

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. The overall mood is energetic and dynamic.

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



adidas

+45%

REEBOK SHARPENS BRAND IMAGE

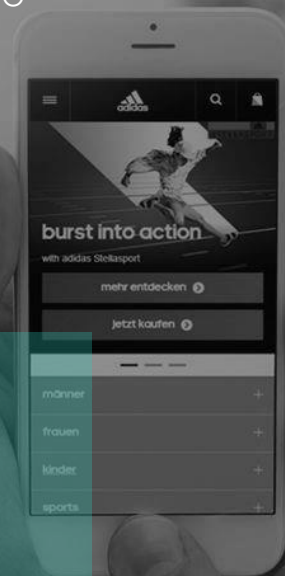
REVENUE GROWTH IN NEARLY ALL MARKET SEGMENTS

Reebok  +6%

OUTSTANDING ECOM GROWTH

E-COMMERCE REVENUES REACH € 1 BILLION IN 2016

+59%

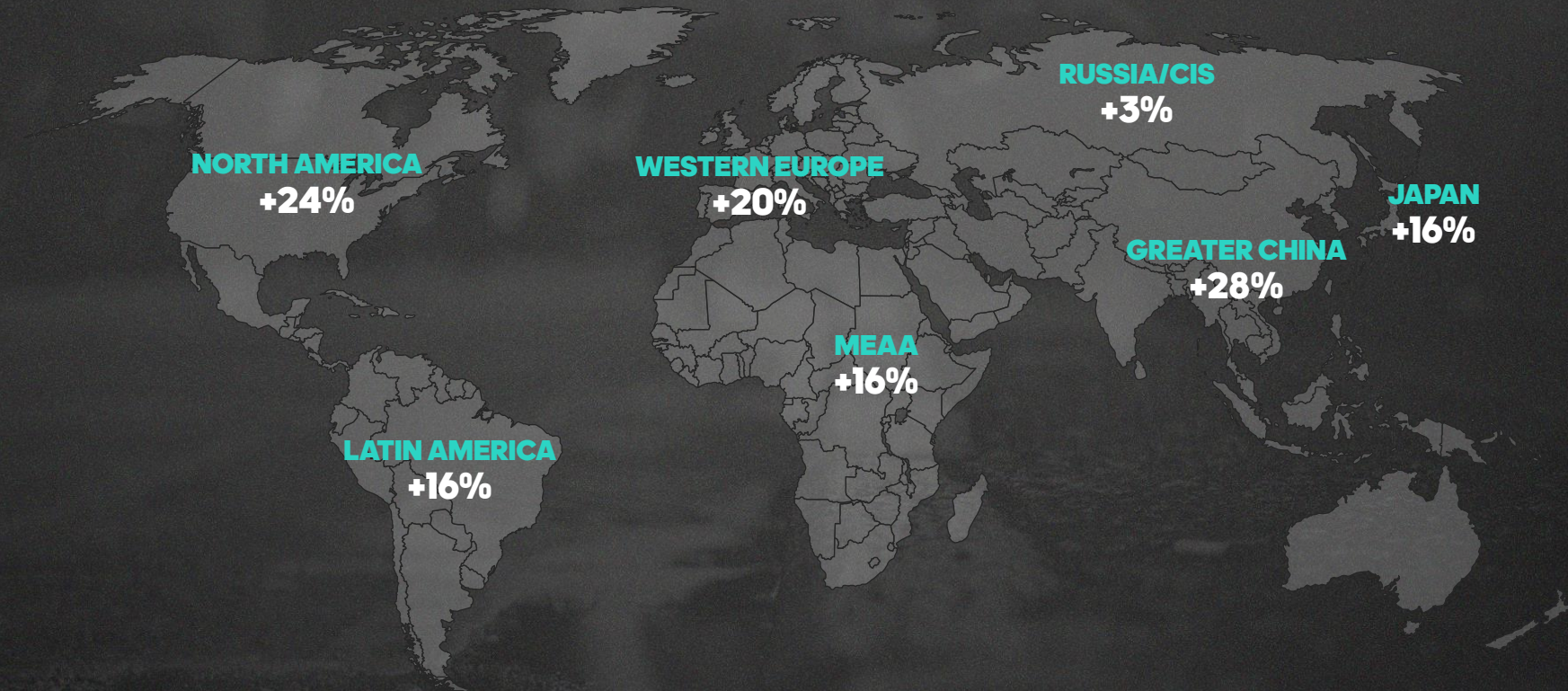




**FINANCIAL
HIGHLIGHTS 2016**

BROAD-BASED TOP-LINE GROWTH

DOUBLE-DIGIT SALES INCREASES ACROSS MOST REGIONS



