



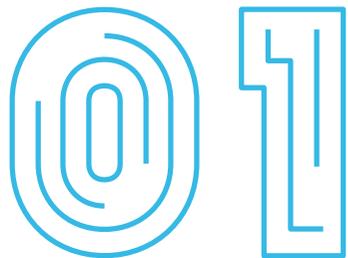
adidas

**Q1 2019
ROADSHOW
PRESENTATION**

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BUSINESS UPDATE



ADIDAS X BEYONCÉ

MULTI-LAYERED PARTNERSHIP IN THE SPIRIT OF OPEN SOURCE

BEYONCÉ AS A CREATIVE PARTNER

Taking our successful approach to collaboration to the next level

CO-CREATION OF EXCITING PERFORMANCE AND LIFESTYLE PRODUCTS

Developing signature footwear and apparel as well as re-launching Ivy Park brand

ANNOUNCED PARTNERSHIP WITH GLOBAL IMPACT

Over 1 billion media impressions and strong positive reactions across social channels



CONSUMER HIGHLIGHTS

LEVERAGING MULTIPLE DIMENSIONS OF INNOVATION



INSTAGRAM CHECKOUT



UB 19



PRIMEKNIT LUX 1



NITE JOGGER



FUTURECRAFT LOOP



REEBOK x SHANGHAI FASHION WEEK

STRENGTHS & WEAKNESSES

IN Q1 2019



+

CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS

Double-digit growth in Greater China and e-commerce

+

SUCCESSFUL ACTIVATION OF NEW LAUNCHES

UB19 and Nite Jogger performing well

+

ONGOING GROSS MARGIN STRENGTH

Supported by favorable FX development

+

STRONG PROFITABILITY IMPROVEMENT

Continuation of double-digit bottom-line growth

-

SUPPLY CHAIN SHORTAGES

Weighing on growth in North America

-

EUROPE GROWTH RECOVERY TO UNFOLD IN H2

Progress not yet reflected in current growth rate

-

TOP-LINE DECLINE AT REEBOK

Growth to be reignited after achieving return to profitability

-

OPEX LEVERAGE MASKED BY INVESTMENTS AND DTC GROWTH

Ongoing investments into scalability of business model

P&L HIGHLIGHTS

IN Q1 2019

REVENUES INCREASE 4% CURRENCY-NEUTRAL

And 6% in euro terms to € 5.883 billion

GROSS MARGIN UP 2.5PP TO 53.6%

Supported by favorable FX development

OPERATING MARGIN UP 1.4PP TO 14.9%

Despite higher investments

NET INCOME FROM CONTINUING OPERATIONS INCREASES 16%

To € 631 million

BASIC EPS FROM CONTINUING OPERATIONS UP 19%

To € 3.17



STRONG PROGRESS IN STRATEGIC GROWTH AREAS

IN Q1 2019

ADIDAS NORTH AMERICA

On top of a 23% increase in Q1 2018

+ 5%

GREATER CHINA

On top of a 26% increase in Q1 2018

+ 16%

E-COMMERCE

On top of a 27% increase in Q1 2018

+ 40%



ADIDAS BRAND GROWS IN MOST MARKETS

STRONG INCREASE IN ASIA-PACIFIC AND ROBUST GROWTH IN NORTH AMERICA

+ 5%

SPORT PERFORMANCE GROWS 3%

High-single-digit growth in Training and Running partially offset by tough comparisons in Football

