

adidas[®]
GROUP



FOR THE LOVE OF SPORT



Roadshow Presentation
November 2014 – January 2015





OPERATIONAL AND FINANCIAL HIGHLIGHTS



adidas Group Sales Up 9% Currency-Neutral In Q3

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- adidas and Reebok sales up 12% and 7% in Q3
- Retail sales increase 20% with double-digit growth across all regions
- Negative currency effects and weakness in golf continue to weigh on Group earnings
- Diluted EPS down 11% to € 1.35

TMaG Negatively Impacted By Weakness In Golf

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Golf Market

- 
- 
- Currency-neutral sales decline 29% in the first nine months of 2014
 - Operating profit negatively impacted by around € 150 million YTD
 - Ongoing measures to clean inventories in the market place
 - Major elements of restructuring programme at TMaG completed

Consumer Sentiment In Russia/CIS Negatively Impacted

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- Higher promotional activities caused by weakening consumer sentiment
- Operating profit negatively impacted by around € 100 million YTD
- Accelerating real estate and inventory management initiatives
- Further reduction in store net opening plan to around 30 per year for 2014 and 2015



Russia/CIS

Currencies Significantly Impact Financial Performance

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Currencies

- Around € 550 million negative impact on sales in the first nine months
- Around € 150 million negative impact on Group operating profit in the first nine months



Initiatives To Improve Performance

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- Stabilise underperforming areas, particularly at TMaG
- Adjust investment to account for current market risks
- Reorganisation of roles and responsibilities in marketing and sales organisations
- Stack internal and external talent
- Next strategic plan to unlock the power of our brands
- Adjust capital management and shareholder return policies