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

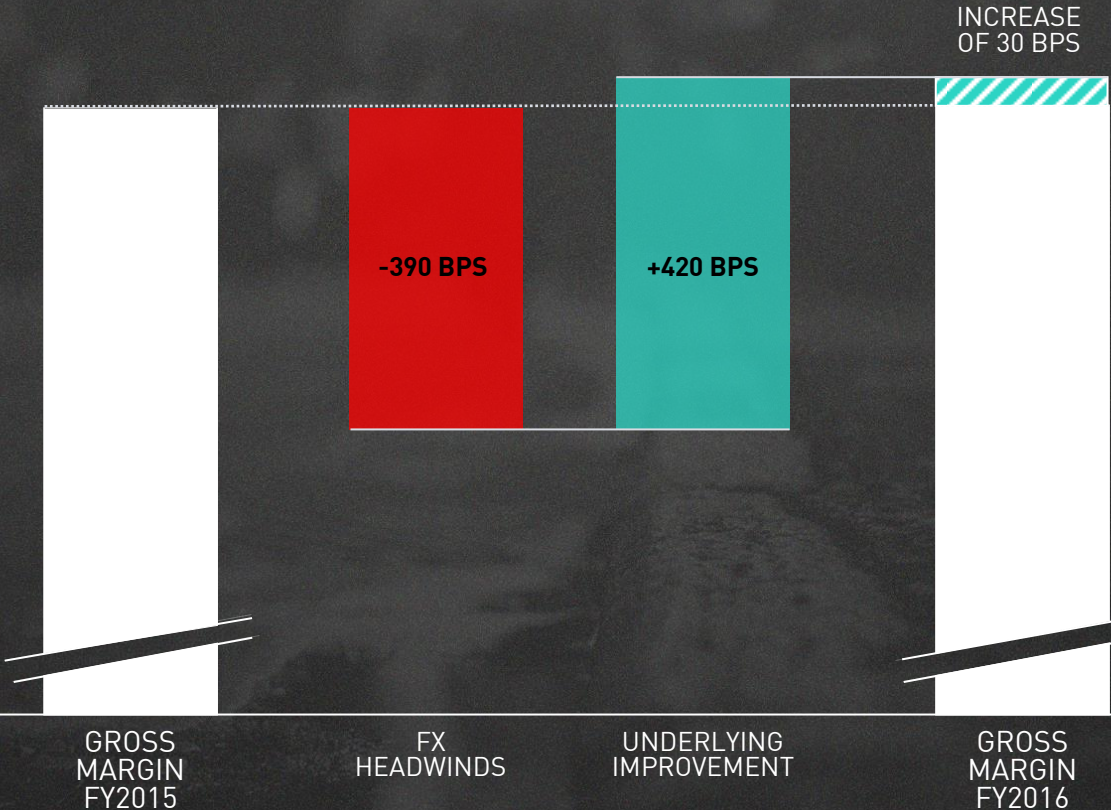
CCM HOCKEY SALES DOWN 13%
REFLECTING THE CHALLENGING US HOCKEY MARKET

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

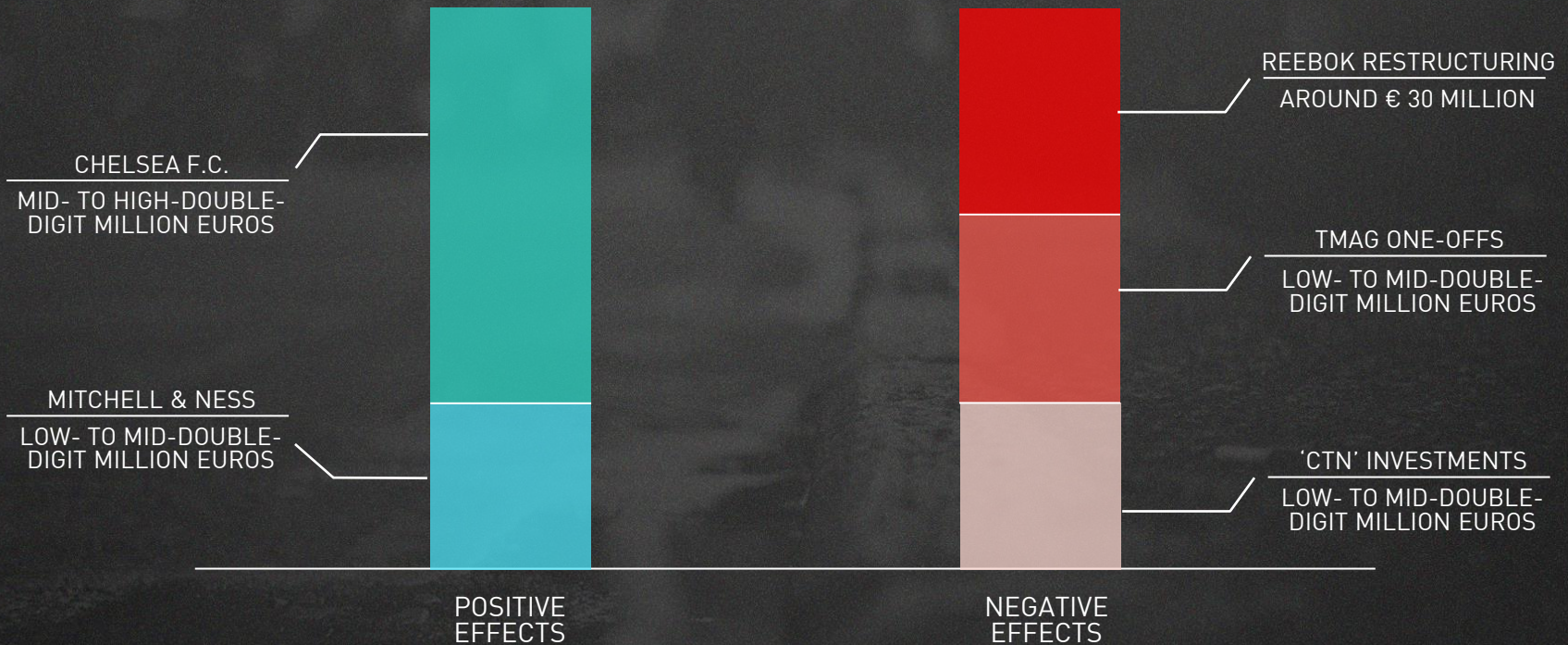
	Q4 2016		FY 2016	
GROSS MARGIN	+1.6PP	48.8%	+0.3PP	48.6%
OTHER OPERATING EXPENSES	+16%	€ 2,346 MILLION	+13%	€ 8,263 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	+1.5PP	50.1%	(0.3PP)	42.8%
OPERATING PROFIT	N/A	€ 23 MILLION	+36%	€ 1,491 MILLION
OPERATING MARGIN	+0.7PP	0.5%	+1.3PP	7.7%