SPORT INSPIRED GROWS 6%

Reflecting exceptional Yeezy growth

BALANCED GROWTH

Mid-single-digit increases in both footwear and apparel



FURTHER MARGIN IMPROVEMENT AT REEBOK

BRAND KEEPS EXECUTING 'MUSCLE-UP' AFTER RETURN TO PROFITABILITY

+ 2.9 PP

REEBOK REVENUES DECREASE 6%

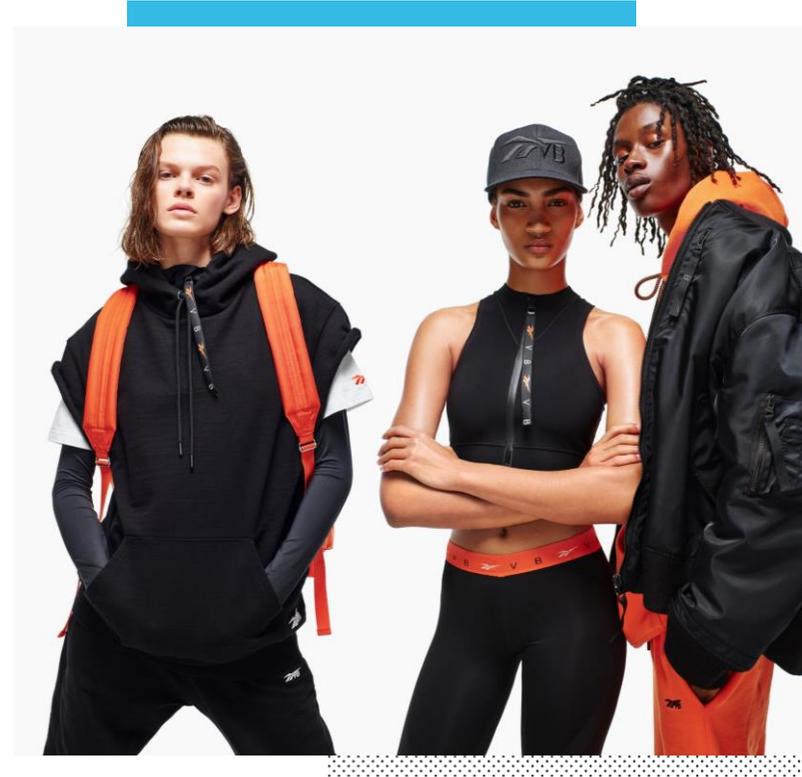
Due to declines in most markets

GROWTH IN CLASSICS

Driven by double-digit increase in apparel

GROSS MARGIN UP 2.9PP TO 44.7%

Driven by further execution of 'Muscle-Up'



EXCEPTIONAL GROWTH IN E-COMMERCE DRIVING DIGITAL CONSUMER ENGAGEMENT

+40%

E-COMMERCE REVENUES GROW 40%

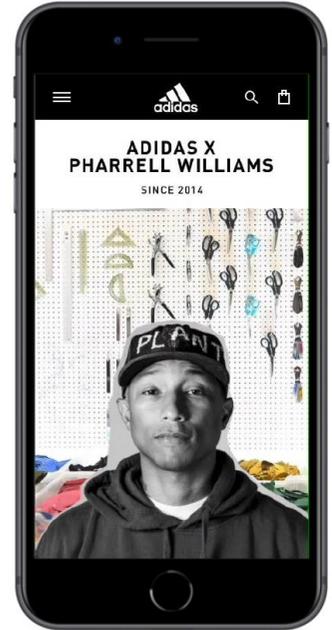
Driven by double-digit growth across all regions

