

**HOW**

**Q2 2016  
ROADSHOW PRESENTATION**

**NEW**

**WE  
CREATE  
THE**



# OPERATIONAL HIGHLIGHTS



# MAJOR DEVELOPMENTS IN Q2

ADIDAS GROUP DELIVERS RECORD SECOND QUARTER PERFORMANCE

## GROUP REVENUES GROW 21% CURRENCY-NEUTRAL

OR 13% IN EURO TERMS TO € 4.4 BILLION

## ONGOING BRAND HEAT AT ADIDAS (+25%)

FUELLED BY GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

## ACCELERATING MOMENTUM AT REEBOK (+7%)

13<sup>th</sup> CONSECUTIVE QUARTER OF GROWTH

## GROSS MARGIN CLIMBS 50 BASIS POINTS TO 48.8%

DRIVEN BY A MORE FAVOURABLE PRICING, PRODUCT AND CHANNEL MIX

## OPERATING MARGIN RISES 3.4PP TO 9.4%

PARTLY DUE TO EARLY TERMINATION OF CHELSEA F.C. CONTRACT

## UNDERLYING NET INCOME NEARLY DOUBLES

TO € 291 MILLION

# STRONG GROWTH IN KEY MARKETS AND KEY CATEGORIES

UNDERLINES BROAD-BASED TOP-LINE MOMENTUM

## KEY MARKETS

WESTERN EUROPE (+29%)

GREATER CHINA (+30%)

NORTH AMERICA (+26%)

LATIN AMERICA (+8%)



## KEY CATEGORIES

FOOTBALL (+17%)

ORIGINALS (+50%)

RUNNING (+30%)

NEO (+31%)

TRAINING (+11%)

## STRONG MOMENTUM

SUPPORTED BY THE UEFA EURO 2016

# FOOTBALL

CURRENCY-NEUTRAL REVENUES GROW 17% IN Q2, WITH DOUBLE-DIGIT SALES INCREASES IN MOST MARKETS

REVENUES IN APPAREL UP AT A STRONG DOUBLE-DIGIT RATE, REFLECTING THE SUCCESS AROUND FEDERATION JERSEYS

NEW RECORD SALES OF € 2.5 BILLION IN 2016 EXPECTED

#FIRSTNEVERFOLLOWS CAMPAIGN "REDEFINES THE RULES OF REAL-TIME MARKETING"

ADIDAS CLAIMS THE TITLE OF 'MOST SHAREABLE BRAND' OF UEFA EURO 2016



## KEY FRANCHISES

DRIVE RECORD Q2 SALES

# RUNNING

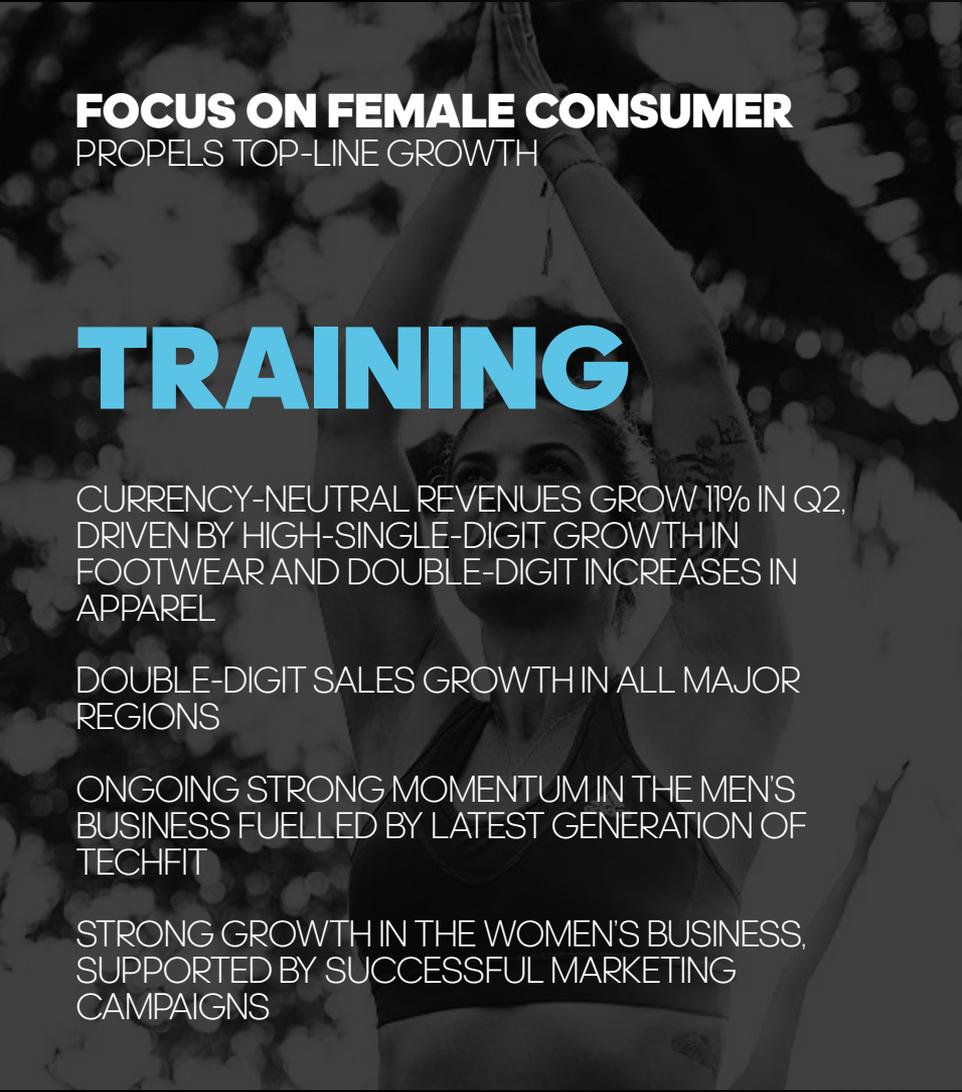
CURRENCY-NEUTRAL REVENUES SOAR 30% IN Q2,  
FUELLED BY STRONG DOUBLE-DIGIT SALES  
GROWTH IN ALL MAJOR MARKETS