Strengthen Brand Leadership

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strategy

future

creative direction

concepts-to-consumer

brand management

categories



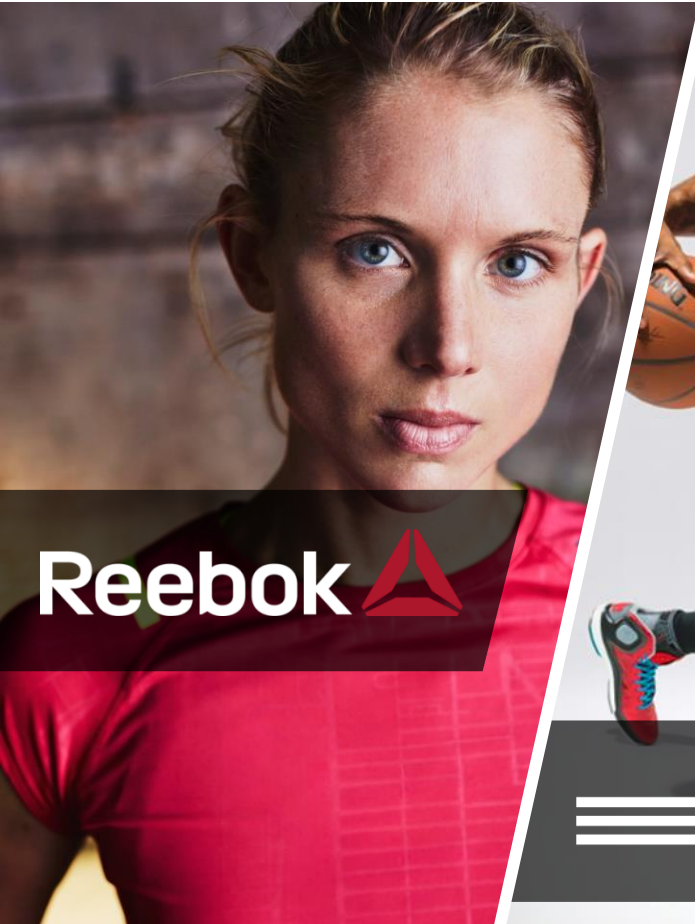
adidas
kanye is all in

consumer



Increasing Investment In Brands

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Reebok



adidas



TaylorMade

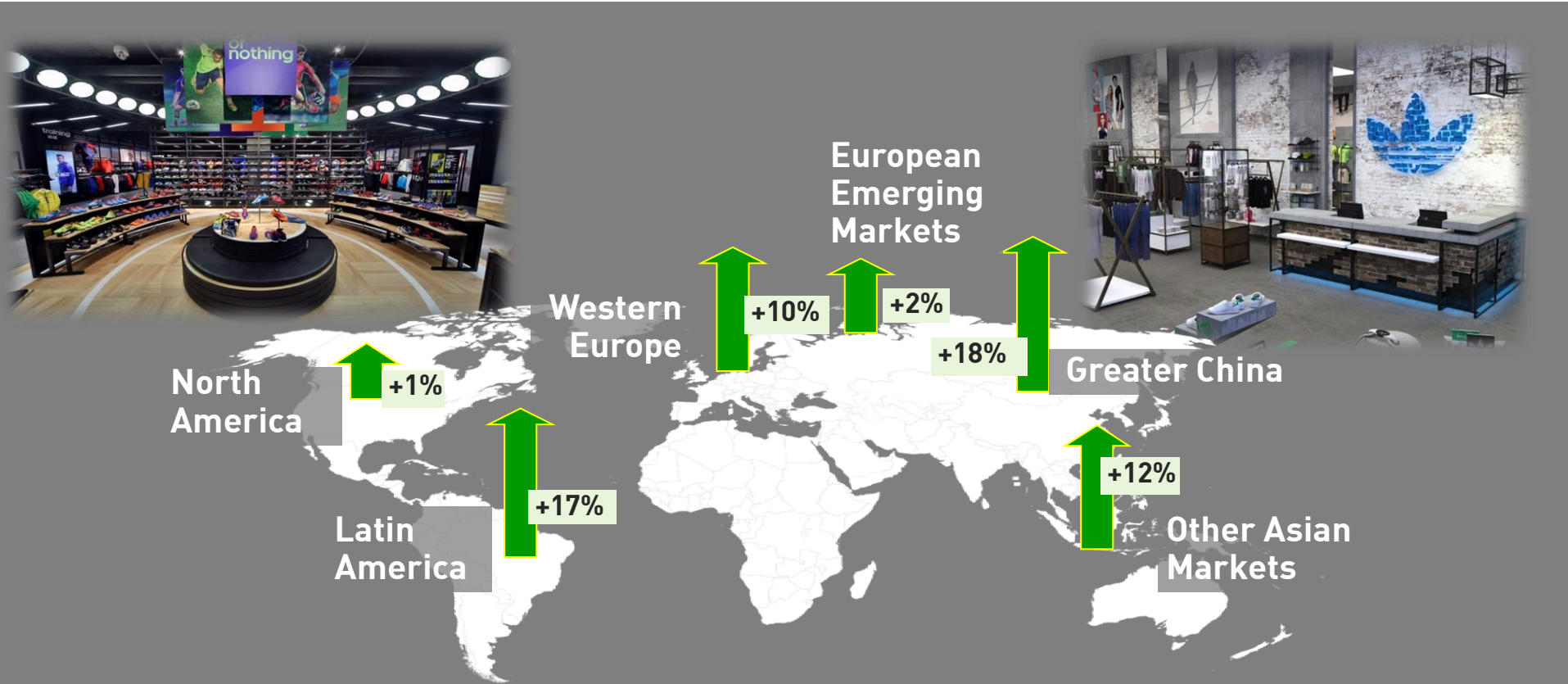
Sales Increase In Most Regions In Q3

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Retail Comp Store Sales Up In All Regions In Q3

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Latin America With Strong Tailwind From FIFA World Cup™



- Currency-neutral sales grow 16% in Q3
- Double-digit sales increases in all major markets
- Revenues at adidas up 17%, driven by double-digit growth in key categories

Ongoing Strong Brand Momentum In Greater China

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- Currency-neutral sales increase 13% in Q3
- adidas Sport Style grows 32%, driven by double-digit sales increases at adidas Originals and adidas NEO
- Revenues in Retail up 32%, supported by the 18% comp store sales increase

European Emerging Markets Up 19% In Q3

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- Double-digit sales increases for both adidas and Reebok in Q3
- Strong momentum at adidas Sport Performance and adidas Originals & Sport Style
- Double-digit sales growth in all of the region's major markets



Sales In Western Europe Grow 10% In Q3

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- Revenues at adidas and Reebok grow 11% and 13%, respectively
- Currency-neutral Retail sales up 29%, driven by double-digit comp store sales increase
- Growth at adidas supported by double-digit sales increases in football and running and at adidas NEO

