

A group of runners in Adidas hoodies running on a bridge. The image is in black and white with a green overlay. The runners are wearing various styles of Adidas hoodies and track pants. The background shows a bridge railing and a hazy cityscape.

adidas

Q3 2017

RESULTS PRESENTATION

HERZOGENAURACH

NOVEMBER 9, 2017



AGENDA

BUSINESS HIGHLIGHTS
FINANCIAL HIGHLIGHTS
OUTLOOK



BUSINESS HIGHLIGHTS

KASPER RORSTED
CEO

EXECUTING 'CREATING THE NEW'

ORGANISATIONAL PROGRESS COMPLEMENTS OPERATIONAL IMPROVEMENTS

TAYLORMADE AND CCM HOCKEY BUSINESSES

DIVESTITURES COMPLETED

LEADERSHIP GROUPS ESTABLISHED AND ACTIVATED

LEADERSHIP FRAMEWORK DEFINED AND INTRODUCED

ORGANISATION IN 'EXECUTION MODE'

DRIVING PROGRESS AGAINST SHORT- AND LONG-TERM GOALS

STRENGTHS AND WEAKNESSES

IN Q3 2017

EXCELLENT GROWTH

IN NORTH AMERICA AND GREATER CHINA

ECOM CONTINUES TO OUTPERFORM

FASTEST-GROWING CHANNEL IN ALL REGIONS

ROBUST GROSS MARGIN IMPROVEMENT

REFLECTING CONTINUED STRONG BRAND DESIRE

STRONG PROFITABILITY IMPROVEMENTS

DUE TO OPERATIONAL PROGRESS

SLOWER GROWTH IN WESTERN EUROPE

DUE TO MARKET AND RETAIL SLOWDOWN

US COLLEGE BASKETBALL ALLEGATION

THOROUGH INTERNAL INVESTIGATION WITH
OUTSIDE COUNSEL ONGOING

DECLINE IN BASKETBALL AND FOOTBALL

MAINLY DUE TO TERMINATION OF SPONSORSHIPS

LIMITED OPERATING OVERHEAD LEVERAGE

DESPITE SIGNIFICANT TOP-LINE GROWTH

MAJOR P&L DEVELOPMENTS

IN Q3 2017

REVENUES INCREASE 12% CURRENCY-NEUTRAL

AND 9% IN EURO TERMS TO € 5.7 BILLION

GROSS MARGIN UP 2.4PP TO 50.4%

DUE TO A MORE FAVOURABLE PRICING AND PRODUCT MIX

OPERATING MARGIN UP 2.7PP TO 14.0%

SUPPORTED BY AN INCREASE IN GROSS MARGIN AND OPEX LEVERAGE

NET INCOME FROM CONTINUING OPERATIONS INCREASES 35%

TO € 549 MILLION

BASIC EPS FROM CONTINUING OPERATIONS UP 33%

TO € 2.70

KEY GROWTH AREAS

DRIVE STRONG TOP-LINE PERFORMANCE DURING THE THIRD QUARTER

**ADIDAS
NORTH AMERICA**



+31%

**GREATER
CHINA**



+28%

ECOM



+39%

STRONG GROWTH AT ADIDAS BRAND

GROWTH IN ALL REGIONS EXCEPT RUSSIA/CIS

+13%

DOUBLE-DIGIT SALES GROWTH ON TOP OF A 20% INCREASE IN THE PRIOR YEAR PERIOD

STRONG DOUBLE-DIGIT ECOM GROWTH IN EVERY MARKET

WOMEN'S BUSINESS CONTINUES TO OUTPERFORM WITH STRONG DOUBLE-DIGIT SALES GROWTH

SPORT PERFORMANCE INCREASES 3%

REFLECTING OVERALL WEAKNESS IN THE LICENSED APPAREL BUSINESS

QUARTERLY REVENUE GROWTH (2-YEAR STACKS)



