

A person is captured in motion, running up a set of wide, dark metal stairs. The scene is dramatically lit from the side, creating strong highlights and deep shadows. The person is wearing a light-colored jacket and dark pants. The background consists of multiple levels of stairs, creating a sense of depth and movement.

**adidas**

**FULL YEAR 2016  
ROADSHOW PRESENTATION**



**OPERATIONAL  
HIGHLIGHTS 2016**

# CREATING THE NEW

FOCUS ON DRIVING BRAND DESIRABILITY



# STRATEGIC CHOICES GAIN TRACTION

SIGNIFICANT PROGRESS ACROSS ALL THREE INITIATIVES

FULL-PRICE SHARE  
OF SALES  
10% HIGHER

SPEED RANGE  
GENERATING 25% OF  
SALES

MARKET ONBOARDING  
CONTINUES WITH NORTH  
AMERICA AND GREATER  
CHINA

**SPEED**

MARKET SHARE GAINS  
AS REVENUES GROW  
MORE THAN 30%

ABSOLUTE AND  
RELATIVE NPS  
IMPROVEMENTS

DEVELOPMENT OF  
CITIES ORGANISATIONS  
LARGELY COMPLETED

**CITIES**

PARTNERSHIP WITH KANYE  
WEST DRIVES COMMERCIAL  
SUCCESS AND BRAND HEAT

ADIDAS X PARLEY  
WITH COMMERCIAL  
LAUNCH

ADIDAS FUTURECRAFT  
SHOWS FIRST 100%  
BIODEGRADABLE UPPER IN  
FTW

**OPEN SOURCE**

# STRENGTHS AND WEAKNESSES

IN 2016

## **BROAD-BASED**

TOP-LINE MOMENTUM

## **MARKET SHARE AND NPS GAINS**

IN KEY CATEGORIES AND MARKETS

## **MAJOR PROGRESS IN THE US,**

THE LARGEST SPORTING GOODS MARKET

## **STRONG PROFITABILITY IMPROVEMENTS**

DESPITE SEVERE FX HEADWINDS

## **NOT ALL PERFORMANCE CATEGORIES**

EXPERIENCING SAME LEVEL OF GROWTH

## **REEBOK**

STILL PERFORMING BELOW EXPECTATIONS

## **MARKET POSITION IN THE US**

CONTINUES TO BE UNSATISFYING

## **MISSED OPPORTUNITIES DUE TO LIMITED**

AVAILABILITY OF STRONG-SELLING PRODUCTS

# MAJOR P&L DEVELOPMENTS

IN 2016

## **REVENUES INCREASE 18% CURRENCY-NEUTRAL**

AND 14% IN EURO TERMS TO € 19.3 BILLION

## **GROSS MARGIN GROWS 30 BASIS POINTS TO 48.6%**

REFLECTING IMPROVEMENTS IN THE PRICING, PRODUCT AND CHANNEL MIX  
DESPITE SEVERE NEGATIVE FX EFFECTS

## **OPERATING MARGIN IMPROVES 1.3PP TO 7.7%**

MAINLY DUE TO THE GROSS MARGIN INCREASE AND OPERATING LEVERAGE

## **UNDERLYING NET INCOME INCREASES 41%**

TO € 1.019 BILLION

# ADIDAS BRAND KEEPS UP MOMENTUM

PERFORMANCE AND LIFESTYLE BUSINESSES GROW AT DOUBLE-DIGIT RATES



adidas



adidas

+22%

# STRONG GROWTH IN PERFORMANCE

DOUBLE-DIGIT INCREASES IN NEARLY ALL KEY SPORT PERFORMANCE CATEGORIES



**+13%**

# WINNING IN LIFESTYLE

LIFESTYLE WITH 7 CONSECUTIVE QUARTERS OF +30% GROWTH



