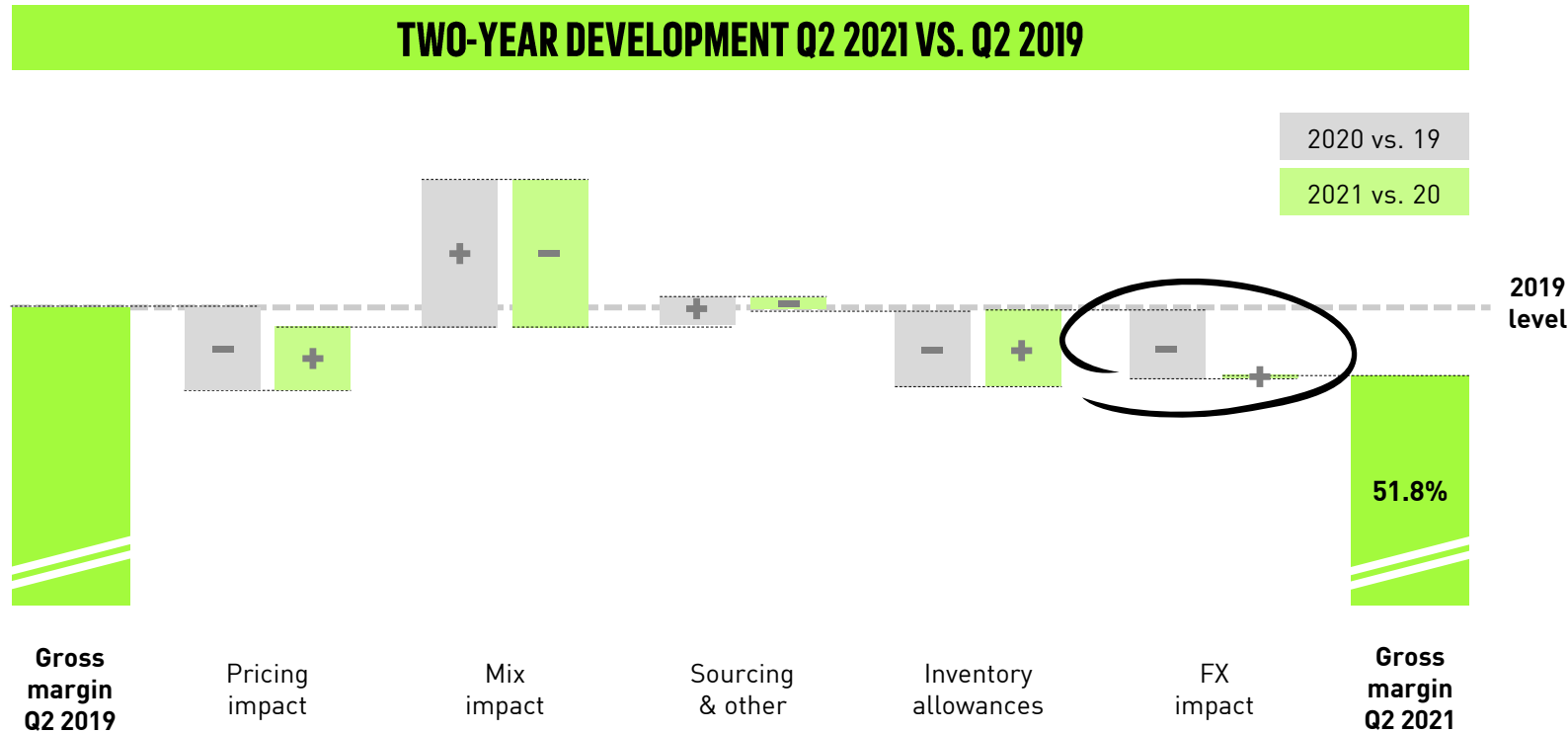
REVENUE GROWTH BY MARKET SEGMENT



P&L OVERVIEW

€ IN MILLIONS	Q2 2021	Q2 2020	Y-0-Y	
Net Sales	5,077	3,352	+51%	+55% currency-neutral Geo-political situation and APAC lockdowns reducing top-line growth at a low-double-digit rate
Gross Margin	51.8%	51.3%	+0.5pp	
Other Operating Expenses (in % of sales)	2,107 41.5%	2,010 60.0%	+5% -18.5pp	
Marketing and Point-of-Sale Expenses (in % of sales)	616 12.1%	525 15.7%	+17% -3.5pp	
Operating Overhead Expenses (in % of sales)	1,492 29.4%	1,484 44.3%	0% -14.9pp	Including around € 60 million of stranded costs related to the Reebok divestiture
Operating Profit/Loss	543	-263	n.a.	
Operating Margin	10.7%	-7.8%	+18.5pp	
Net Income/Loss from continuing operations	387	-243	n.a.	
Basic EPS from continuing operations	1.93	-1.13	n.a.	

GROSS MARGIN DEVELOPMENT DECOMPOSED



- Pricing impact: Drag from higher discounting in 2020 almost fully recovered
- Mix impact: Normalization of channel mix and unfavorable regional mix in Q2 2021
- Sourcing & other: Higher supply-chain costs in 2021
- Inventory allowances: Non-recurrence of prior-year inventory allowances
- FX impact: Headwind of more than 2pp over two-year period