FOOTWEAR SALES GROW AT A STRONG  
DOUBLE-DIGIT RATE, DRIVEN BY THE STRONG  
DEMAND AROUND KEY FRANCHISES

HIGHLY ANTICIPATED ULTRA BOOST UNCAGED'  
SUCCESSFULLY INTRODUCED

ADIDAS RUNNING CURRENTLY WITH 12 RUNBASES  
AND COUNTING





## FOCUS ON FEMALE CONSUMER

PROPELS TOP-LINE GROWTH

# TRAINING

CURRENCY-NEUTRAL REVENUES GROW 11% IN Q2,  
DRIVEN BY HIGH-SINGLE-DIGIT GROWTH IN  
FOOTWEAR AND DOUBLE-DIGIT INCREASES IN  
APPAREL

DOUBLE-DIGIT SALES GROWTH IN ALL MAJOR  
REGIONS

ONGOING STRONG MOMENTUM IN THE MEN'S  
BUSINESS FUELLED BY LATEST GENERATION OF  
TECHFIT

STRONG GROWTH IN THE WOMEN'S BUSINESS,  
SUPPORTED BY SUCCESSFUL MARKETING  
CAMPAIGNS



## UNRIVALLED EXCITEMENT

THROUGH KEY FRANCHISES AND PARTNERSHIPS

# ORIGINALS

CURRENCY-NEUTRAL SALES SURGE 50% IN Q2

DOUBLE-DIGIT INCREASES IN ALL MARKETS  
EXCEPT RUSSIA/CIS

STRONG DOUBLE-DIGIT SALES GROWTH IN  
BOTH FOOTWEAR AND APPAREL

NMD AND YEEZY BOOST REMAIN THE MOST  
IN-DEMAND SNEAKERS WITH OUTSTANDING  
SELL-THROUGH RATES

KANYE WEST AND ORIGINALS EXTEND AND  
EXPAND EXCLUSIVE PARTNERSHIP



# NEW PRODUCT INTRODUCTIONS

FOSTER TOP-LINE MOMENTUM

# NEO

CURRENCY-NEUTRAL SALES UP 31% IN Q2, WITH STRONG DOUBLE-DIGIT GROWTH IN ALL MARKETS EXCEPT JAPAN

DOUBLE-DIGIT INCREASES IN FOOTWEAR DRIVEN BY NEW PRODUCT INTRODUCTIONS

SUCCESSFUL LAUNCH OF THE CLOUDFOAM FRANCHISE

#CLOUDFOAM WITH ALMOST 10 MILLION IMPRESSIONS ON INSTAGRAM



**13<sup>TH</sup> CONSECUTIVE QUARTER**  
OF TOP-LINE GROWTH

**REEBOK**

CURRENCY-NEUTRAL SALES INCREASE 7% IN Q2

DOUBLE-DIGIT SALES GROWTH IN KEY  
MARKETS SUCH AS WESTERN EUROPE,  
GREATER CHINA, RUSSIA/CIS AND JAPAN

CLASSICS RECORDS ANOTHER QUARTER OF  
STRONG DOUBLE-DIGIT SALES GROWTH

REEBOK RELEASES THE HIGHLY ANTICIPATED  
JJ1 TRAINING SHOE

LAUNCH OF THE 2<sup>ND</sup> ITERATION OF THE 'BE  
MORE HUMAN' CAMPAIGN: 25,915 DAYS



## STRATEGIC INITIATIVES

SPUR GROWTH

# TAYLORMADE- ADIDAS GOLF

REVENUES AT TMAG UP 7% IN Q2, DRIVEN BY STRONG DOUBLE-DIGIT SALES INCREASES AT TAYLORMADE (+24%)