**+45%**

# REEBOK SHARPENS BRAND IMAGE

REVENUE GROWTH IN NEARLY ALL MARKET SEGMENTS

Reebok  +6%

# OUTSTANDING ECOM GROWTH

E-COMMERCE REVENUES REACH € 1 BILLION IN 2016

**+59%**





**FINANCIAL  
HIGHLIGHTS 2016**

# BROAD-BASED TOP-LINE GROWTH

DOUBLE-DIGIT SALES INCREASES ACROSS MOST REGIONS

**NORTH AMERICA**

**+24%**

**WESTERN EUROPE**

**+20%**

**RUSSIA/CIS**

**+3%**

**JAPAN**

**+16%**

**GREATER CHINA**

**+28%**

**MEAA**

**+16%**

**LATIN AMERICA**

**+16%**

CURRENCY-NEUTRAL  
FIGURES REFLECT COMBINED REVENUES OF THE ADIDAS AND REEBOK BRANDS.

# ONGOING STRONG DEMAND FOR THE ADIDAS AND REEBOK BRANDS

## WESTERN EUROPE

CURRENCY-NEUTRAL SALES INCREASE 20% IN 2016  
DOUBLE-DIGIT GROWTH ACROSS ALL KEY MARKETS

ADIDAS BRAND REVENUES UP 20%  
ON TOP OF AN 18% INCREASE IN THE PRIOR YEAR

REEBOK SALES INCREASE 18%  
DOUBLE-DIGIT GROWTH IN TRAINING AND CLASSICS

GROSS MARGIN DECLINES (-3.1PP)  
DUE TO SEVERE FX HEADWINDS

OPERATING MARGIN DOWN (-2.1PP)  
REFLECTING LOWER GROSS MARGIN

# ACCELERATING MOMENTUM FOR THE ADIDAS BRAND

**NORTH  
AMERICA**

CURRENCY-NEUTRAL SALES INCREASE 24% IN 2016  
STRONG DOUBLE-DIGIT GROWTH IN EVERY QUARTER

ACCELERATING MOMENTUM AT BRAND ADIDAS (+30%)  
DOUBLE-DIGIT GROWTH IN PERFORMANCE AND STYLE

REEBOK SALES DOWN 1%  
REFLECTING CHALLENGES IN US MARKET

GROSS MARGIN EXPANDS (+1.1PP)  
DRIVEN BY AN INCREASE IN BRAND DESIRABILITY

OPERATING MARGIN IMPROVES (+3.8PP)  
SUPPORTED BY OPERATING LEVERAGE



# BRAND PRESENCE FUELS TOP- AND BOTTOM-LINE GROWTH

**GREATER  
CHINA**

CURRENCY-NEUTRAL SALES GROW 28% IN 2016

SALES AT BRAND ADIDAS UP 28%  
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND  
LIFESTYLE CATEGORIES

REEBOK REVENUES UP 17%  
DRIVEN BY TRAINING, RUNNING AND CLASSICS

GROSS MARGIN IMPROVES FURTHER (+0.4PP)  
REFLECTING BETTER MIX EFFECTS

OPERATING MARGIN GROWS (+0.1PP)  
DUE TO GROSS MARGIN AND OPEX IMPROVEMENTS

# DOUBLE-DIGIT GROWTH DESPITE MACROECONOMIC CHALLENGES

## LATIN AMERICA

CURRENCY-NEUTRAL SALES INCREASE 16% IN 2016  
DOUBLE-DIGIT GROWTH IN NEARLY ALL MARKETS

REVENUES AT BRAND ADIDAS UP 19%  
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND  
LIFESTYLE CATEGORIES

REEBOK REVENUES UP 1%  
REFLECTING THE CHANGE IN BUSINESS MODEL

GROSS MARGIN REMAINS STABLE  
DESPITE SEVERE FX HEADWINDS

OPERATING MARGIN SLIGHTLY DOWN (-0.1PP)