Gross margin back at 2019 level excluding unfavorable FX

ADJUSTED NET BORROWINGS AND EQUITY POSITION

ADJUSTED NET BORROWINGS

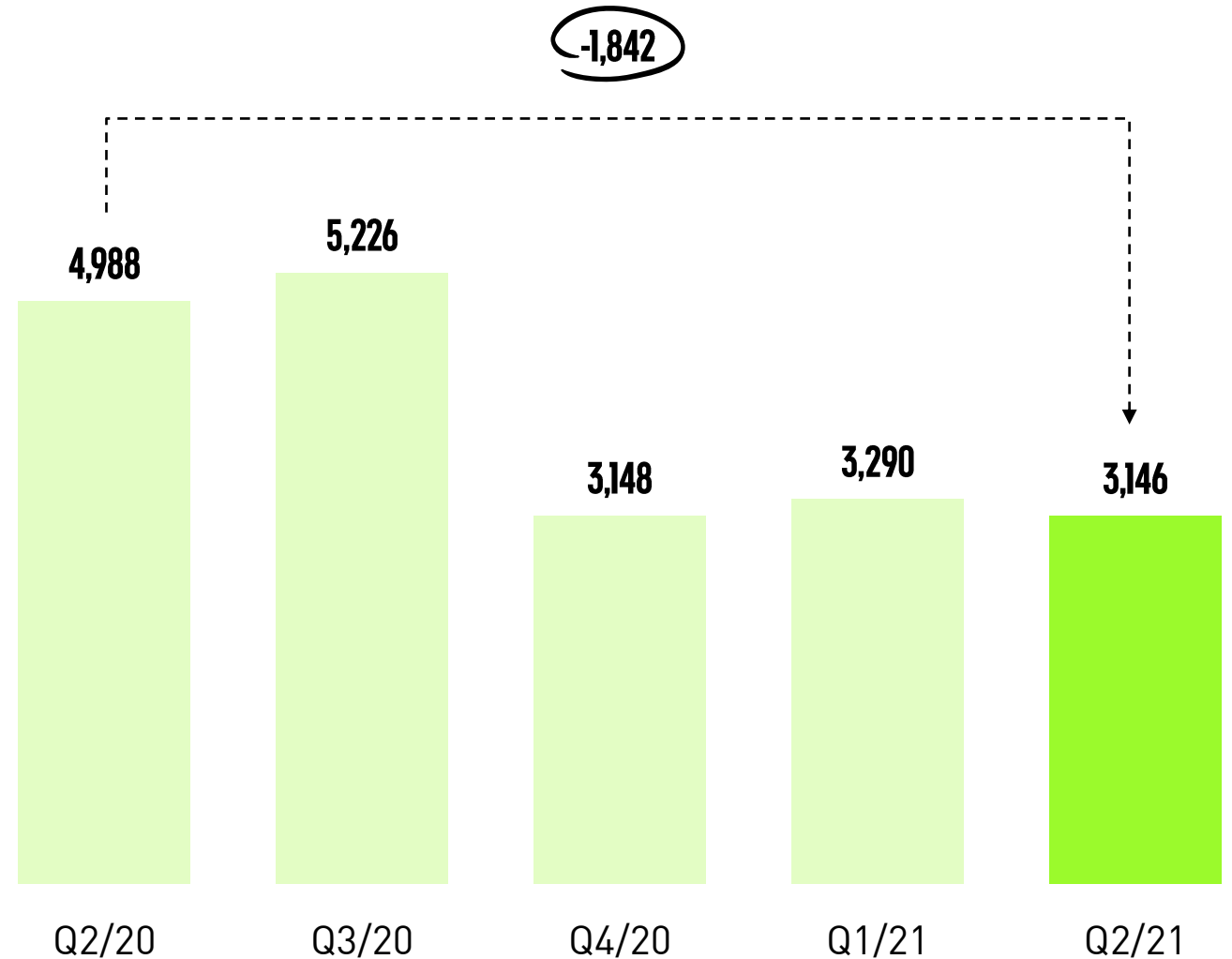
At € 3,146 million

EQUITY POSITION

Increase of € 875 million year-on-year

EQUITY RATIO

At 32.5%



AVERAGE OPERATING WORKING CAPITAL

INVENTORIES DOWN 22% C.N. YEAR-ON-YEAR

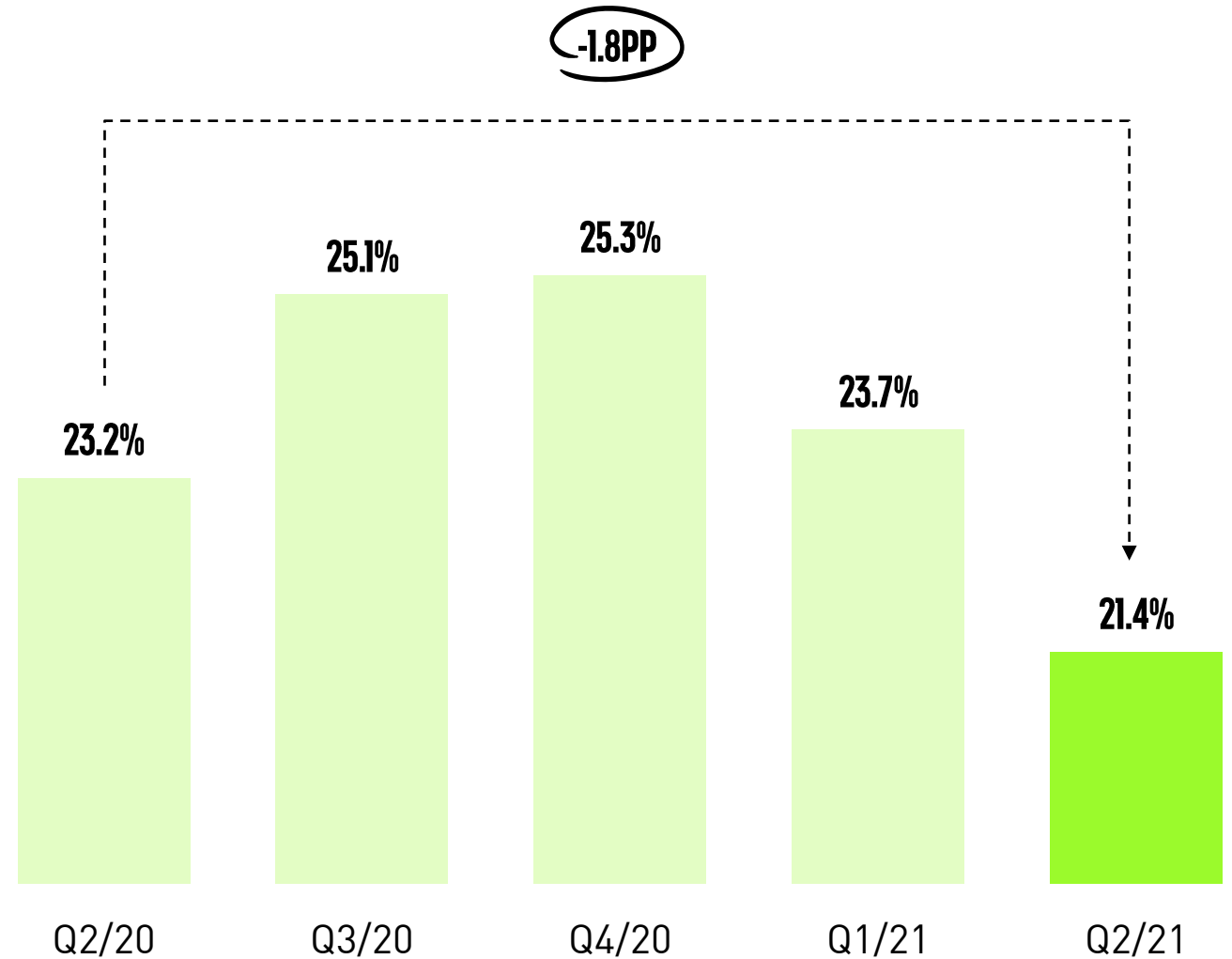
Driven by better inventory management

RECEIVABLES UP 26% C.N. YEAR-ON-YEAR

Driven by higher net sales across markets

PAYABLES DOWN 16% C.N. YEAR-ON-YEAR

Normalization of payment terms



ATTRACTIVE CASH RETURNS TO SHAREHOLDERS

2021

OWN THE GAME

Dividend
paid