DRIVING TRAFFIC AND ENGAGEMENT RATES

Through exclusive releases such as AlphaEdge 4D

ADIDAS APP NOW LIVE IN 27 COUNTRIES

More than 9 million downloads by the end of Q1



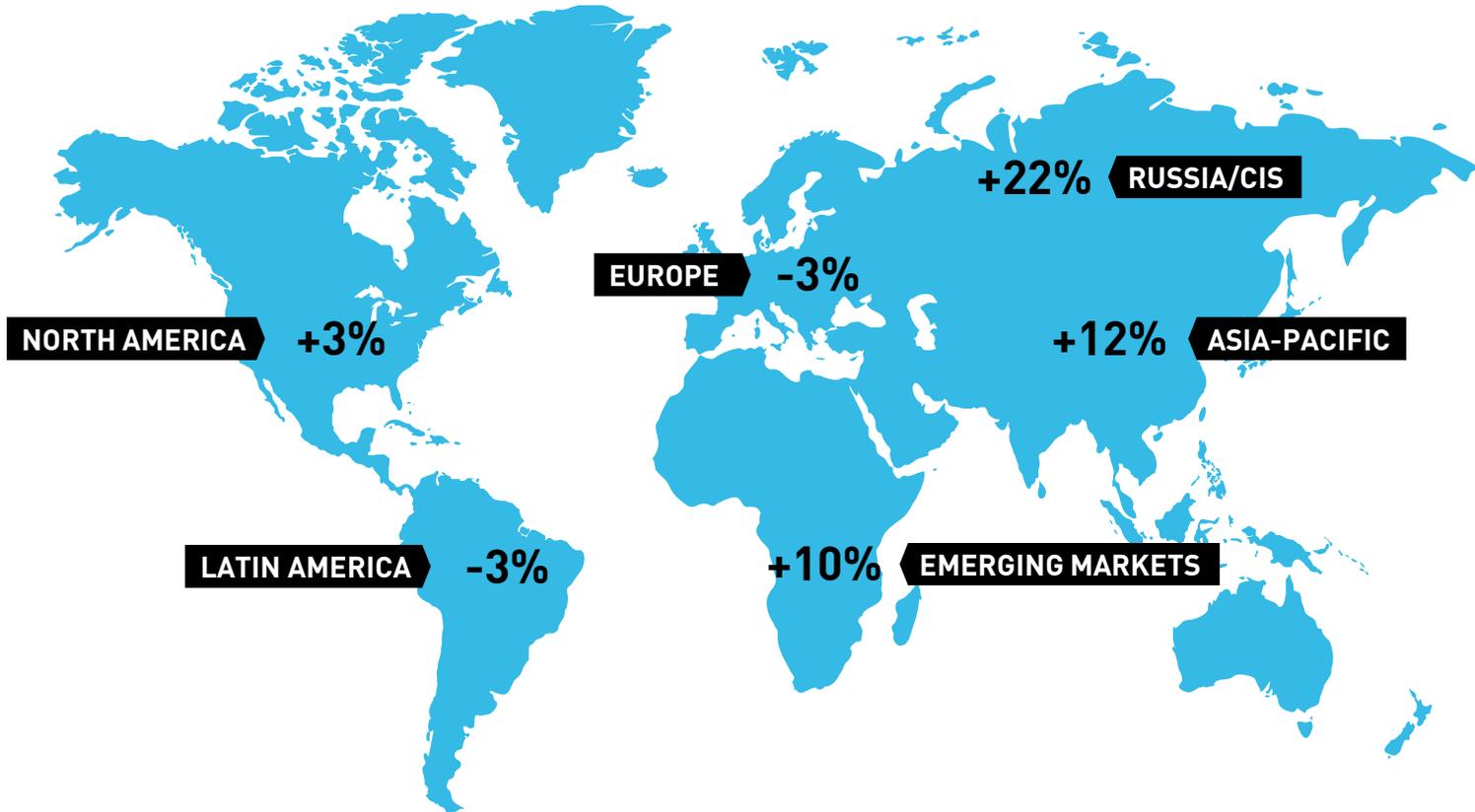
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FINANCIAL UPDATE



GROWTH BY MARKET SEGMENT

MODERATE GROWTH IN NORTH AMERICA AND STRONG INCREASES IN ASIA-PACIFIC



NORTH AMERICA

TOP-LINE GROWTH IMPACTED BY SUPPLY CHAIN SHORTAGES

+ 3%

Currency-neutral sales increase 3%

adidas brand revenues up 5%

Driven by growth in Sport Performance

Reebok brand revenues decrease 12%

Despite growth in Classics

Gross margin increases 0.5pp to 38.3%

Driven by lower sourcing costs as well as better product and channel mix

Operating margin increases 1.3pp to 10.8%

On the back of the gross margin expansion and opex leverage



ASIA-PACIFIC

STRONG DOUBLE-DIGIT GROWTH DRIVEN BY GREATER CHINA

+12%

Currency-neutral sales increase 12%

adidas brand sales increase 13%

Driven by double-digit growth in both Sport Performance and Sport Inspired

Reebok brand revenues down 7%

Despite growth in Classics

Gross margin up 2.7pp to 58.7%

Due to lower sourcing costs, positive FX impact and better channel and product mix

Operating margin increases 2.6pp to 38.3%

Mainly driven by the strong gross margin expansion



EUROPE

STRONG BOTTOM-LINE IMPROVEMENTS

— 3%

Currency-neutral sales decrease 3%

adidas brand revenues down 3%

Despite growth in Training and Running

Reebok brand sales decrease 7%

Despite growth in Running

Gross margin improves 6.1pp to 51.7%

Due to a significant positive FX impact, lower sourcing costs and better channel mix