# PROFITABILITY REMAINS UNDER PRESSURE

## OTHER BUSINESSES

CURRENCY-NEUTRAL SALES INCREASE 1% IN 2016

SALES AT TMAG DECLINE 1%

GROWTH AT TAYLORMADE AND ADIDAS GOLF OFFSET BY DECLINES AT ASHWORTH AND ADAMS GOLF

CCM HOCKEY SALES DOWN 13%

REFLECTING THE CHALLENGING US HOCKEY MARKET

GROSS MARGIN UP 3.6PP

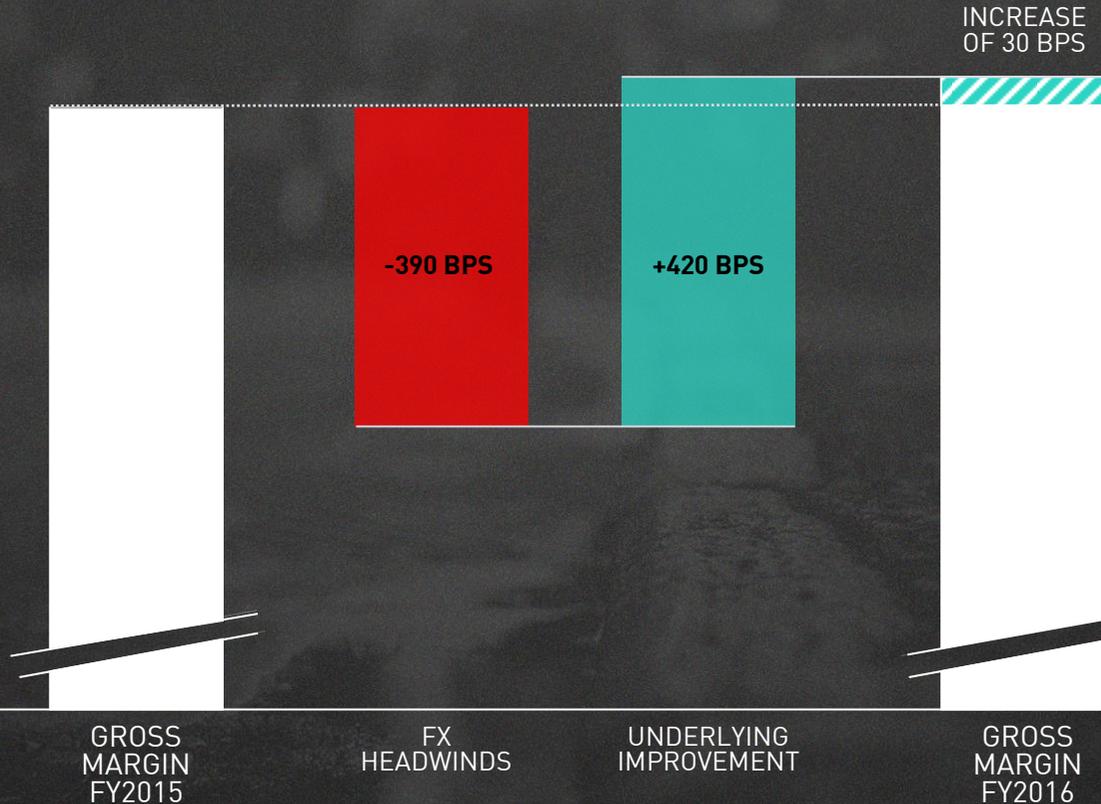
DRIVEN BY HIGHER PRODUCT MARGINS AT TMAG