STRONG DOUBLE-DIGIT GROWTH IN METALWOODS, FUELLED BY THE M1 AND M2 PRODUCT FAMILIES

TMAG UNDISPUTED N°1 IN METALWOODS

TMAG TURNS PROFITABLE IN Q2, DUE TO SIGNIFICANT GROSS MARGIN IMPROVEMENTS AS WELL AS OPERATING LEVERAGE



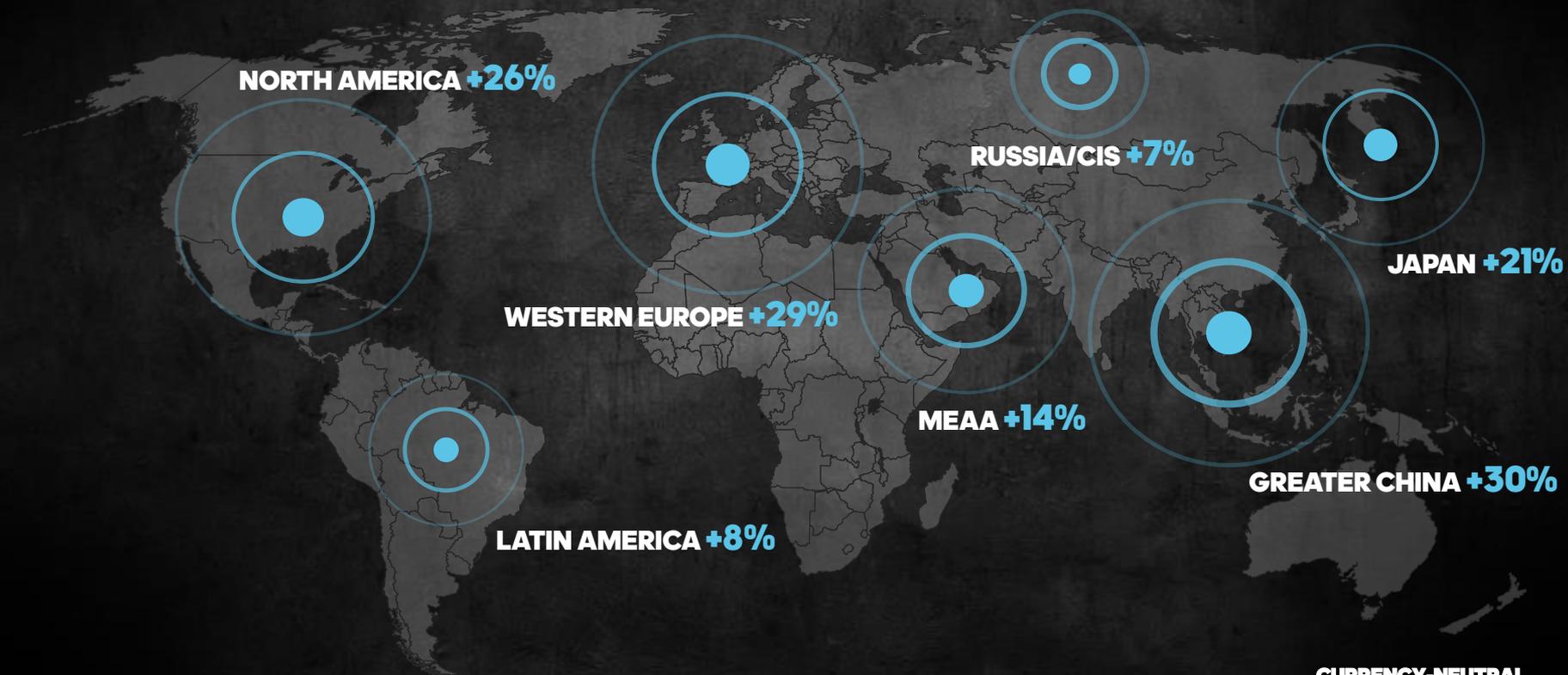


# FINANCIAL HIGHLIGHTS



# BROAD-BASED TOP-LINE MOMENTUM CONTINUES

WITH STRONG DOUBLE-DIGIT SALES INCREASES IN MOST REGIONS



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

# ACCELERATING MOMENTUM AT ADIDAS AND REEBOK

## WESTERN EUROPE

CURRENCY-NEUTRAL SALES GROW 29% IN Q2, WITH DOUBLE-DIGIT SALES GROWTH IN ALL MAJOR COUNTRIES

ADIDAS REVENUES UP 30%, FUELLED BY DOUBLE-DIGIT SALES INCREASES IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK SALES INCREASE 23% , DUE TO DOUBLE-DIGIT GROWTH IN THE TRAINING CATEGORY AND IN CLASSICS

