

FY 2021 RESULTS

MARCH 9, 2022



adidas

**THE HEALTH AND
SAFETY OF OUR
EMPLOYEES ARE
OUR MAIN
PRIORITIES**

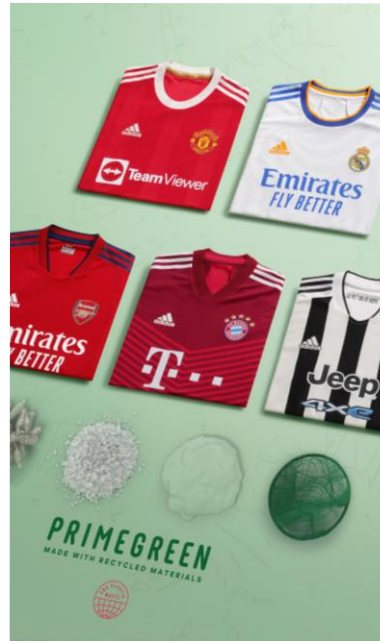


SPORTS BACK ON CENTER STAGE





CONSUMER HIGHLIGHTS



AGENDA

- 1 STRATEGIC UPDATE
- 2 BUSINESS UPDATE
- 3 FINANCIAL UPDATE
- 4 OUTLOOK



STRATEGIC UPDATE

KASPER RORSTED
CEO



CONSUMER AT THE HEART OF EVERYTHING WE DO

ATHLEISURE

Consumers demand casual sports product with functionality, comfort and style

BETTERMENT

Majority of consumers exercise regularly to stay healthy

DIGITAL

Consumers increasingly connect and buy online and in social channels

SUSTAINABILITY

Vast majority of consumers claim sustainability as an important purchase driver

PREMIUM

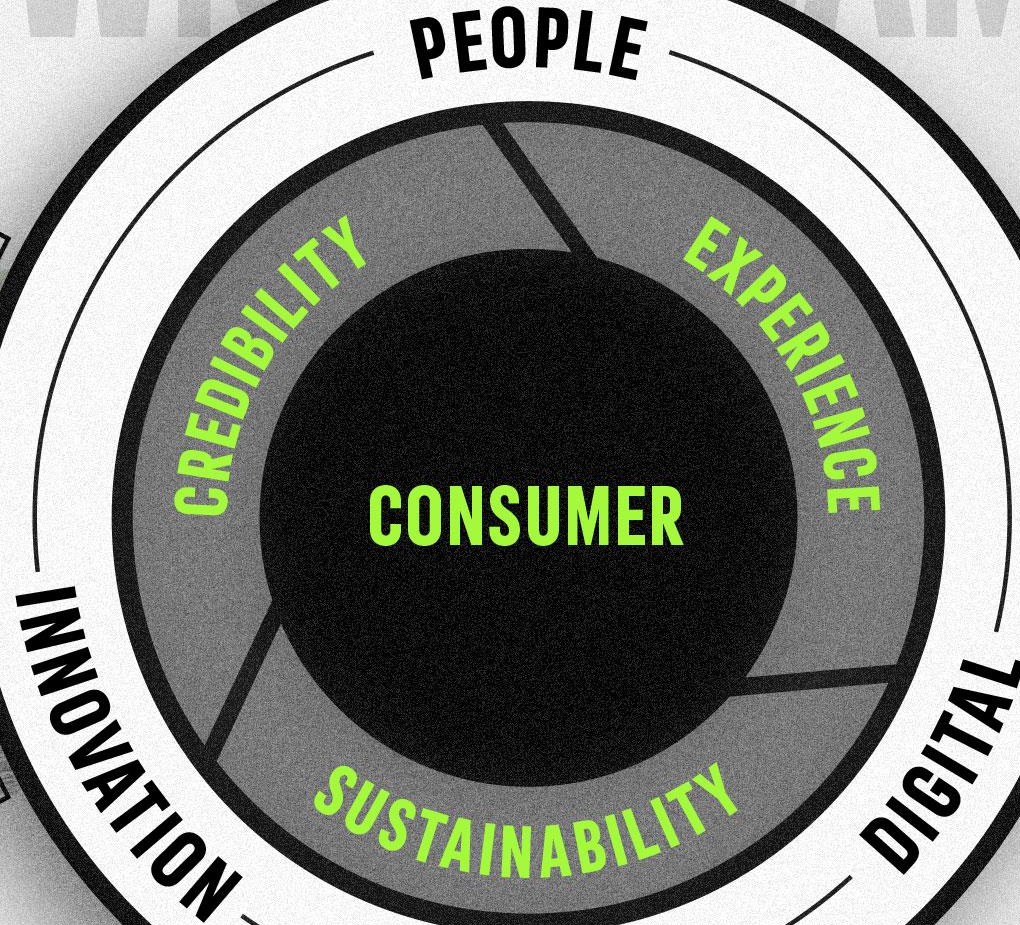
Footwear demand increasingly driven by upper price points on the back of innovation