OPERATING MARGIN REMAINS NEGATIVE

REFLECTING CHALLENGING MARKET ENVIRONMENT AND ONGOING RESTRUCTURING MEASURES

# GROSS MARGIN INCREASES

DESPITE SEVERE FX HEADWINDS



# OPERATING MARGIN IMPROVES

REFLECTING IMPROVEMENTS IN GROSS MARGIN AND LOWER OPEX IN % OF SALES

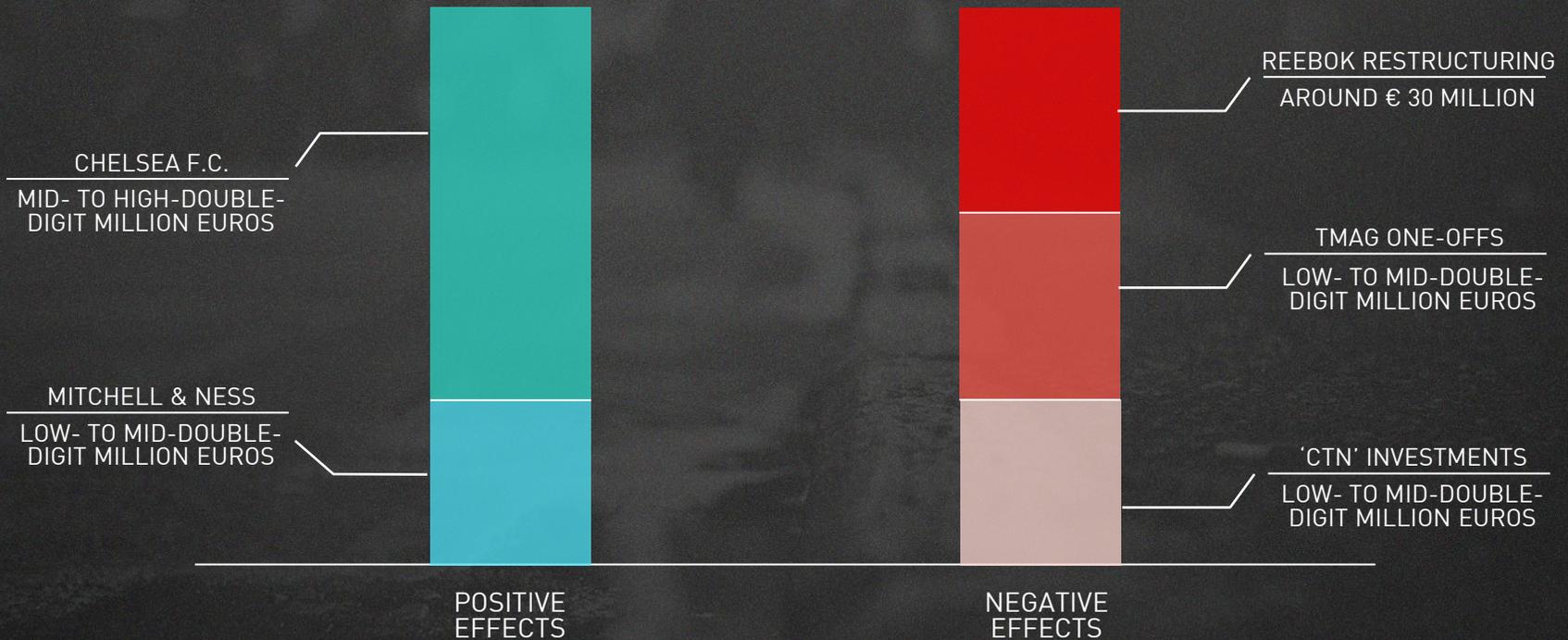
	Q4 2016	FY 2016
GROSS MARGIN	+1.6PP 48.8%	+0.3PP 48.6%
OTHER OPERATING EXPENSES	+16% € 2,346 MILLION	+13% € 8,263 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	+1.5PP 50.1%	(0.3PP) 42.8%
OPERATING PROFIT	N/A € 23 MILLION	+36% € 1,491 MILLION
OPERATING MARGIN	+0.7PP 0.5%	+1.3PP 7.7%

Excluding goodwill impairment losses in 2015.

Figures reflect continuing operations as a result of the divestiture of the Rockport business. 20

# NON-RECURRING ITEMS

LARGELY OFFSET ONE ANOTHER IN 2016



# UNDERLYING NET INCOME UP 41%

TO € 1,019 MILLION IN 2016

	Q4 2016	FY 2016
FINANCIAL INCOME	(42%) € 8 MILLION	(40%) € 28 MILLION
FINANCIAL EXPENSES	+145% € 39 MILLION	+11% € 74 MILLION
INCOME BEFORE TAXES	+18% (€ 8 MILLION)	+35% € 1,444 MILLION
NET INCOME FROM CONTINUING OPERATIONS	+48% (€ 9 MILLION)	+41% € 1,019 MILLION
DILUTED EPS FROM CONTINUING OPERATIONS	+74% (€ 0.02)	+41% € 4.99

Excluding goodwill impairment losses in 2015.