€ 0.6 BILLION

Share buyback
volume

€ 0.5 BILLION¹

Total cash return to
shareholders

€ 1.1 BILLION

€ 8-9 BILLION



REEBOK WITH STRONG PERFORMANCE IN Q2

**STRONG GROWTH AND
PROFITABILITY DEVELOPMENT**

**DIVESTITURE PROCESS
REMAINS WELL ON TRACK**



OUTLOOK

KASPER RORSTED
CEO

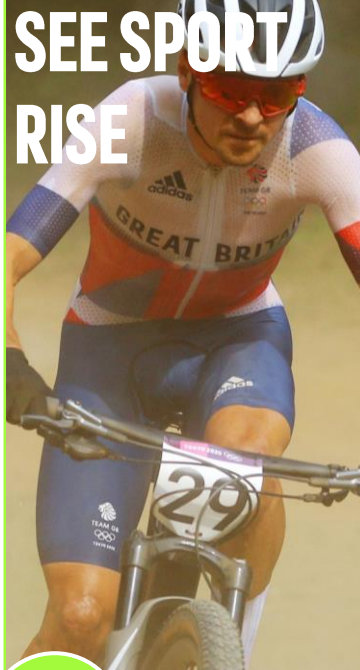


OUR FOCUS

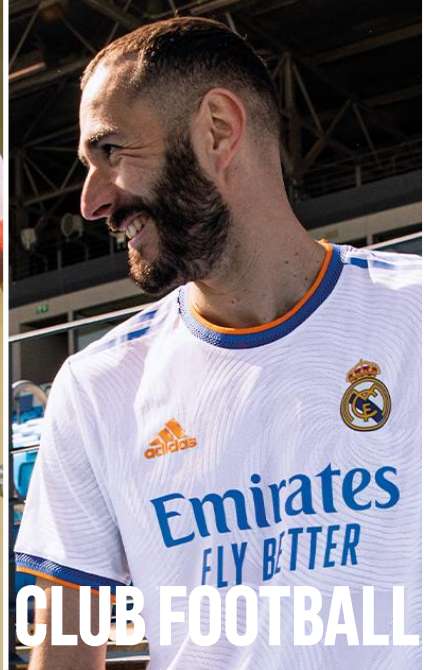
- 1 **DRIVING BRAND HEAT** WITH PRODUCT INNOVATION, GLOBAL CAMPAIGNS AND SPORTS EVENTS
- 2 LEVERAGING OUR DIGITAL CAPABILITIES TO **ENGAGE AND WIN MEMBERS**
- 3 **MITIGATING** INDUSTRY-WIDE **SUPPLY-CHAIN CHALLENGES**
- 4 **ACCELERATING TOP-LINE** MOMENTUM BY EXECUTING OWN THE GAME