GROSS MARGIN NEGATIVELY IMPACTED BY SEVERE FX HEADWINDS

RETAIL SALES GROW 23%, WITH COMP STORE SALES UP A STRONG 15%

# MOMENTUM CONTINUES TO GAIN TRACTION

## NORTH AMERICA

CURRENCY-NEUTRAL SALES GROW 26% IN Q2

ACCELERATING MOMENTUM AT ADIDAS (+32%), DRIVEN BY DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK SALES DECLINE 3%, REFLECTING ONGOING EFFORTS TO STREAMLINE US DISTRIBUTION

SIGNIFICANT GROSS MARGIN IMPROVEMENTS (+2.1PP) AS A RESULT OF A FURTHER INCREASE IN BRAND STRENGTH

OPERATING MARGIN UP STRONGLY (+6.8PP), REFLECTING GROSS MARGIN EXPANSION AND OPERATING LEVERAGE



# BRAND HEAT AT ADIDAS AND REEBOK CONTINUES

## GREATER CHINA

CURRENCY-NEUTRAL SALES INCREASE 30% IN Q2

9<sup>TH</sup> CONSECUTIVE QUARTER OF DOUBLE-DIGIT GROWTH

SALES AT ADIDAS GROW 30%, FUELLED BY STRONG DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE CATEGORIES AS WELL AS AT ADIDAS ORIGINALS AND ADIDAS NEO

REEBOK REVENUES UP 38%, DRIVEN BY DOUBLE-DIGIT SALES GROWTH IN RUNNING, TRAINING AS WELL AS AT CLASSICS

OPERATING MARGIN IMPROVES STRONGLY (+0.7PP), REFLECTING STRONG GROSS MARGIN IMPROVEMENTS

NEW STRATEGIC PARTNERSHIP WITH CHINESE REAL ESTATE AND SPORTS BUSINESS GIANT WANDA GROUP ANNOUNCED

# FURTHER TOP-LINE IMPROVEMENTS DESPITE ONGOING MACROECONOMIC CHALLENGES

## RUSSIA/CIS

REVENUES GROW 7% CURRENCY-NEUTRAL IN Q2

ADIDAS SALES UP 5%, DRIVEN BY DOUBLE-DIGIT GROWTH IN THE RUNNING AND FOOTBALL CATEGORIES AS WELL AS AT ADIDAS NEO

REVENUES AT REEBOK INCREASE 13%, SUPPORTED BY DOUBLE-DIGIT SALES GROWTH IN ALL KEY CATEGORIES

RETAIL SALES TURN POSITIVE IN Q2 (+7%) WITH COMP STORE SALES UP AT A DOUBLE-DIGIT RATE (+11%)

OPERATING EXPENSES DOWN 26%, MAINLY DUE TO LOWER OPERATING OVERHEAD EXPENDITURE

OPERATING MARGIN IMPROVES STRONGLY (+3.6PP), REFLECTING SIGNIFICANT OPERATING LEVERAGE

# RIO 2016 OLYMPIC GAMES TO PROVIDE FURTHER STIMULUS

## LATIN AMERICA

CURRENCY-NEUTRAL SALES INCREASE 8% IN Q2

TOP-LINE DEVELOPMENT SUPPORTED BY STRONG SALES GROWTH IN MOST MAJOR MARKETS

REVENUES AT ADIDAS GROW 10%, DRIVEN BY DOUBLE-DIGIT SALES GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REVENUES IN RETAIL GROW 19%, WITH COMP STORE SALES UP 8%