Operating margin up 4.6pp to 26.2%

Gross margin improvement partly offset by opex investments



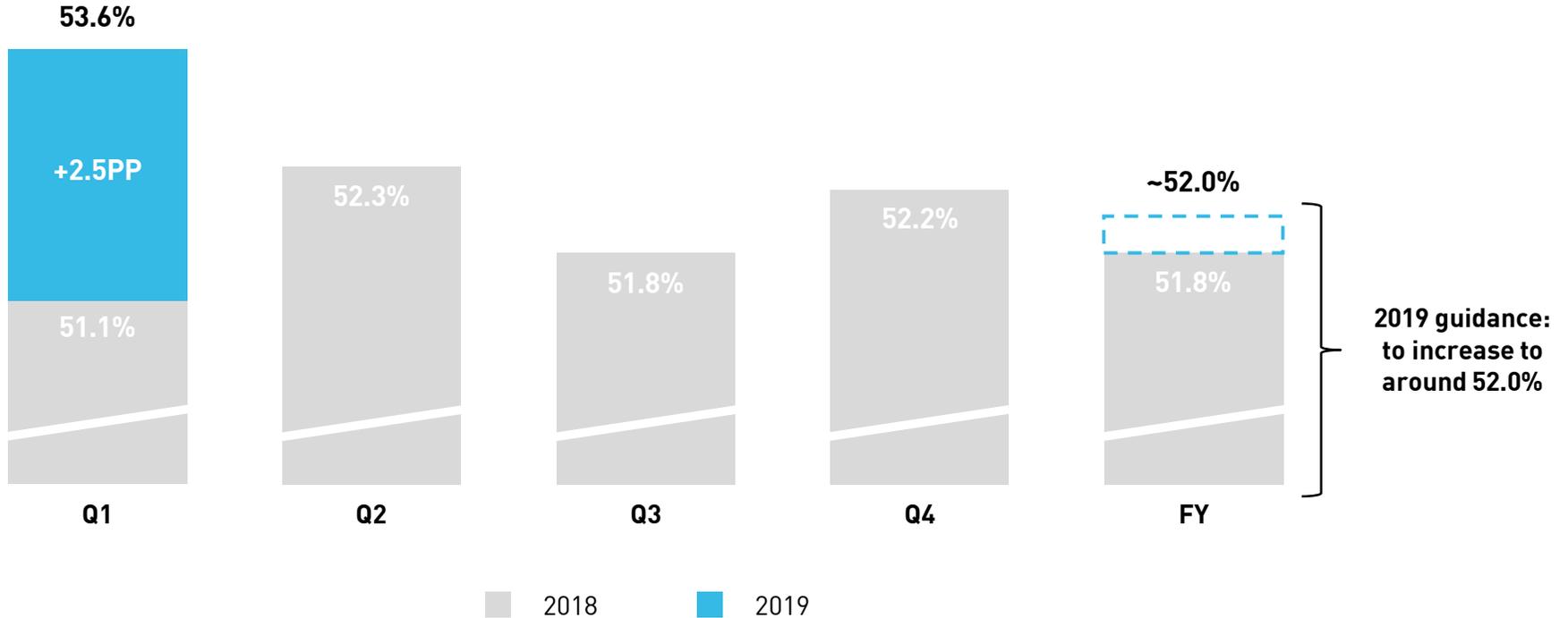
P&L OVERVIEW

Q1 2019 RESULTS IN NEW P&L STRUCTURE

(€ in millions)	Q1 2019	Q1 2018	Y-0-Y
NET SALES	5,883	5,548	+6%
GROSS MARGIN	53.6%	51.1%	+2.5pp
OTHER OPERATING INCOME	6	12	-48%
OTHER OPERATING EXPENSES	2,317	2,127	+9%
<i>(in % of sales)</i>	39.4%	38.3%	+1.0pp
MARKETING AND POINT-OF-SALE EXPENSES	703	706	-0%
<i>(in % of sales)</i>	12.0%	12.7%	-0.8pp
OPERATING OVERHEAD EXPENSES	1,614	1,422	+14%
<i>(in % of sales)</i>	27.4%	25.6%	+1.8pp
OPERATING PROFIT	875	746	+17%
OPERATING MARGIN	14.9%	13.4%	+1.4pp
NET INCOME from continuing operations	631	542	+16%
BASIC EPS from continuing operations (€)	3.17	2.65	+19%