EVENTS & CAMPAIGNS



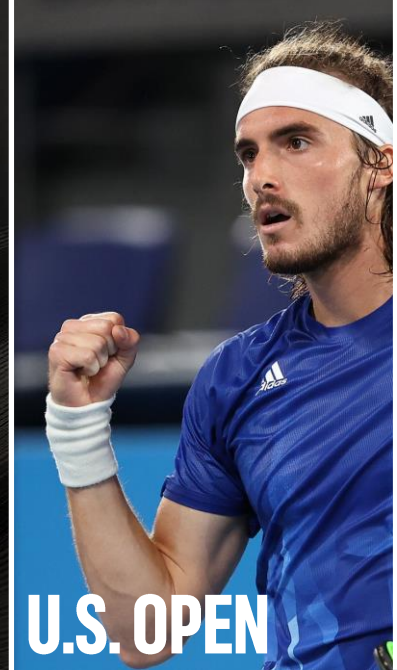
SEE SPORT
RISE



CLUB FOOTBALL



MLS ALL STAR



U.S. OPEN



NFL



YOUR
TRUE
STRIPES

Q3

Q4

PRODUCTS



4D



METEORITE
PACK



AGRAVIC
ULTRA



NMD S1



ZX 5K



FORUM



BLUE
VERSION



FLEX PARK



PRADA

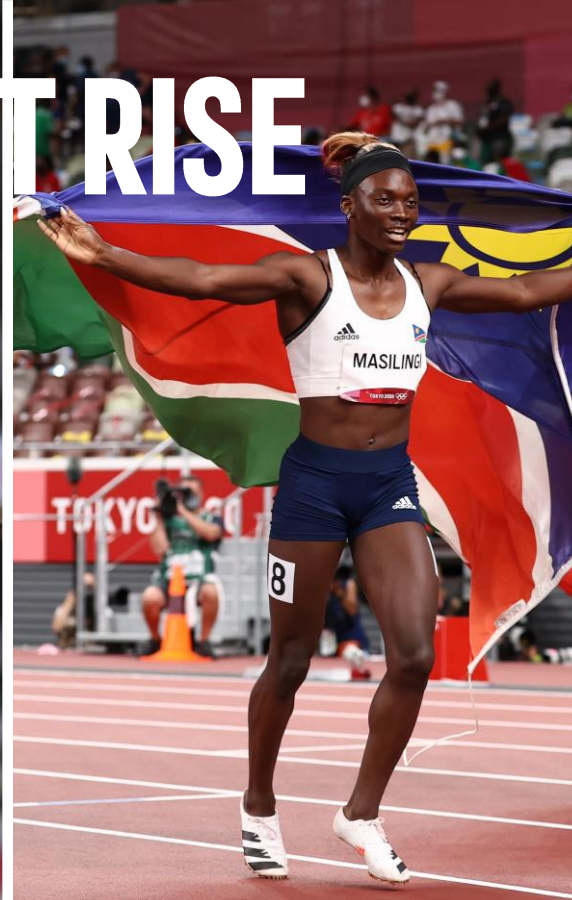
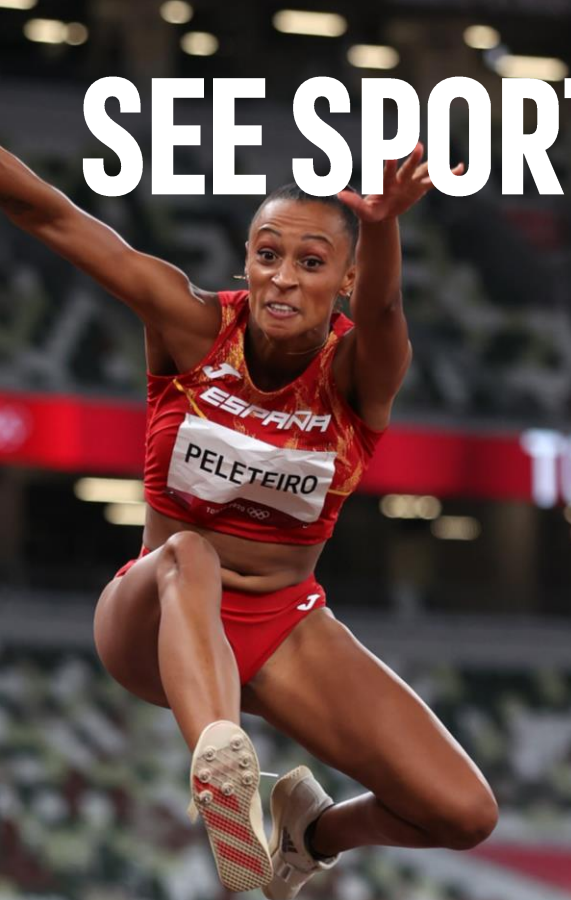