Other Asian Markets Show Robust Performance In Q3

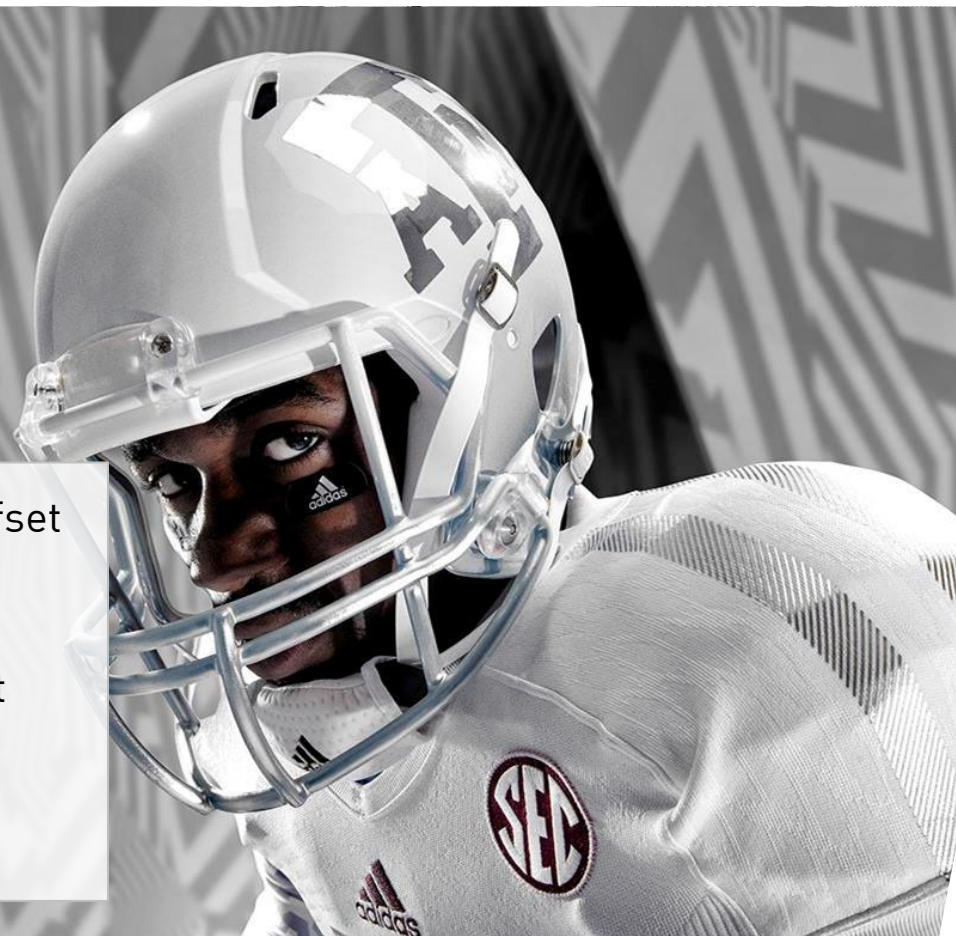
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- Currency-neutral sales increase 6% in Q3
- Double-digit sales growth at both adidas (+11%) and Reebok (+33%)
- Sales growth supported by double-digit increases in South Korea and India

Sales In North America Decline 1% In Q3











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- Sales growth at adidas (+6%) more than offset by double-digit declines at TMaG (-33%) and Reebok (-12%)
- Growth at adidas supported by double-digit sales increases in football and running
- Retail sales up 15% in 9M, driven by mid-single-digit comp store sales increases

adidas And Reebok With Strong Sales Growth In Q3

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		Q3 2014	Change	9M 2014	Change
	Net sales (€ in millions)	3,364	 +12% ¹⁾	8,904	 +11% ¹⁾
	Gross margin	46.2%	 (2.4pp)	47.0%	 (1.4pp)
	Net sales (€ in millions)	447	 +7% ¹⁾	1,158	 +6% ¹⁾
	Gross margin	37.4%	 (3.0pp)	38.4%	 (1.4pp)

¹⁾ Currency-neutral.