GROSS MARGIN DEVELOPMENT NEGATIVELY IMPACTED BY SEVERE FX HEADWINDS

# ONGOING STRONG MOMENTUM IN THE MARKETPLACE

## JAPAN

CURRENCY-NEUTRAL SALES UP 21% IN Q2

REVENUES AT ADIDAS UP 17%, DRIVEN BY STRONG DOUBLE-DIGIT SALES GROWTH AT ADIDAS ORIGINALS

REEBOK SALES GROW 66%, FUELLED BY STRONG DOUBLE-DIGIT SALES INCREASES IN TRAINING, RUNNING AND CLASSICS

GROSS MARGIN IMPROVES CONSIDERABLY (+2.8PP), DRIVEN BY A MORE FAVOURABLE PRODUCT MIX

OPERATING MARGIN UP STRONGLY (+4.8PP), REFLECTING GROSS MARGIN EXPANSION AND OPERATING LEVERAGE

RETAIL SALES GROW 22%, WITH COMP STORE SALES UP 11%

# ROBUST TOP-LINE TRENDS ACROSS MAJOR MARKETS CONTINUE

## MEAA

CURRENCY-NEUTRAL SALES INCREASE 14% IN Q2

TOP-LINE DEVELOPMENT SUPPORTED BY DOUBLE-DIGIT SALES GROWTH IN SOUTH KOREA, TURKEY AND AUSTRALIA

ADIDAS UP 17%, FUELLED BY DOUBLE-DIGIT SALES GROWTH IN THE RUNNING AND FOOTBALL CATEGORIES AS WELL AS AT ADIDAS ORIGINALS AND ADIDAS NEO

REEBOK SALES DECREASE (-3%), AS GROWTH IN RUNNING AND CLASSICS IS MORE THAN OFFSET BY SALES DECLINES IN TRAINING

GROSS MARGIN DOWN 1.0PP TO 49.4%, REFLECTING SEVERE NEGATIVE CURRENCY EFFECTS

REVENUES IN RETAIL GROW 20% CURRENCY-NEUTRAL, WITH COMP STORE SALES UP A STRONG 17%

# STRONG IMPROVEMENTS IN PROFITABILITY

## OTHER BUSINESSES

CURRENCY-NEUTRAL SALES OF OTHER BUSINESSES UP 6% IN Q2, DUE TO STRONG GROWTH AT TMAG AND OTHER CENTRALLY MANAGED BUSINESSES

OTHER CENTRALLY MANAGED BUSINESSES UP 30%, DRIVEN BY DOUBLE-DIGIT GROWTH AT MOST SUB-BRANDS, IN PARTICULAR Y-3

CCM HOCKEY SALES DOWN 18%, REFLECTING DECLINES IN THE LICENSED APPAREL AND EQUIPMENT BUSINESS

GROSS MARGIN IN OTHER BUSINESSES GROWS STRONGLY (+8.5PP), DRIVEN BY SIGNIFICANT IMPROVEMENTS AT TMAG AND CCM HOCKEY

SEGMENTAL OPERATING PROFIT INCREASES BY OVER 50% YEAR-OVER-YEAR, AS A RESULT OF THE GROSS MARGIN IMPROVEMENTS

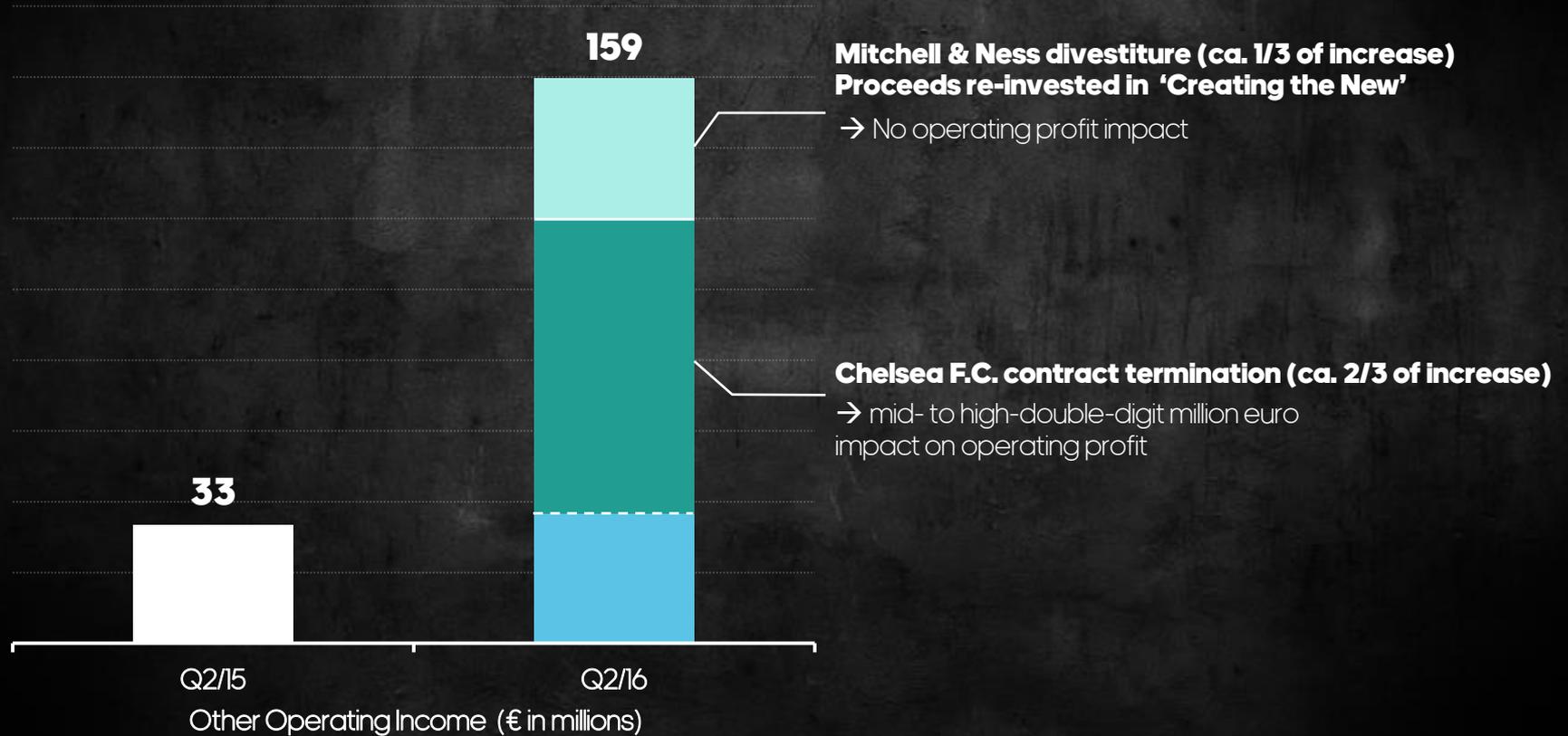
## GROUP GROSS MARGIN IMPROVES 0.5PP IN Q2