LEGO

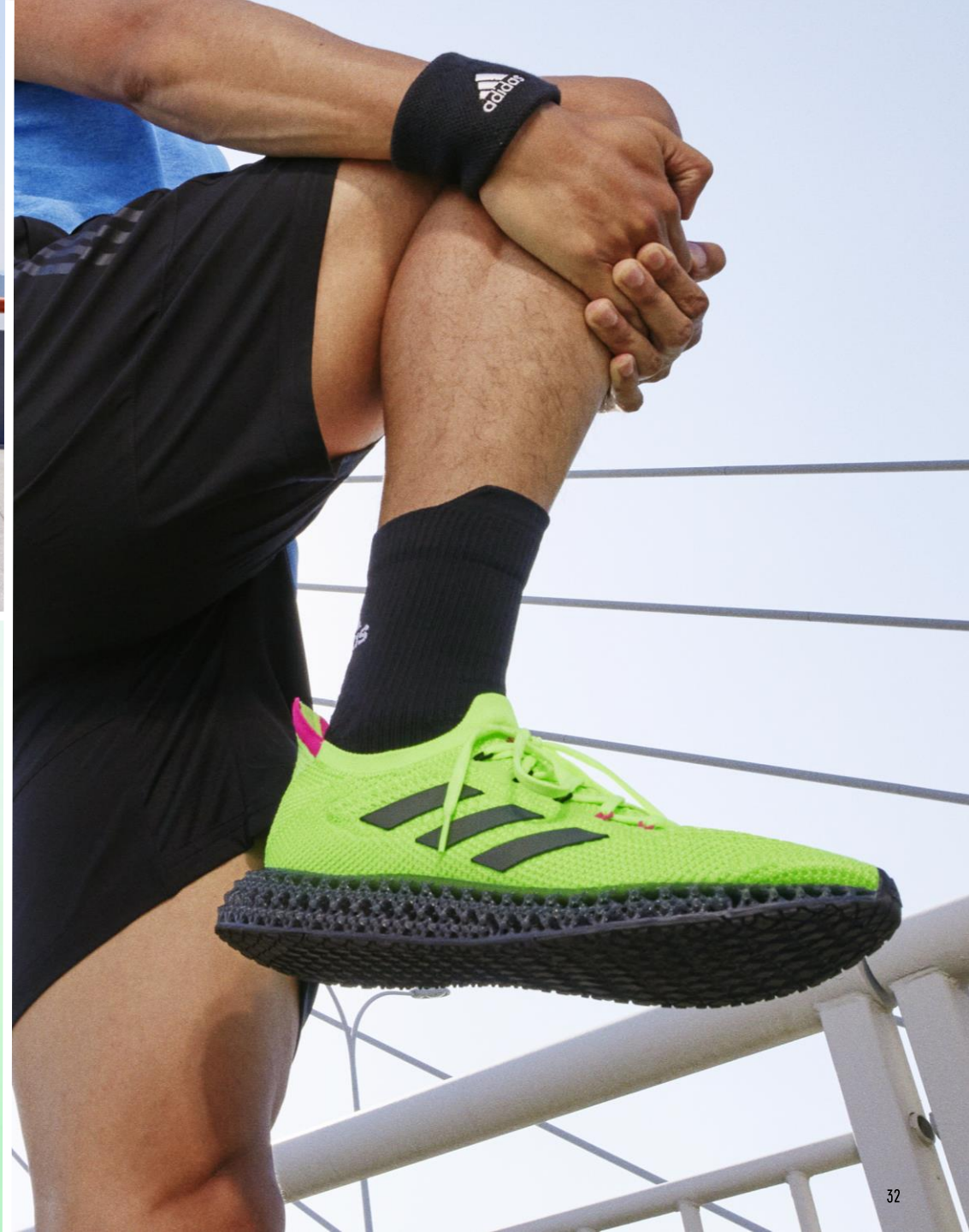


PACKER

SEE SPORT RISE



4D FWD



4D FWD PULSE



CLUB FOOTBALL



MLS ALL-STAR GAME



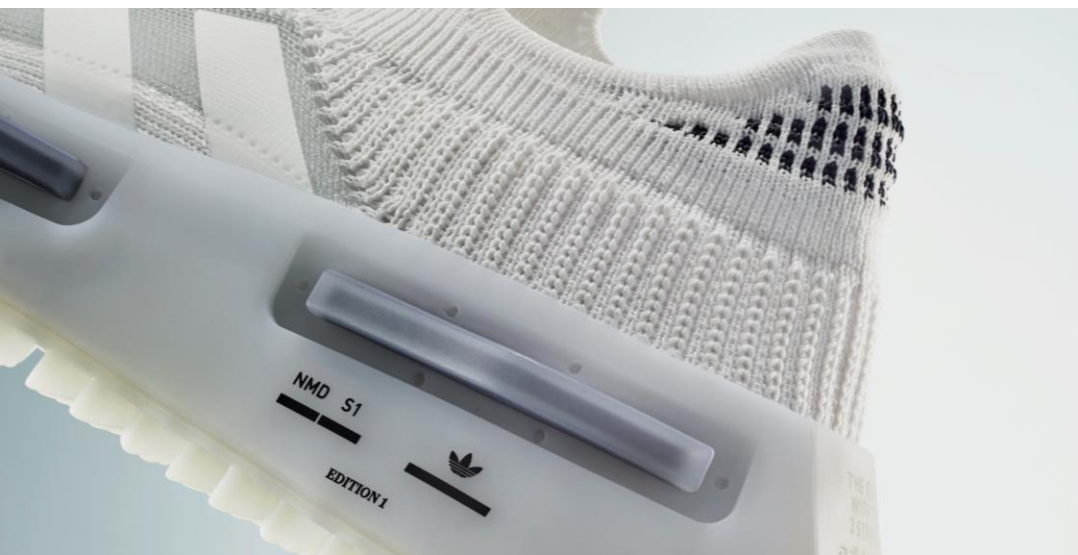
METEORITE PACK



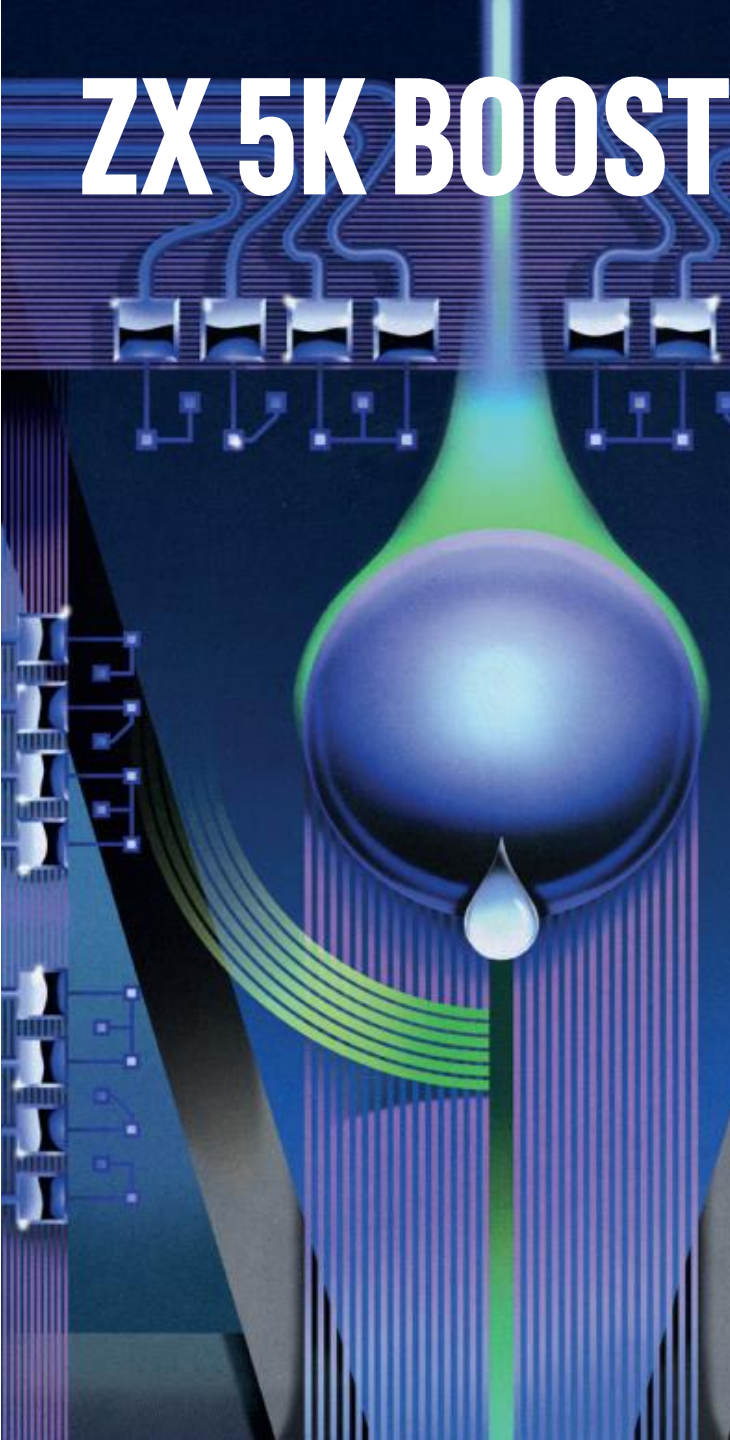
AGRAVIC ULTRA



NMD S1



ZX 5K BOOST



FORUM EXHIBIT



*Open Mind
New Ideas*

FORUM



DIE MARKE MIT DEN
3 STREIFEN
THE BRAND
WITH THE 3 STRIPES

BLUE VERSION