adidas Football Dominates On And Off The Pitch

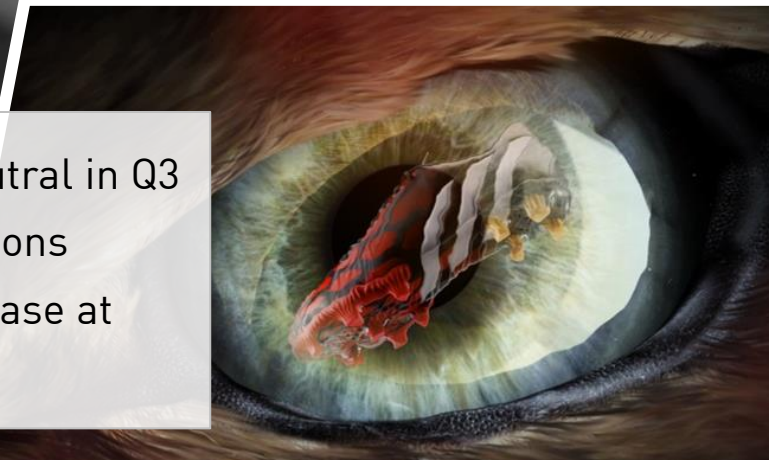
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- Football sales grow 25% currency-neutral in Q3
- Double-digit growth rates in most regions
- Footwear, apparel and hardware increase at double-digit rates

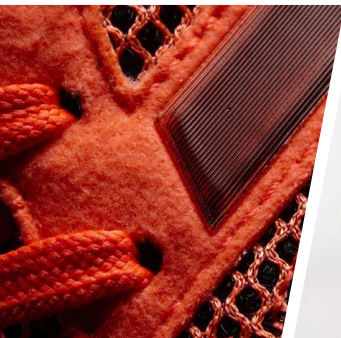


Football



Running Growth Rates Accelerate In Q3

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Running

- Running sales accelerate 20% in Q3
- Double-digit sales increases in both apparel and footwear
- Strong momentum across all regions
- 2 million pairs of Boost sold in Q3



27 Major Marathon Wins And Counting adizero Adios Boost



Training Grows Robustly Across All Regions

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Training

- Currency-neutral sales increase 8% in Q3
- Double-digit sales growth in European Emerging Markets and Latin America
- Powerful launch of ClimaHeat product range



Basketball Returns To Growth In Q3

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#boostyourgame

- Revenues increase 4% in Q3
- Apparel sales up 14%, supported by the start of the NBA season
- BOOST technology enters basketball with the launch of Crazylight Boost



Basketball



Originals Leverages New Product Franchises

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- adidas Originals grows 9% in Q3
- Double-digit sales growth in European Emerging Markets, Greater China, Other Asian Markets and Latin America
- Footwear sales increase 12% during the quarter
- Strong launches of Rita Ora and Pharrell Williams product lines during Q3

adidas NEO Revenues Accelerate In Q3

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NEO

#NEORunway

- Sales increase 33% currency-neutral in Q3
- Footwear, apparel and hardware all up at double-digit rates
- Double-digit growth across most regions
- Five additional store openings in Western Europe

Reebok Enjoys 6th Consecutive Quarter Of Growth

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Reebok 



- Sales increase 7% currency-neutral in Q3
- Retail sales grow 11%, with eCommerce sales up 77%
- Double-digit growth in most regions
- Ongoing strong momentum in Fitness Training (+25%), Walking (+30%) and Studio (+52%)



Group Gross Margin Down 1.3pp In 9M









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- Overproportionate growth in emerging markets
- More favourable product mix















- Less favourable hedging rates
- Higher input costs
- Lower margins in Retail and at TMaG
- Devaluation of currencies

	Q3 2014	9M 2014
Wholesale	 (2.1pp) 41.8%	 (0.9pp) 42.3%
Retail	 (3.4pp) 58.1%	 (3.2pp) 59.4%
Other Businesses	 (0.1pp) 35.3%	 (3.9pp) 37.7%
adidas GROUP	 (1.9pp) 47.4%¹⁾	 (1.3pp) 48.5%¹⁾

1) Total Group includes HQ/Consolidation.