Figures reflect continuing operations as a result of the divestiture of the Rockport business.

# AVERAGE OWC IN % OF SALES

DOWN 0.3PP TO 20.2%

INVENTORIES GROW 19% (CURRENCY-NEUTRAL)  
TO SUPPORT TOP-LINE MOMENTUM

RECEIVABLES UP 7% (CURRENCY-NEUTRAL)

PAYABLES GROW 23% (CURRENCY-NEUTRAL),  
REFLECTING THE INCREASE IN INVENTORIES



Average operating working capital in % of sales at year-end.

\*Figures reflect continuing operations as a result of the divestiture of the Rockport business. 23

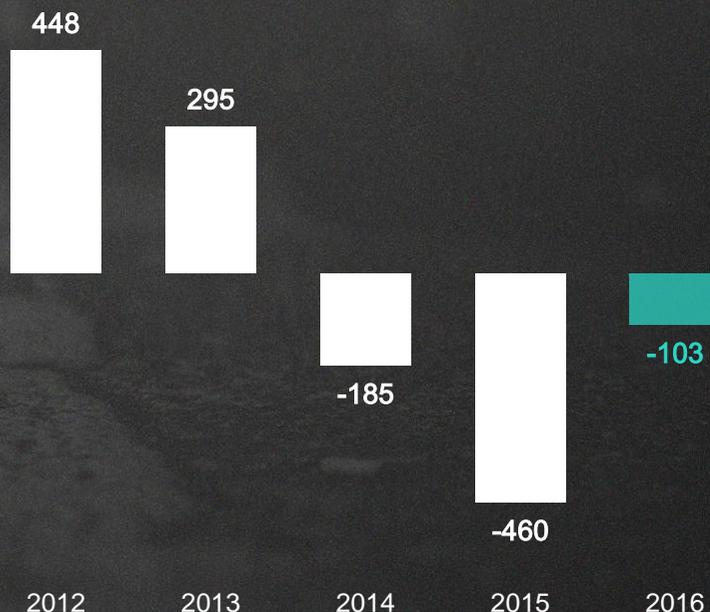
# NET DEBT POSITION

IMPROVES SIGNIFICANTLY TO € 103 MILLION

DECREASE MAINLY DUE TO FIRST CONVERSIONS OF CONVERTIBLE BONDS INTO SHARES AS WELL AS AN INCREASE IN CASH GENERATED FROM OPERATING ACTIVITIES

RATIO OF NET DEBT/EBITDA AMOUNTS TO 0.1 (2015: 0.3)

EQUITY RATIO REMAINS AT A STRONG LEVEL OF 42.6% (2015: 42.5%)



Net cash/(net borrowings) at year-end, € in millions.

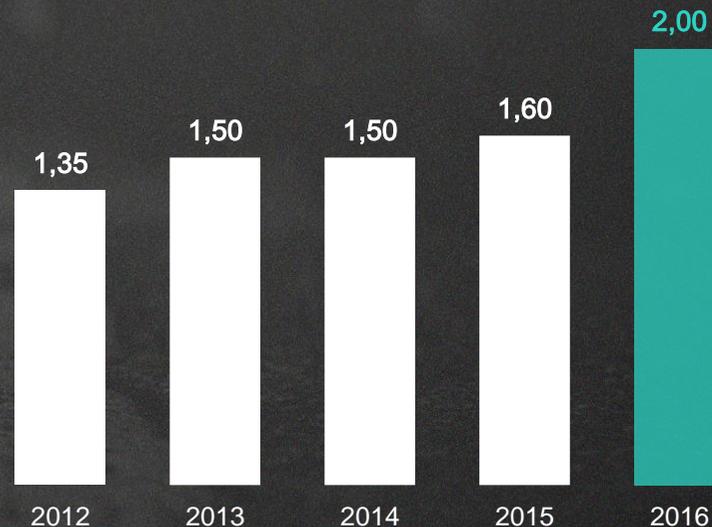
# DIVIDEND PROPOSAL

OF € 2.00 PER SHARE

PROPOSED DIVIDEND OF € 2.00 PER SHARE,  
UP 25% VERSUS THE PRIOR YEAR

PAYOUT RATIO OF 39.6% (2015: 47.9 %)