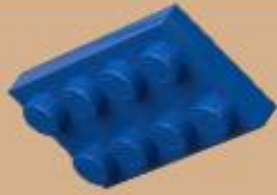
FLEX PARK



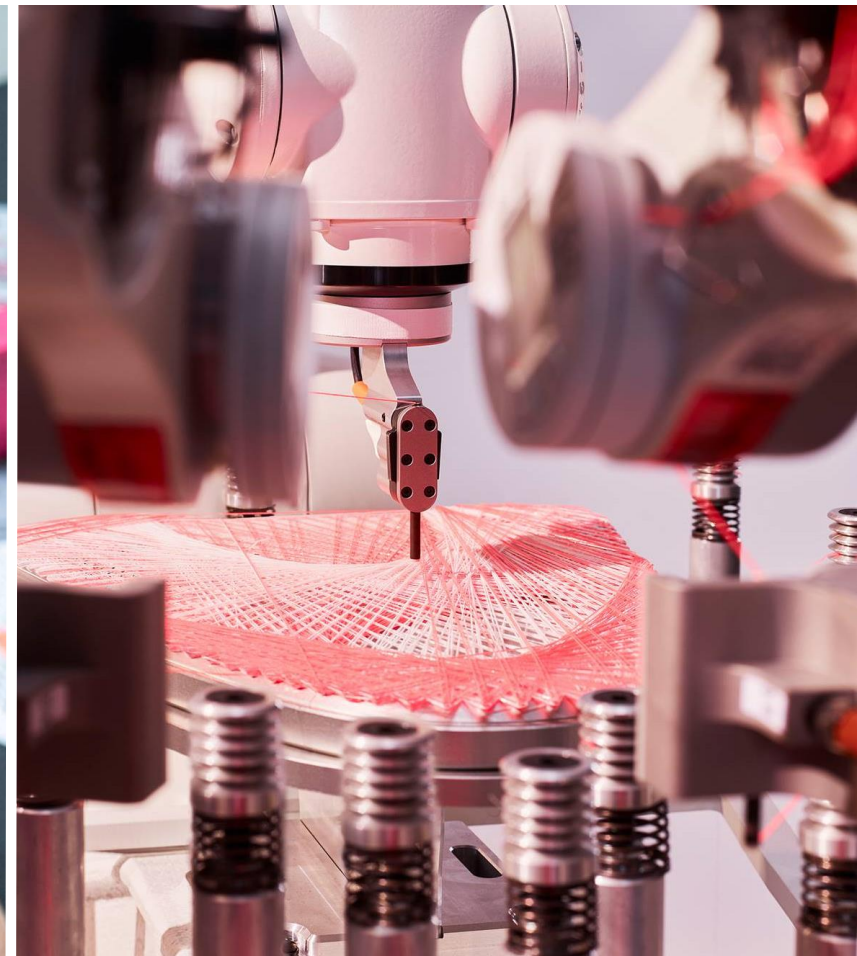
ADIDAS X PRADA LUNA ROSSA 21



UB DNA X LEGO



INNOVATION DAY DECEMBER 13/14



MITIGATING GLOBAL SUPPLY-CHAIN CHALLENGES



**FREIGHT
COSTS**



**CAPACITY
CONSTRAINTS**

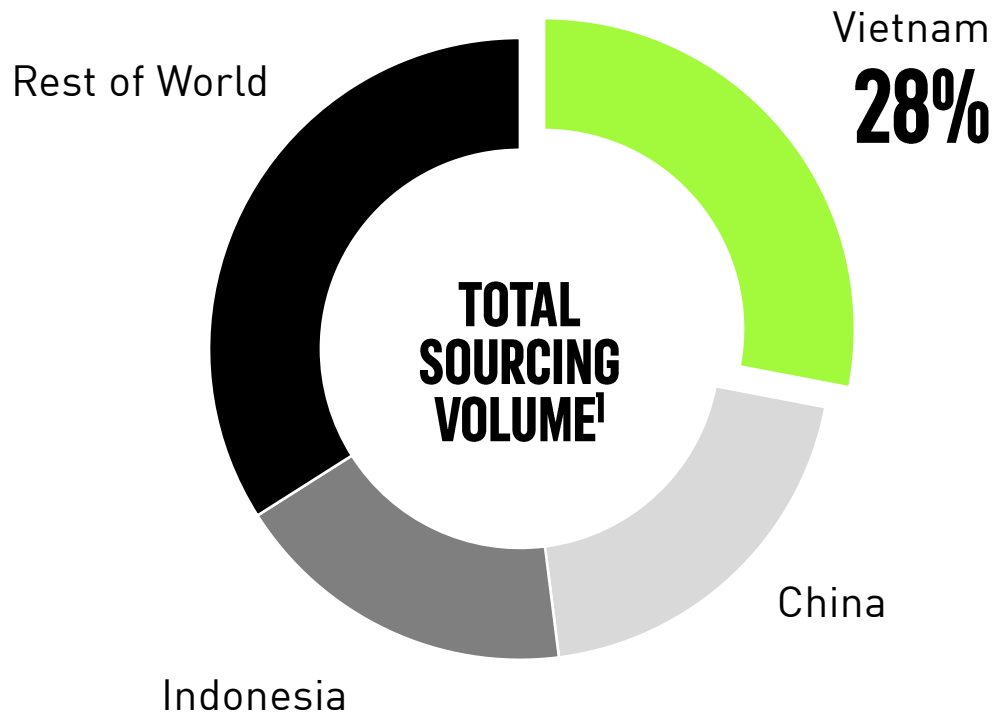


**PORT
CONGESTIONS**



**FACTORY
LOCKDOWNS**

MITIGATING SOURCING DISRUPTION



CURRENT STATUS

- Health and safety top priority
- Temporary disruptions in Vietnam
- No major interruptions in China and Rest of World
- Largely operational sourcing network expected by the end of Q3

KEY MITIGATION ACTIONS IN PLACE

- Re-allocate production
- Secure additional production capacity
- Selectively utilize air freight
- Prioritize key commercial moments
- Re-deploy existing market inventory

