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AD-HOC: adidas increases 2018 outlook

adidas today increased its outlook for the current fiscal year following strong third quarter results.

Strong third quarter results

In the third quarter, revenues increased 8% on a currency-neutral basis and 3% in euro terms to € 5.873 billion (2017: € 5.677 billion). The company's gross margin increased 1.4 percentage points to 51.8% (2017: 50.4%). Operating profit was up 13% in the quarter to a level of € 901 million (2017: € 795 million), resulting in an operating margin improvement of 1.3 percentage points to a level of 15.3% (2017: 14.0%). Net income from continuing operations increased 19% to € 656 million (2017: € 549 million).

2018 outlook increased

Due to the strong financial performance in the first nine months of 2018, adidas has increased its profitability outlook for the year and specified the targeted range for its top-line growth. The company now projects currency-neutral revenues in 2018 to grow between 8% and 9%, at the lower end of the communicated range (previously: around 10%), due to lower-than-initially-expected growth in Western Europe. At the same time, adidas now forecasts net income from continuing operations to reach between € 1.660 billion and € 1.720 billion, reflecting an increase of between 16% and 20% compared to the prior-year level of € 1.430 billion (previously: increase of between 13% and 17% to between € 1.615 billion and € 1.675 billion). The company's gross margin is now projected to increase up to 1.0 percentage points to a level of up to 51.4% (previously: to increase up to 0.3 percentage points to up to 50.7%). This, together with the projected top-line growth, is expected to drive an increase in operating profit of between 12% and 16% (previously: increase between 9% and 13%). Consequently, the operating margin is expected to improve by around 1.0 percentage points to a level around 10.8% (previously: to increase between 0.5 and 0.7 percentage points to between 10.3% and 10.5%). Basic EPS from continuing operations is forecast to increase at a rate between 15% and 19% (previously: increase between 12% and 16%) compared to the prior-year level of € 7.05, excluding the negative one-time tax



impact in 2017, not taking into account any decrease in the number of shares outstanding due to the company's share buyback program.

More details on the company's Q3 performance as well as on the increased outlook will be given with the publication of the quarterly results at 7:30 AM (CET) today.

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