QUARTERLY GROSS MARGIN

Q1 2019 IMPROVEMENT REFLECTING LOWER BASE AND FAVORABLE FX



AVERAGE OPERATING WORKING CAPITAL

IN % OF SALES DOWN 1.7PP TO 18.6%

Inventories up 2% c.n.

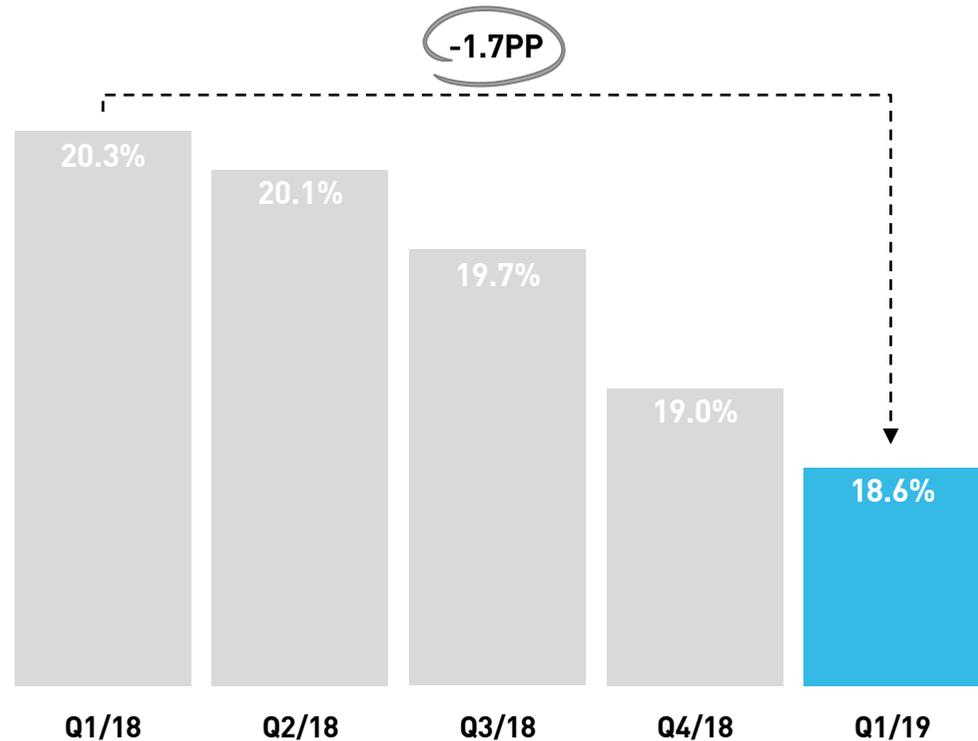
As a result of tight inventory management

Receivables up 6% c.n.

Reflecting top-line development

Payables up 28% c.n.