**RUNNING REVENUES UP 16%, DRIVEN BY
20% GROWTH IN FOOTWEAR**

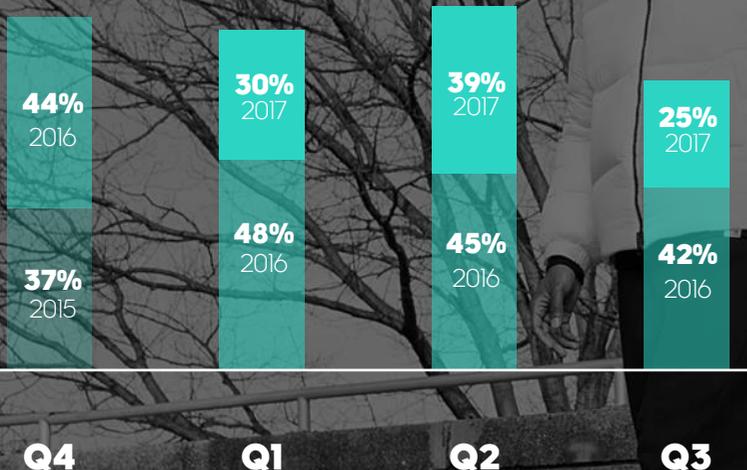
**TRAINING SALES GROW 6%, REFLECTING
DOUBLE-DIGIT GROWTH IN ATHLETICS APPAREL**

**UNDERPERFORMANCE OF APPAREL CONTINUES
TO WEIGH ON OVERALL GROWTH**

ORIGINALS & NEO ENJOY BRAND HEAT

DOUBLE-DIGIT GROWTH IN FOOTWEAR AND APPAREL

QUARTERLY REVENUE GROWTH (2-YEAR STACKS)



**ORIGINALS UP 22%, DRIVEN BY STRONG
DOUBLE-DIGIT GROWTH IN ALL KEY REGIONS**

**MODERN FRANCHISES GROW MORE THAN 40%,
NOW REPRESENTING MORE THAN HALF OF
ORIGINALS FOOTWEAR BUSINESS**

**NEO BUSINESS GROWS 30%, REFLECTING
EXCEPTIONAL IMPROVEMENT IN FOOTWEAR**

MODERATE GROWTH AT REEBOK

DOUBLE-DIGIT INCREASE IN CLASSICS

+1%

REEBOK RECORDS HIGH-SINGLE-DIGIT GROWTH OUTSIDE OF THE U.S.

MUSCLE-UP INITIATIVES DELIVER OPERATIONAL AND FINANCIAL PROGRESS

REEBOK AND VICTORIA BECKHAM UNITE TO DRIVE WOMEN'S BUSINESS

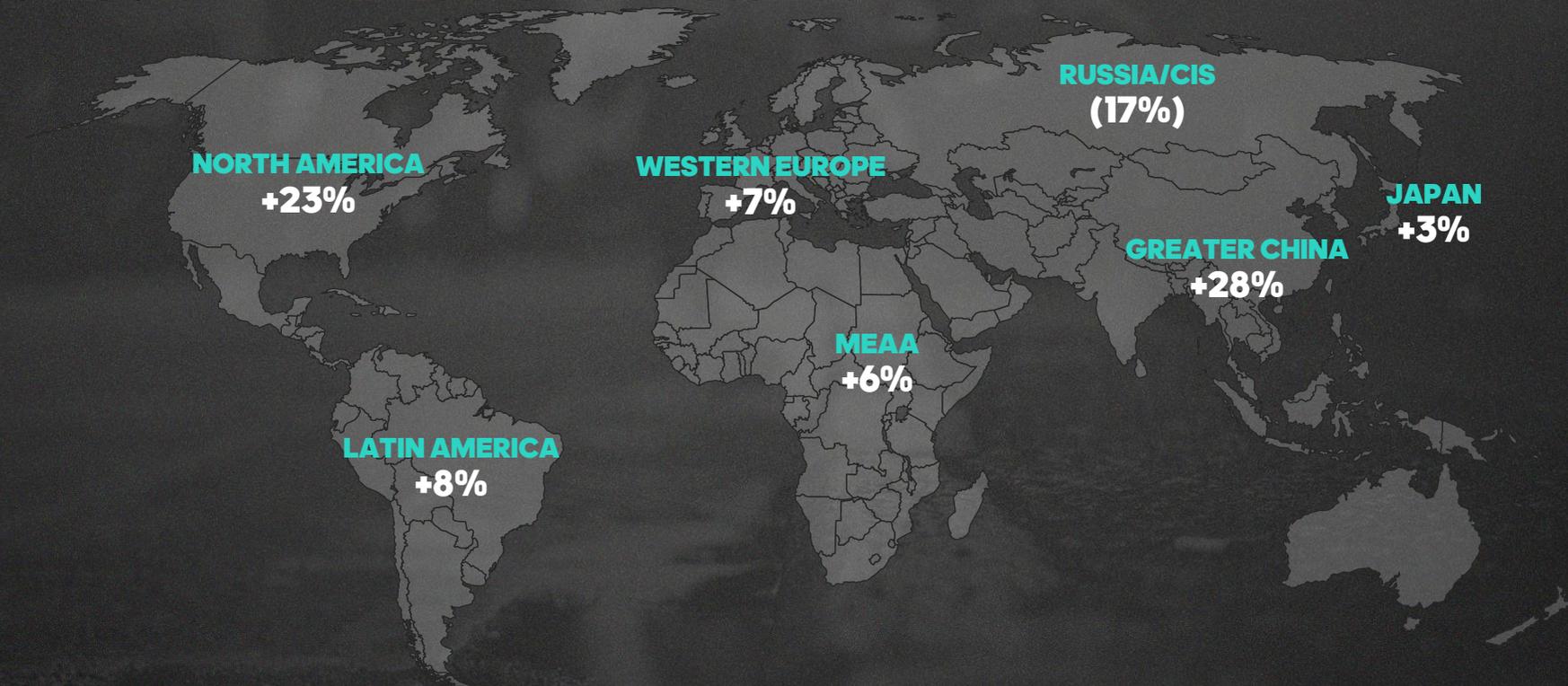
The background of the slide features a grayscale photograph of three football players in ACC conference uniforms. The player in the center is the most prominent, wearing a white helmet with 'ACC' on the front and a dark jersey with 'adidas' and 'ACC' logos. He is looking directly at the camera with a serious expression. Two other players are visible behind him, also in similar uniforms, but they are out of focus. A semi-transparent teal rectangular box is overlaid on the left side of the image, containing the text.