	Q2 2016		H1 2016	
<b>GROSS MARGIN</b>	+0.5pp	48.8%	+0.4pp	49.1%
<b>OTHER OPERATING EXPENSES</b>	+12%	€ 1,935 MILLION	+13%	€ 3,858 MILLION
<b>OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES</b>	(0.3pp)	43.8%	(0.8pp)	42.0%
<b>OPERATING PROFIT</b>	+77%	€ 414 MILLION	+52%	€ 905 MILLION
<b>OPERATING MARGIN</b>	+3.4pp	9.4%	+2.4pp	9.8%

Excluding goodwill impairment losses in the first quarter of 2015.  
 Figures reflect continuing operations as a result of the divestiture of the Rockport business.

# OTHER OPERATING INCOME GROWS € 126 MILLION

REFLECTING TWO EXTRAORDINARY GAINS



## GROUP OPERATING MARGIN UP 3.4PP IN Q2

	Q2 2016		H1 2016	
<b>GROSS MARGIN</b>	+0.5pp	48.8%	+0.4pp	49.1%
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 Figures reflect continuing operations as a result of the divestiture of the Rockport business.

# UNDERLYING NET INCOME NEARLY DOUBLES TO € 291 MILLION

	Q2 2016		H1 2016	
<b>FINANCIAL INCOME</b>	+13%	€ 9 MILLION	+21%	€ 29 MILLION
<b>FINANCIAL EXPENSES</b>	(19%)	€ 14 MILLION	(17%)	€ 27 MILLION
<b>INCOME BEFORE TAXES</b>	+82%	€ 410 MILLION	+54%	€ 907 MILLION
<b>NET INCOME FROM CONTINUING OPERATIONS</b>	+99%	€ 291 MILLION	+60%	€ 641 MILLION
<b>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS</b>	97%	€ 1.42	+59%	€ 3.13

*Excluding goodwill impairment losses in the first quarter of 2015.  
Figures reflect continuing operations as a result of the divestiture of the Rockport business.*