Due to improved terms with vendors



NET CASH AND EQUITY POSITION

EQUITY RATIO AT 36.0%

Net cash position

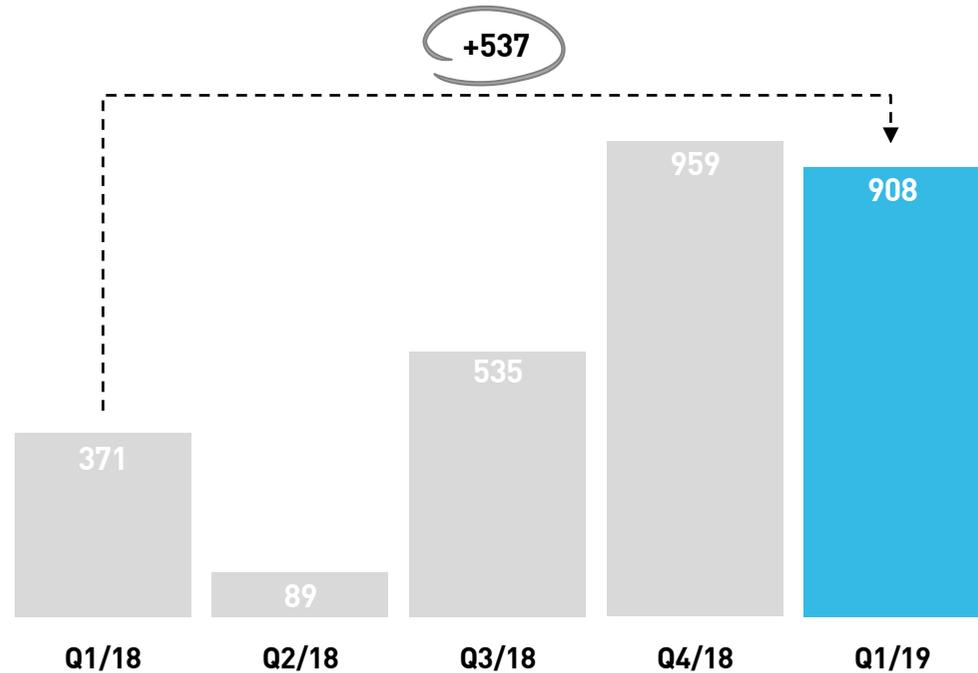
At € 908 million

Equity position

Increases € 524 million year-on-year

Equity ratio

Down 8.8pp year-on-year due to IFRS 16



SHAREHOLDER RETURN

SHARE BUYBACK UPDATE

TOTAL SIZE

Up to € 3.0 billion (around € 800 million in 2019)

TIMEFRAME

Started March 22, 2018 and ending latest on May 11, 2021

NUMBER OF SHARES PURCHASED*

5.8 million adidas AG shares (0.7 million in Q1 2019)

AMOUNT PURCHASED*

€ 1.2 billion (€ 152 million in Q1 2019)

*As at March 31, 2019.



03

OUTLOOK



2019 FOCUS AREAS

ANOTHER IMPORTANT MILESTONE TOWARD 2020 TARGETS



Leveraging multiple dimensions of innovation

To drive high-quality top-line growth



Continuing to invest with impact

Into brand desire and scalable business model



Delivering overproportionate net income growth

On the back of sustainable operating margin expansion



Tackling challenges decisively

Return Europe to growth and mitigate supply shortages



SUPPLY CHAIN SHORTAGES

MITIGATION MEASURES IN PLACE



✓ **TACTICAL DECISIONS**

- Prioritizing product
- Leveraging airfreight
- Accelerating existing capacities

✓ **MID-TERM DECISIONS**

- Acquiring additional capacities

TOP-LINE ACCELERATION IN H2 2019

BUILDING BLOCKS IN PLACE

- Product engine to contribute**
Scaling recent launches as well as introducing new products
- Europe to return to growth**
Foundation laid for recovery in H2
- UEFA EURO 2020 to come**
First positive impact from related product launches in Q4
- Impact of supply chain shortages to fade**
Efforts to resolve bottleneck to take effect particularly in Q4
- Prior year comparisons to ease**
Lower base in H2 than in H1



OUTLOOK 2019 CONFIRMED

DRIVING DOUBLE-DIGIT BOTTOM-LINE GROWTH

	GUIDANCE EXCL. IFRS 16	GUIDANCE INCL. IFRS 16**
Net sales*	Increase of 5% – 8%	
Gross margin	Increase to around 52.0%	
Operating margin	Increase of 0.5pp – 0.7pp to around 11.3% – 11.5%	
Net income from continuing operations	Increase of 10% – 14% to € 1.880 – € 1.950 billion	Increase of 8% – 12% to € 1.845 – € 1.915 billion

* Currency-neutral.

** Net income including estimated negative impact from accounting change according to IFRS 16 of around € 35 million in 2019 (based on lease contracts as of January 1, 2019).



SUMMARY

- 1 **Successful start into 2019 according to plan**
- 2 **Continuation of double-digit bottom-line growth in Q1**
- 3 **Building blocks in place to accelerate top line in H2**
- 4 **2019 another year of high-quality top- and bottom-line growth**
- 5 **Focus on relentless execution of 'Creating the New'**