Group Operating Profit Declines 13% In Q3

	Q3 2014		9M 2014	
Royalty and commission income	 +2%	€ 27 million	 (0%)	€ 77 million
Other operating income	 (68%)	€ 19 million	 (2%)	€ 105 million
Other operating expenses	 +4%	€ 1,594 million	 +3%	€ 4,647 million
Other operating expenses as a percentage of sales	 (0.9pp)	38.7%	 +0.8pp	41.8%
Operating profit	 (13%)	€ 405 million	 (20%)	€ 927 million
Operating margin	 (2.1pp)	9.8%	 (2.2pp)	8.3%

Diluted EPS Down 11% In Q3

		Q3 2014		9M 2014
Financial income	 (15%)	€ 5 million	 (5%)	€ 14 million
Financial expenses	 (55%)	€ 12 million	 (25%)	€ 50 million
Income before taxes	 (10%)	€ 397 million	 (19%)	€ 892 million
Income tax rate	 +0.6pp	28.6%	 +1.1pp	28.8%
Net income attributable to shareholders	 (11%)	€ 282 million	 (21%)	€ 630 million
Diluted earnings per share	 (11%)	€ 1.35	 (21%)	€ 3.01













Wholesale Up 8% Currency-Neutral In Q3

Wholesale	Q3 2014	Change	9M 2014	Change
Net sales (€ in millions)	2,717	 +8% ¹⁾	7,159	 +6% ¹⁾
Gross margin	41.8%	 (2.1pp)	42.3%	 (0.9pp)
Segmental operating margin	34.2%	 (2.1pp)	34.0%	 (0.7pp)

¹⁾ Currency-neutral.

Retail Sales Increase 20% Currency-Neutral In Q3

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Retail	Q3 2014	Change	9M 2014	Change
Net sales (€ in millions)	1,047	 +20% ¹⁾	2,799	 +21% ¹⁾
adidas comp store sales		 +8% ¹⁾		 +10% ¹⁾
Reebok comp store sales		 (2%) ¹⁾		 +0% ¹⁾
Total comp store sales		 +6% ¹⁾		 +8% ¹⁾
Gross margin	58.1%	 (3.4pp)	59.4%	 (3.2pp)
Segmental operating margin	19.8%	 (1.4pp)	17.6%	 (2.8pp)

¹⁾ Currency-neutral.

Retail Store Development

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- 2,822 stores operated at quarter-end
- Net increase of 82 stores versus 2,740 at year-end
- 277 new stores opened, 195 stores closed, 89 stores remodelled
- 1,569 adidas and 426 Reebok branded; 827 factory outlets



Other Businesses Down 12% Currency-Neutral In Q3

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Other Businesses	Q3 2014	Change	9M 2014	Change
Net sales (€ in millions)	354	↓ (12%) ¹⁾	1,158	↓ (17%) ¹⁾
Gross margin	35.3%	↓ (0.1pp)	37.7%	↓ (3.9pp)
Segmental operating margin	15.1%	↓ (2.1pp)	18.7%	↓ (7.5pp)

¹⁾ Currency-neutral.