PAYOUT RATIO WITHIN TARGET RANGE  
OF BETWEEN 30% AND 50%





# OUTLOOK 2017

# BRAND MOMENTUM TO CONTINUE IN 2017

STRATEGIC GROWTH AREAS EXPECTED TO SPUR STRONG REVENUE IMPROVEMENT



**KEY PERFORMANCE AND LIFESTYLE  
CATEGORIES TO DRIVE TOP-LINE EXPANSION**

**DOUBLE-DIGIT SALES INCREASES IN KEY  
MARKETS**

# BROAD-BASED CATEGORY STRENGTH

PRODUCT LINE-UP, MARKETING INITIATIVES AND SPORTING EVENTS TO DRIVE GROWTH

## FOOTBALL

CEMENTING MARKET LEADERSHIP

BENEFIT FROM BUILD-UP TOWARDS 2018 FIFA WORLD CUP

AMPLIFY FROM STADIUM TO STREET

## RUNNING

FURTHER MARKET SHARE GAINS

STRONG PRODUCT FRANCHISES ACROSS ALL PRICE POINTS

EXPANDING OUR WOMEN'S BUSINESS

## TRAINING

FOCUS ON APPAREL FRANCHISES

GAINING FURTHER TRACTION WITH FEMALE ATHLETES

LEVERAGING COLLABORATIONS (E.G. KARLIE KLOSS, JAMES HARDEN)