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.

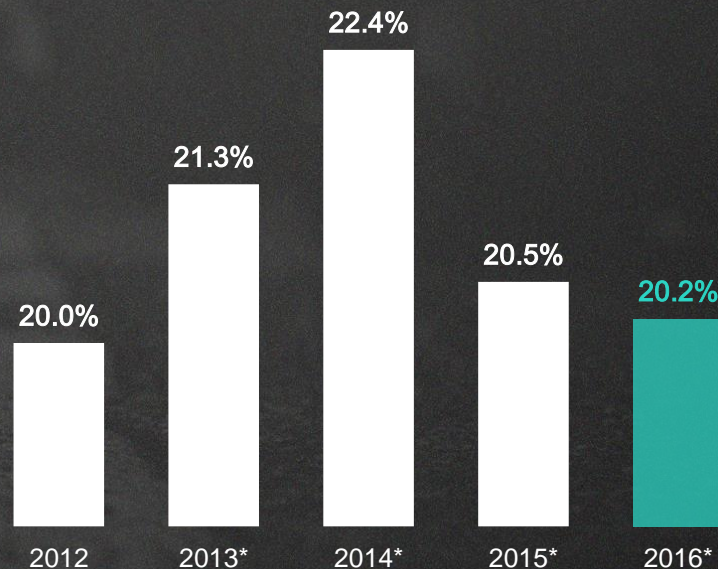
AVERAGE OWC IN % OF SALES

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.

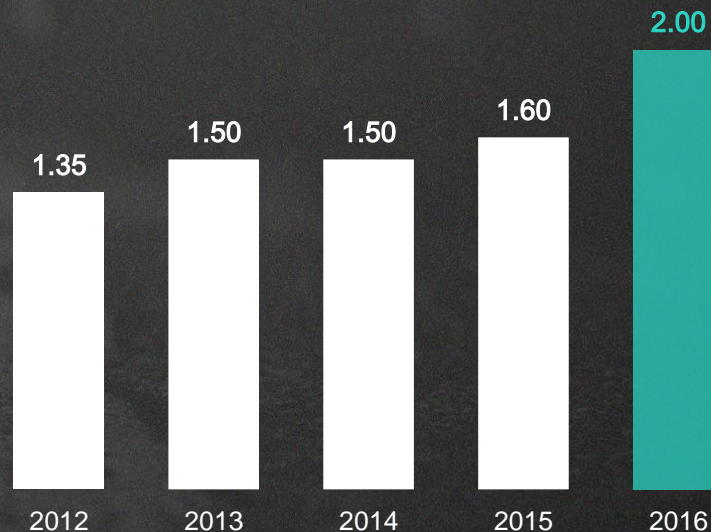
DIVIDEND PROPOSAL

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
SALES GROWTH CAGR 2015-2020; currency-neutral	HIGH-SINGLE-DIGIT	10%-12%
NET INCOME CAGR 2015-2020	~15%	20%-22%
NET SALES € in billions	~22	25-27
ECOMMERCE € in billions	2	4
OPERATING MARGIN	~9.9%	11%

'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
NET SALES EUR BN	16.9	19.3	25.0-27.0	5.7-7.7	26%
OPERATING MARGIN % OF NET SALES	6.5	7.7	11.0	3.3PP	27%
ECOMMERCE 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**