FINANCIAL HIGHLIGHTS

HARM OHLMEYER
CFO

ONGOING MOMENTUM IN KEY REGIONS

SALES GROWTH IN ALL REGIONS EXCEPT RUSSIA/CIS



SIGNIFICANT GROWTH IN MATURE MARKET

WESTERN EUROPE

CURRENCY-NEUTRAL SALES INCREASE 7% IN Q3
GROWTH IN MOST KEY COUNTRIES

ADIDAS BRAND REVENUES UP 6%
DOUBLE-DIGIT GROWTH IN ORIGINALS AND NEO

REEBOK BRAND SALES INCREASE 21%
DRIVEN BY RUNNING AND CLASSICS

GROSS MARGIN GROWS (+1.8PP)
DUE TO A MORE FAVOURABLE PRICING AND CHANNEL MIX

OPERATING MARGIN UP (+1.8PP)
REFLECTING THE INCREASE IN GROSS MARGIN

EXCEPTIONAL MOMENTUM AT ADIDAS BRAND ONGOING

NORTH AMERICA

CURRENCY-NEUTRAL SALES INCREASE 23% IN Q3

ADIDAS BRAND MOMENTUM CONTINUES (+31%)
DRIVEN BY TRAINING, RUNNING, ORIGINALS AND NEO

REEBOK BRAND SALES DOWN 22%
ONGOING CLEAN-UP OF LOW-MARGIN BUSINESS

GROSS MARGIN EXPANSION CONTINUES (+2.4PP)
REFLECTING A MORE FAVOURABLE PRICING AND PRODUCT MIX

OPERATING MARGIN UP (+3.5PP)
DRIVEN BY GROSS MARGIN INCREASE AND OPEX LEVERAGE

EXCELLENT GROWTH SUPPORTED BY ONGOING BRAND HEAT

GREATER CHINA

CURRENCY-NEUTRAL SALES INCREASE 28% IN Q3

ADIDAS BRAND SALES INCREASE 29%
DOUBLE-DIGIT GROWTH IN TRAINING, RUNNING,
ORIGINALS AND NEO

REEBOK BRAND REVENUES UP 9%
DOUBLE-DIGIT GROWTH IN TRAINING AND RUNNING

GROSS MARGIN DOWN (-0.9PP)
REFLECTING SIGNIFICANT FX HEADWINDS

OPERATING MARGIN UP (+1.2PP)