## ORIGINALS

BRAND HEAT TO CONTINUE

FURTHER ROLL-OUT OF FRANCHISE PORTFOLIO

NEXT CHAPTER OF NOSTALGIA-DRIVEN BOOST RUNNING SHOES: INIKI

# MOMENTUM ACROSS THE GLOBE

DOUBLE-DIGIT GROWTH EXPECTED FOR THREE LARGEST MARKETS

## WESTERN EUROPE

STRENGTHEN MARKET-LEADING POSITION

FURTHER PROCESS HARMONISATION THROUGHOUT THE REGION

DOUBLE-DIGIT SALES GROWTH

## NORTH AMERICA

ENSURE CONTINUED MOMENTUM

FOCUS ON OPERATIONAL EFFICIENCY

DOUBLE-DIGIT SALES GROWTH

## GREATER CHINA

FOCUS ON FOOTWEAR TO COMPLEMENT LEADERSHIP IN APPAREL

EXPAND BRAND-LED RETAIL

DOUBLE-DIGIT SALES GROWTH

## LATIN AMERICA

ONGOING MACROECONOMIC UNCERTAINTIES

RESTRUCTURING THE BUSINESS IN BRAZIL

HIGH-SINGLE-DIGIT SALES GROWTH

# OUTLOOK

STRONG TOP- AND BOTTOM-LINE IMPROVEMENTS EXPECTED

## **SALES TO INCREASE**

AT A RATE BETWEEN 11% AND 13%

## **GROSS MARGIN TO IMPROVE**

UP TO 0.5PP TO A LEVEL OF UP TO 49.1%

## **OPERATING MARGIN TO GROW**

BY BETWEEN 0.6PP AND 0.8PP TO A LEVEL BETWEEN 8.3% AND 8.5%

## **NET INCOME FROM CONTINUING OPERATIONS TO INCREASE**

AT A RATE BETWEEN 18% AND 20% TO A LEVEL BETWEEN € 1.200 BILLION AND € 1.225 BILLION



**STRATEGY  
ACCELERATION**

# CREATING THE NEW IS OUR STRATEGY



**OUR CORE BELIEF**

THROUGH **SPORT**, WE HAVE

**THE POWER  
TO CHANGE  
LIVES**

# CULTURE

BUILDING ON OUR PEOPLE'S UNIQUE PASSION FOR SPORTS AND FOR OUR BRANDS

DRIVE DIVERSITY WITHIN THE COMPANY

IMPROVE TALENT MANAGEMENT

FOSTER PERFORMANCE CULTURE

IMPLEMENT EQUITY-BASED  
COMPENSATION

REFINE LEADERSHIP STRUCTURE

# ACCELERATION PLAN

FOUR PILLARS TO DRIVE FASTER GROWTH

## PORTFOLIO

STREAMLINE THE  
PORTFOLIO

ACTIVELY MANAGE  
BRANDS, COUNTRIES  
AND CATEGORIES

NAM, WESTERN  
EUROPE AND CHINA  
TO CONTRIBUTE  
ABOVE AVERAGE TO  
NEW AMBITION

## ADIDAS NORTH AMERICA

STRONGLY DEVELOP  
BUSINESS IN NORTH  
AMERICA

INVEST IN PEOPLE,  
INFRASTRUCTURE  
AND MARKETING

STEP UP BRAND  
REPRESENTATION IN  
DIGITAL AND KEY  
ACCOUNTS

## ONE ADIDAS

IMPROVE  
EFFECTIVENESS AND  
INCREASE  
EFFICIENCY

STANDARDISATION  
AND HARMONISATION  
OF PROCESSES

FOCUS ON  
EXECUTION

## DIGITAL

DRIVE DIGITAL  
TRANSFORMATION  
ALONG ENTIRE VALUE  
CHAIN

3-D CREATION AND  
PRODUCTION

AGGRESSIVELY DRIVE  
E-COM CAPABILITIES  
AND SALES

# STREAMLINING THE PORTFOLIO

FOCUS ON CORE COMPETENCIES IN FOOTWEAR AND APPAREL



DIVESTITURE DUE TO

- LIMITED GROWTH OF GOLF MARKET
- EQUIPMENT NON-CORE

DIVESTITURE DUE TO

- LIMITED GROWTH OF HOCKEY MARKET
- EQUIPMENT NON-CORE

INTEGRATION INTO ADIDAS OUTDOOR TO

- USE BRAND TO AUTHENTICATE OUTDOOR
- GAIN EFFICIENCY

REINTEGRATION INTO ADIDAS TO

- INCREASE OVERALL FOCUS ON ADIDAS BRAND

TURNAROUND PLAN TO

- ACCELERATE GROWTH
- DRIVE SUBSTANTIAL PROFITABILITY IMPROVEMENTS

**EXIT**

**EXIT**

**INTEGRATION**

**REINTEGRATION**

**RESTRUCTURING**

# UPDATED FINANCIAL AMBITION 2020

REFLECTING ACCELERATION PLAN

TARGET KPIS	INITIAL AMBITION 2020	UPDATED AMBITION 2020
<b>SALES GROWTH</b> CAGR 2015-2020; currency-neutral	<b>HIGH-SINGLE-DIGIT</b>	<b>10%-12%</b>
<b>NET INCOME</b> CAGR 2015-2020	<b>~15%</b>	<b>20%-22%</b>
<b>NET SALES</b> € in billions	<b>~22</b>	<b>25-27</b>
<b>ECOMMERCE</b> € in billions	<b>2</b>	<b>4</b>
<b>OPERATING MARGIN</b>	<b>~9.9%</b>	<b>11%</b>

# 'CTN' OFF TO A STRONG START

AT THE SAME TIME THERE IS STILL A LONG WAY TO GO

	2015	2016	AMBITION 2020	REMAINING 2017-2020	TARGET ACHIEVEMENT
<b>NET SALES</b> EUR BN	16.9	19.3	25.0-27.0	5.7-7.7	26%
<b>OPERATING MARGIN</b> % OF NET SALES	6.5	7.7	11.0	3.3PP	27%
<b>ECOMMERCE</b> EUR BN	0.6	1.0	4.0	3.0	12%

# SUMMARY

**WE ARE IN A HIGHLY ATTRACTIVE INDUSTRY**

**CREATING THE NEW IS THE RIGHT STRATEGY**

**EXCEPTIONAL RESULTS ACHIEVED IN 2016**

**STRONG TOP- AND BOTTOM-LINE GROWTH EXPECTED IN 2017**

**ACCELERATION PLAN TO GROW REVENUES AND PROFITS  
EVEN FASTER THAN INITIALLY PROJECTED**