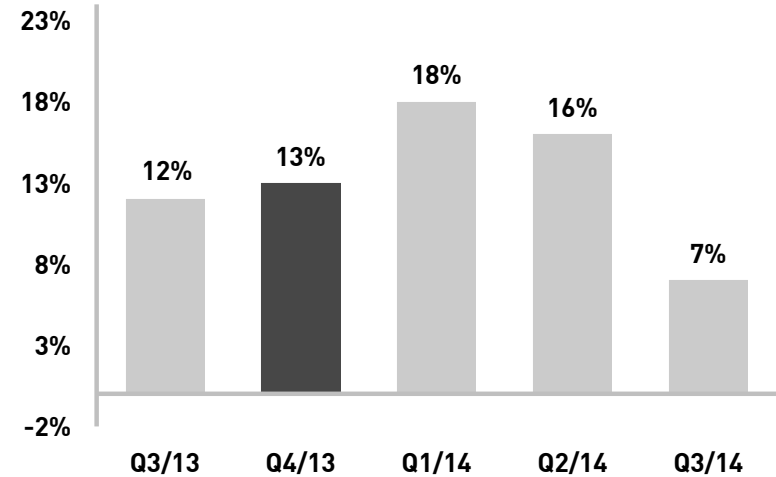
ROCKPORT

CCM



High Focus On Reducing Inventory Growth Rate

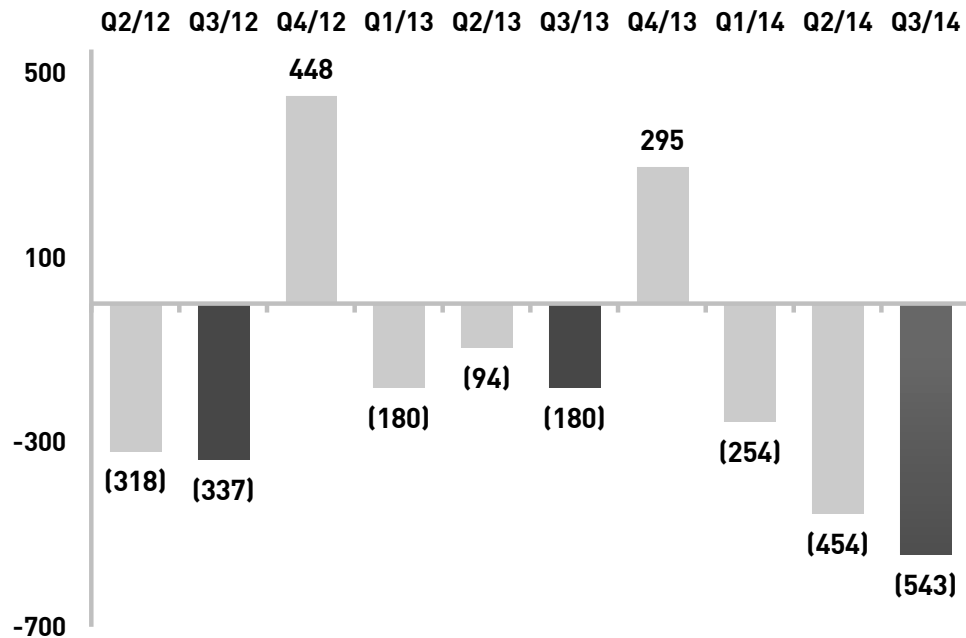
- Inventories increase 7% on a currency-neutral basis
- Receivables up 7% on a currency-neutral basis
- Payables decrease 8% on a currency-neutral basis



Currency-neutral inventories development in %
at quarter-end.

Net Borrowings Negatively Impacted By Higher Capital Expenditure

- Net borrowings increase € 363 million to € 543 million
- Ratio of net borrowings/EBITDA increases to 0.4 from 0.1 in 2013
- Equity ratio increases to 52.1% (2013: 49.3%)



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

adidas Group Confirms 2014 Full Year Outlook

Group sales (currency-neutral)	mid- to high-single-digit increase
Wholesale sales (currency-neutral)	mid-single-digit increase
Retail sales (currency-neutral)	low-double-digit increase
Other Businesses sales (currency-neutral)	double-digit decrease
Gross margin	48.0% to 48.5% [Prev.: 48.5% to 49.0%]
Operating margin	between 6.5% and 7.0%
Net income attributable to shareholders	at a level of around € 650 million



STRATEGIC INITIATIVES AND OUTLOOK



Crazylight Conquers adidas Football

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#nitrocharge



#predator



#i1pro



#f50

BOOST Integrated In Various Categories

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boost your game



New Signature Lines Redefine Basketball

40



3-Stripes Footwear Back In The NFL

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- New leadership team in place
- Added key internal and external talent
- Increasing investment in marketing and US Sports, in particular in the NBA and NFL

ClimaHeat Open All Winter Campaign Launches In Q4

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adidas Originals With Full Pipeline Of New Products

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Reebok Building On Key Partnerships With New Products⁴⁴



Reebok 



TMaG Unveils RSi Iron

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G R O U P

QUESTIONS & ANSWERS



Upcoming Event Dates

March 5, 2015	Full Year 2014 Results
May 5, 2015	First Quarter 2015 Results
May 7, 2015	Annual General Meeting
May 8, 2015	Dividend Payment ¹⁾
August 6, 2015	First Half 2015 Results
November 5, 2015	Nine Months 2015 Results

¹⁾ Subject to Annual General Meeting Approval.