DUE TO LOWER OPEX IN % OF SALES

SALES INCREASE DESPITE CONTINUED MACROECONOMIC CHALLENGES

LATIN AMERICA

CURRENCY-NEUTRAL SALES GROW 8% IN Q3
DESPITE DIFFICULT ENVIRONMENT IN ARGENTINA AND BRAZIL

ADIDAS BRAND SALES INCREASE 9%
GROWTH IN TRAINING, RUNNING, ORIGINALS AND NEO

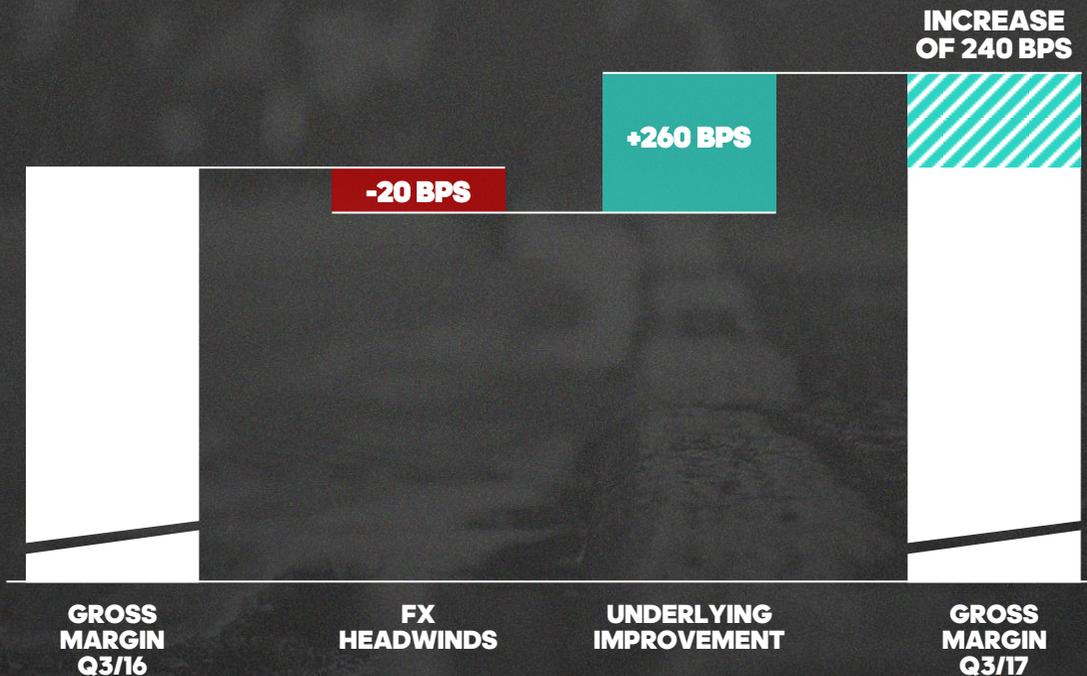
REEBOK BRAND REVENUES UP 2%
DOUBLE-DIGIT GROWTH IN TRAINING AND CLASSICS

GROSS MARGIN DOWN (-0.3PP)
DUE TO SEVERE FX HEADWINDS

OPERATING MARGIN DOWN (-1.0PP)
REFLECTING THE LOWER GROSS MARGIN AND
HIGHER OPEX IN % OF SALES

GROSS MARGIN INCREASES TO 50.4%

DUE TO STRONG IMPROVEMENTS IN PRICING AND PRODUCT MIX EFFECTS



FINANCIAL RESULTS OVERVIEW

SIGNIFICANT TOP- AND BOTTOM-LINE IMPROVEMENTS

	Q3/17	Q3/16	Y-O-Y CHANGE
SALES (€ IN MILLIONS)	5,677	5,222	+9%
GROSS MARGIN	50.4%	48.1%	+2.4PP
OTHER OPERATING INCOME (€ IN MILLIONS)	33	16	+111%
OTHER OPERATING EXPENSES (€ IN MILLIONS)	2,129	1,963	+8%
OTHER OPERATING EXPENSES (IN % OF SALES)	37.5%	37.6%	(0.1PP)
OPERATING PROFIT (€ IN MILLIONS)	795	591	+35%
OPERATING MARGIN	14.0%	11.3%	+2.7PP
NET INCOME FROM CONTINUING OPERATIONS (€ IN MILLIONS)	549	407	+35%
DILUTED EPS FROM CONTINUING OPERATIONS (€)	2.68	1.98	+35%

* Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

INVENTORIES GROW 16%

TO SUPPORT TOP-LINE MOMENTUM

INVENTORIES FROM CONTINUING OPERATIONS UP 16% C.N.