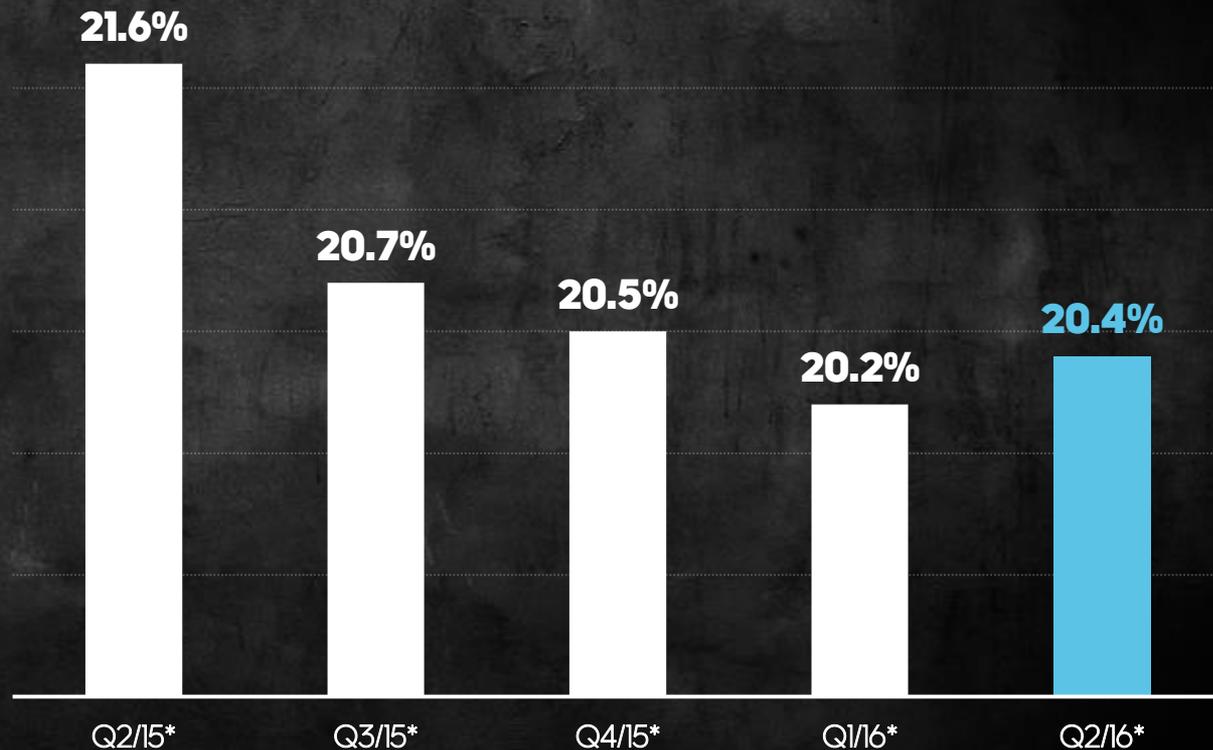
## AVERAGE OWC IN % OF SALES

DOWN 1.2PP TO 20.4%

INVENTORIES GROW 24% (CN)  
TO SUPPORT TOP-LINE  
MOMENTUM

RECEIVABLES UP 8% (CN)

PAYABLES GROW 10% (CN),  
REFLECTING THE INCREASE IN  
INVENTORIES



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

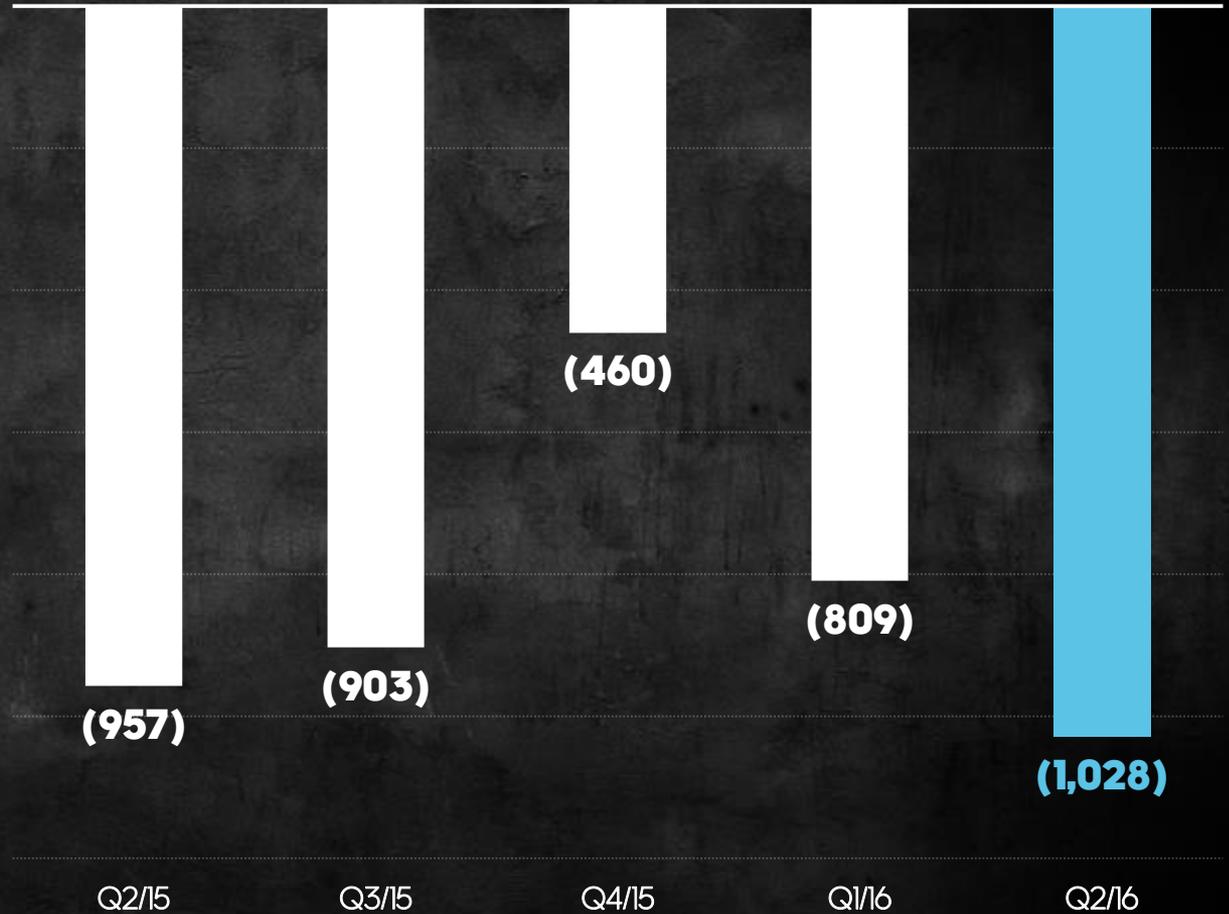
\*2016, 2015 reflect continuing operations as a result of the divestiture of the Rockport business. 26

