adidas

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## adidas receives approval for syndicated loan through KfW

Following the severe impact on its business from the global spread of the coronavirus pandemic, adidas has taken further steps to safeguard the company's financial flexibility. Today, the company received the approval of the German government for the participation of KfW, Germany's state-owned development bank, in a syndicated revolving loan facility amounting to € 3.0 billion at customary market conditions to bridge this unprecedented situation.

The yet to be concluded syndicated loan – a financing instrument providing borrowers access to funding at larger scale as well as flexibility in terms of drawdowns and repayments – comprises a loan commitment of € 2.4 billion from KfW and € 600 million in loan commitments from a consortium of the company's partner banks. The consortium consists of UniCredit, Bank of America, Citibank, Deutsche Bank, HSBC, Mizuho Bank and Standard Chartered Bank.

One of the conditions of the syndicated loan is that adidas de facto suspends dividend payments for the duration of the facility. Furthermore, the Executive Board recently took the decision to stop the repurchasing of adidas shares as well as to forgo its short- and long-term bonus for the year 2020, which accounts for a total of 65% of the target annual compensation. The long-term bonus component for the next leadership levels within the company will also be forfeited for the current year. All of this is consistent with adidas' approach to liquidity management in the current environment.

"The current situation poses a serious challenge even for healthy companies. We thank the German government for its fast and comprehensive course of action in response to this unprecedented global crisis," said adidas CEO Kasper Rorsted. "We are doing our utmost to protect the long-term well-being of adidas, our 60,000 employees and our partners, and are implementing numerous measures. These measures include the establishment of strict cost and working capital controls, the reduction of management compensation, the stop of the share buyback program as well as the suspension of dividend payments. But on top of this, access to additional liquidity is key to weather this crisis. We will repay any used portion of the loan, including interest and fees, as quickly as possible."

In addition to the significant revenue and profit decline the company has been experiencing in China since the end of January as well as in Japan and South Korea from late February onwards, adidas has also seen a severe impact on its revenues and cash generation in most other parts of the world since mid-March. Following the rapid global spread of the coronavirus almost all own- and partner-operated stores across Europe, North America, Latin America, Emerging Markets, Russia/CIS and large parts of Asia-Pacific have been temporarily closed for the last four weeks. As a result, the wholesale and physical retail activities in these markets, which usually account for 60% of the company's business, came to a complete standstill.

In light of those severe consequences, the company has reached an agreement with the local works councils to reduce working hours for several employee groups in Germany. Among other things, this agreement provides for paid leave, a reduction in overtime and also short-time working for 1,200 employees. Additional measures of this kind are being explored in close consultation with the relevant stakeholder groups.

The further development of the coronavirus outbreak and its impact on the company's business cannot be predicted at this point in time. As a result, adidas is still not able to provide an outlook for the full year 2020 that includes this impact. Against this background, it has been decided to move the date of the publication of the results for the first quarter of 2020 forward to April 27, 2020, in order to keep the market informed about the company's financial performance in the timeliest possible manner.

**About the syndicated revolving loan facility:**
The planned revolving loan provides the company with credit lines granted at customary market terms and conditions, with KfW covering 80% of the credit risk. Utilizing the loan will not result in any equity holding on the part of the state. The loan provides the company with the ability to flexibly access liquidity within the € 3.0 billion framework of the syndicated facility. The drawn portion of the facility is fully repayable including interest and fees. The agreement does not lead to an immediate transfer of funds nor does it include an obligation to utilize the funds. The duration of the facility is 15 months (until July 2021). The company may, at its discretion, terminate the agreement prematurely. adidas will repay any used portion of the loan, including interest and fees, as quickly as possible. The syndicate of the revolving loan facility includes Germany's state-owned development bank KfW as well as a consortium of adidas' partner banks.

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**Contacts:**

**Media Relations**
corporate.press@adidas.com
Tel.: +49 (0) 9132 84-2352

**Investor Relations**
investor.relations@adidas.com
Tel.: +49 (0) 9132 84-2920

For more information, please visit adidas-group.com.