REFLECTING HIGHER STOCK LEVELS TO SUPPORT THE TOP-LINE MOMENTUM

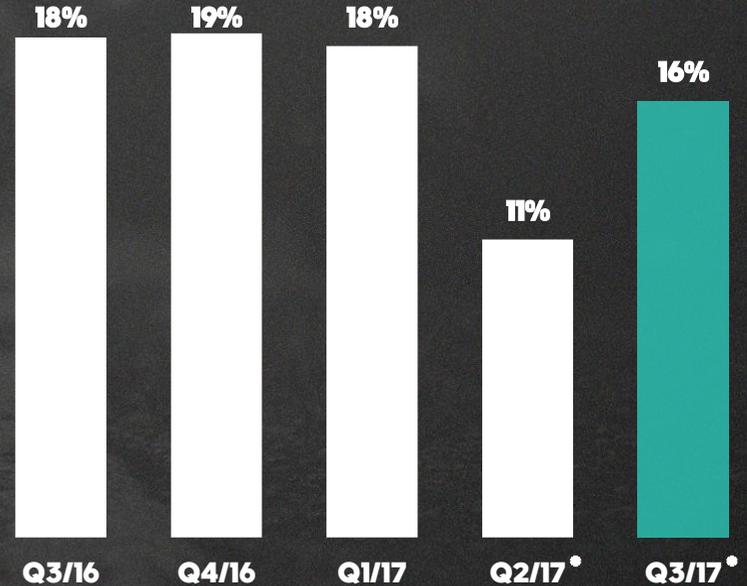
RECEIVABLES FROM CONTINUING OPERATIONS UP 17% C.N.

AS A RESULT OF THE STRONG TOP-LINE DEVELOPMENT

PAYABLES FROM CONTINUING OPERATIONS GROW 10% C.N.

REFLECTING HIGHER INVENTORIES

AVERAGE OWC IN % OF SALES DOWN 1.0PP TO 20.3%



Currency-neutral inventories at quarter-end.
* Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.



OUTLOOK

KASPER RORSTED
CEO

CREATING THE NEW

FOCUS ON DRIVING BRAND DESIRABILITY



SALES GROWTH TO ACCELERATE IN Q4

BRAND ACTIVATION AND UPCOMING PRODUCT LAUNCHES TO SUPPORT MOMENTUM

SUSTAIN BRAND HEAT

THROUGH ACCELERATED BRAND ACTIVATION AND UPCOMING PRODUCT LAUNCHES

SUPPORT SELL-THROUGH OF NEW PRODUCT LAUNCHES

THROUGH ENGAGING POINT-OF-SALE INITIATIVES

CAPITALISE ON WORLD CUP 2018 PLATFORM

THROUGH EVENT-RELATED PRODUCT AND BRAND ACTIVATION

CONTINUED FOCUS ON QUALITY OF TOP-LINE GROWTH

THROUGH DISCIPLINED GO-TO-MARKET APPROACH

OUTLOOK CONFIRMED



FOR THE FULL YEAR 2017

SALES

CURRENCY-NEUTRAL

INCREASE OF 17% – 19%

NET INCOME

FROM CONTINUING OPERATIONS

**INCREASE OF 26% – 28%
TO € 1.360 – € 1.390 BILLION**

Q3 2017 KEY TAKEAWAYS

A person in a white tank top is in a starting crouch on a track, with their hands on the ground and feet in starting blocks. The background is dark, and the person's body is partially obscured by a teal overlay containing text.

ONGOING MOMENTUM IN KEY GROWTH AREAS

STRONG PROFITABILITY GAINS REFLECTING QUALITY OF GROWTH

FULL YEAR OUTLOOK CONFIRMED

PROGRESSING AGAINST OUR 2017 AND 2020 TARGETS

RELENTLESS FOCUS ON EXECUTION OF 'CREATING THE NEW'

UPCOMING EVENT



MARCH 7, 2018

**FULL YEAR
2017 RESULTS**

**FULL YEAR
2018 OUTLOOK**