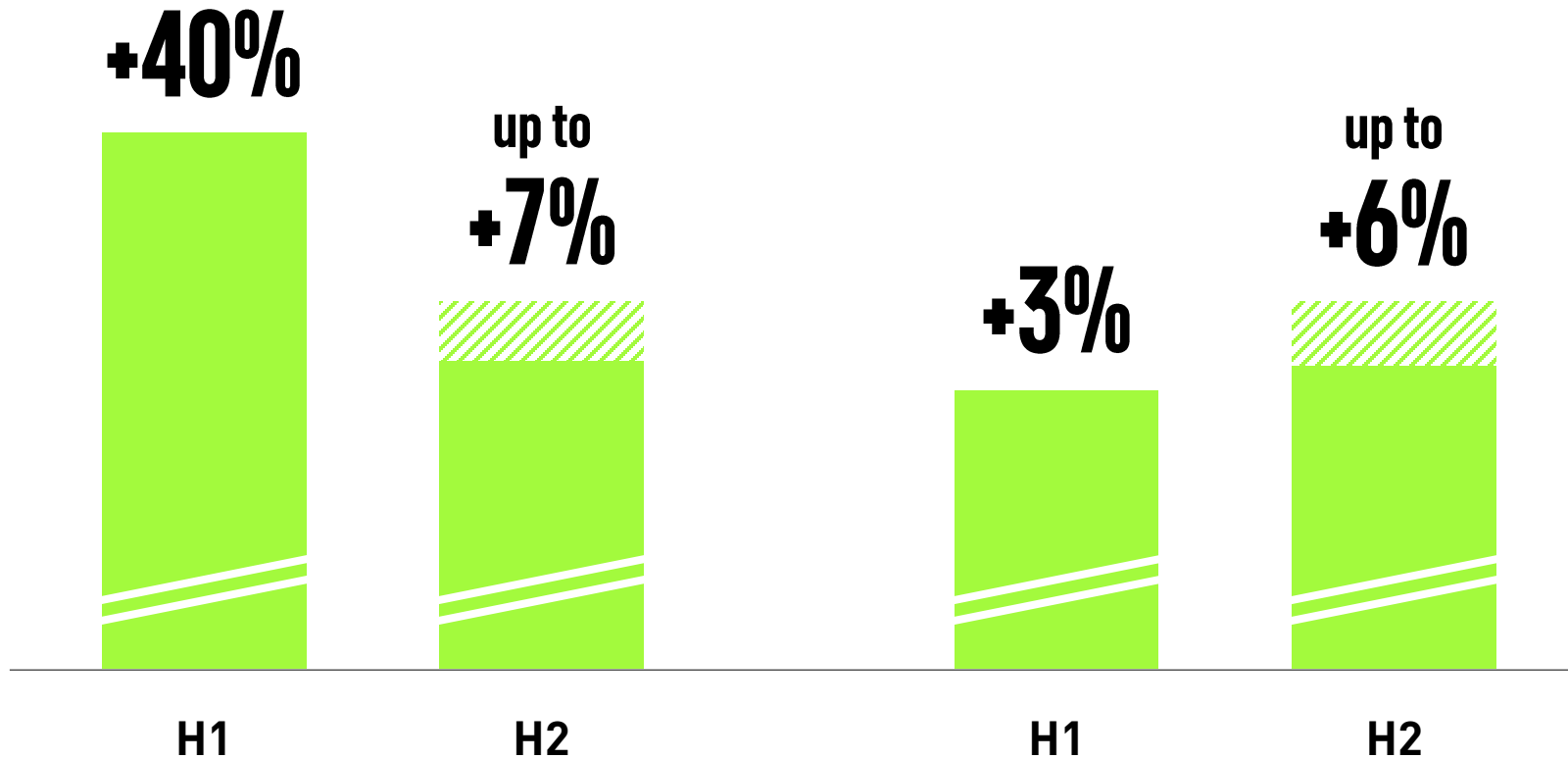


Expected impact reflected in full-year guidance

H2 TOP-LINE ACCELERATION

VS. 2020

VS. 2019



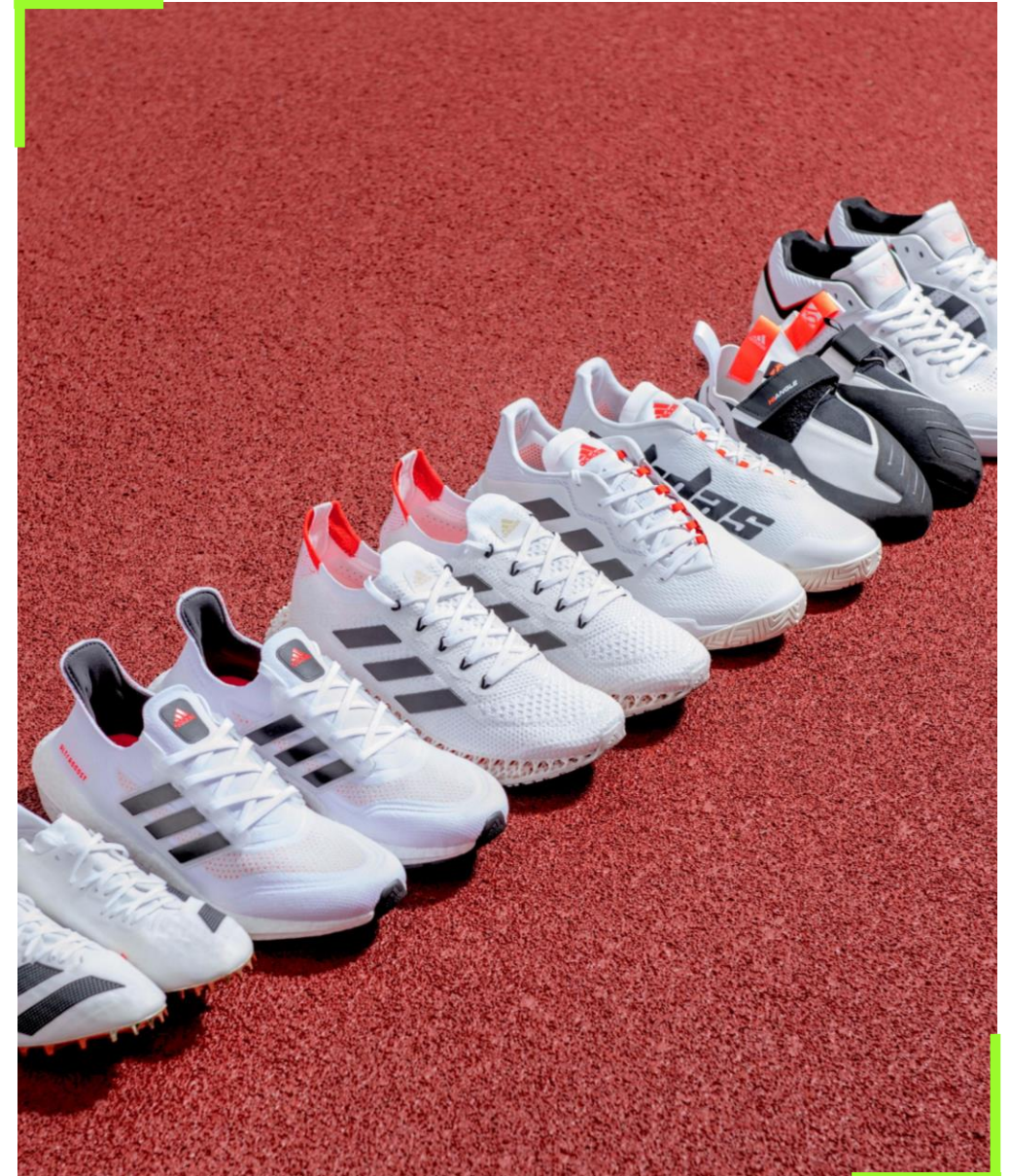
- Strong brand momentum and product pipeline spur H2 top-line acceleration
- Higher growth in H2 vs. 2019
- **Net sales expected to increase up to 20% y-o-y**

OUTLOOK 2021

	PREVIOUS	INCREASED OUTLOOK	
Net sales ¹	High-teens increase	Increase of up to 20%	FY 2021 OUTLOOK INCREASED <ul style="list-style-type: none"> ▪ Net sales increase of up to 20% currency-neutral ▪ Operating margin increase to 9.5% - 10% ▪ Net income increase to € 1.4 - € 1.5 billion
Gross margin	Increase to around 52%	Increase to around 52%	
Operating margin	Increase to 9% - 10%	Increase to 9.5% - 10%	
Net income ²	Increase to € 1.25 - € 1.45 bn	Increase to € 1.4 - € 1.5 bn	
			OUTLOOK KEY ASSUMPTIONS <ul style="list-style-type: none"> ▪ Global store opening rate of at least 95% ▪ Largely operational sourcing network at the end of Q3 ▪ Continued steady recovery in Greater China

SUMMARY

- 1 **BRAND MOMENTUM STRENGTHENING** WITH NEW PRODUCT LAUNCHES SELLING THROUGH WELL
- 2 **H2 TOP-LINE ACCELERATION** DESPITE INDUSTRY-WIDE CHALLENGES
- 3 **MARGIN RECOVERY CONTINUING** AS OWN THE GAME IN FULL EXECUTION ACROSS THE ENTIRE COMPANY
- 4 **FULL-YEAR OUTLOOK INCREASED** WITH 2021 TO BE SUCCESSFUL FIRST YEAR OF NEW STRATEGIC CYCLE



Q&A