## NET DEBT POSITION OF € 1,028 MILLION

INCREASE IN NET DEBT DUE TO  
UTILISATION OF CASH FOR THE  
PURCHASE OF FIXED ASSETS AND  
THE ACQUISITION OF RUNTASTIC

RATIO OF NET DEBT/EBITDA  
AMOUNTS TO 0.6 (2015: 0.6)

EQUITY RATIO REMAINS AT  
STRONG LEVEL OF 41.3%  
(2015: 43.5%)



Net debt at quarter-end, € in millions.



# OUTLOOK



# OLYMPIC GAMES 2016

ILLUSTRATING THE BREADTH OF THE ADIDAS BRAND



#CIDAIDE  
#OLIMPICA

# SPORT 16 BURST 2

ADIDAS LAUNCHES NEXT CHAPTER OF ITS BRAND CAMPAIGN



# SPEED OF LIGHT

ADIDAS UNVEILS SPEED OF LIGHT PACK AHEAD OF THE START OF THE 2016/17 SEASON



# FIRST NEVER FOLLOWS

ADIDAS INTRODUCES THE NEXT CHAPTER OF ITS FOOTBALL CAMPAIGN



# ACE 16+ PURECONTROL

ADIDAS FOOTBALL REINVENTS ON-PITCH SHOE FOR THE STREETS



# RUNNING

COLORBOOST PROVIDES BOOST WITH A NEW LOOK



# TRAINING

NEW PARTNERSHIP WITH SUPERMODEL KARLIE KLOSS



# BASKETBALL

INTRODUCING CRAZY EXPLOSIVE



# ORIGINALS

ICONIC FOOTWEAR FRANCHISE  
MEETS REAL-LIFE SUPERSTAR



PHARRELL WILLIAMS



# NEO

STEPPING INTO COMFORT WITH CLOUDFOAM



# REEBOK

PUTTING FURTHER EMPHASIS ON  
CROSSFIT AND COMBAT TRAINING



# IMPROVED OUTLOOK

ADIDAS GROUP INCREASES FY 2016 GUIDANCE

## GROUP SALES TO INCREASE

AT A RATE IN THE HIGH TEENS

## GROSS MARGIN TO BE BETWEEN

48.0% AND 48.3%

## OPERATING MARGIN TO INCREASE

TO A LEVEL UP TO 7.5%

## UNDERLYING NET INCOME TO INCREASE

AT A RATE BETWEEN 35% AND 39% TO A LEVEL BETWEEN € 975 MILLION AND € 1.0 BILLION

## UPCOMING EVENTS

DATE	EVENT
NOVEMBER 03, 2016	NINE MONTHS 2016 RESULTS
MARCH 08, 2017	FULL YEAR 2016 RESULTS
MAY 04, 2017	FIRST QUARTER 2017 RESULTS
MAY 11, 2017	ANNUAL GENERAL MEETING
MAY 12, 2017	DIVIDEND PAYMENT
AUGUST 03, 2017	FIRST HALF 2017 RESULTS