Consumer trends supporting strong industry growth



OWN THE GAME

SPORT



GROWTH

OUR PEOPLE OWN THE GAME

37%

**WOMEN SHARE IN
LEADERSHIP
POSITIONS**



HRC

**BEST PLACE TO
WORK FOR
LGBTQ+ EQUALITY**



FORBES

**AMERICA'S BEST
LARGE EMPLOYERS**



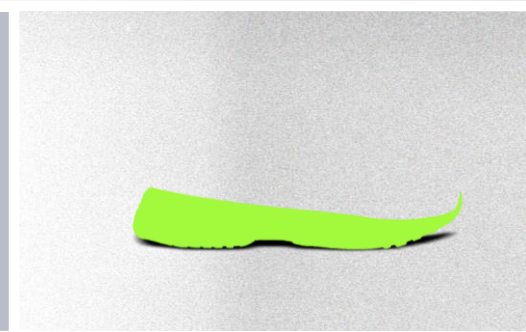
FORTUNE

**MOST ADMIRABLE
COMPANIES**

INNOVATION

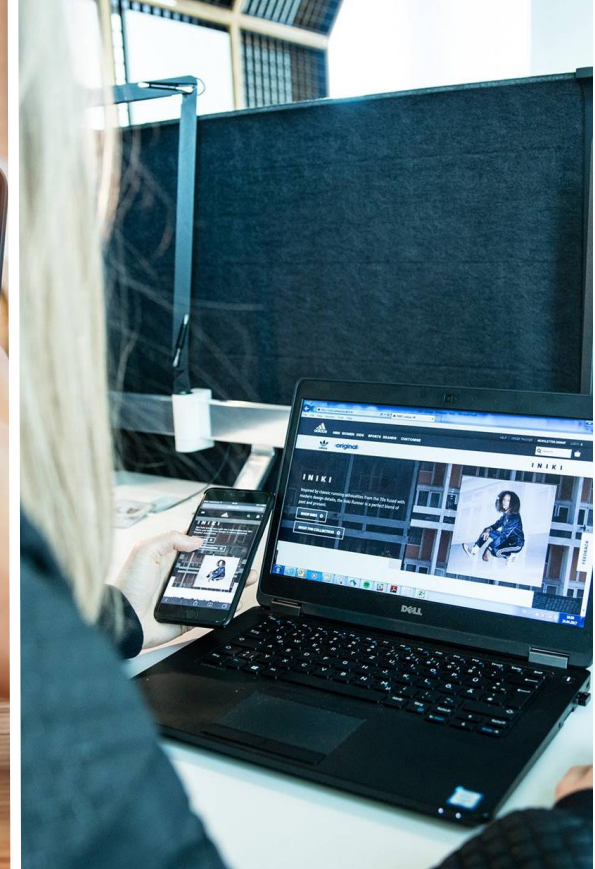
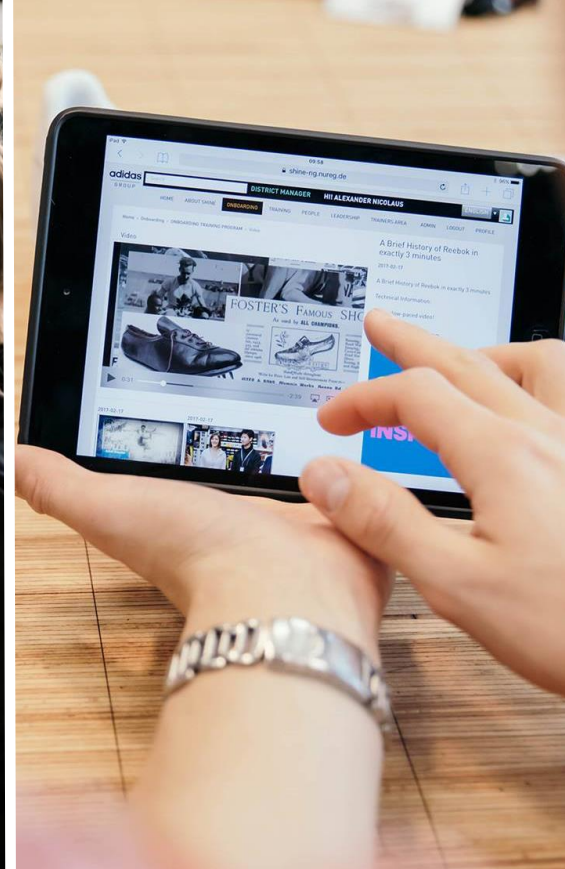


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DIGITAL

ENHANCED FOCUS ON DIGITAL ACROSS THE ENTIRE VALUE CHAIN



FASTER PRODUCT CREATION

PRODUCT CREATION TIME
SHORTENED SIGNIFICANTLY

LEVERAGING DIGITAL INSIGHTS

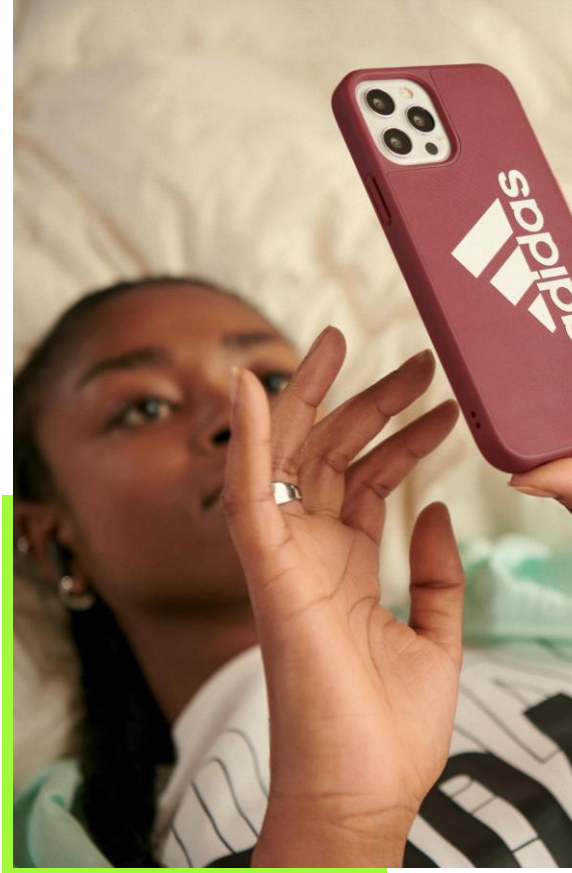
DTC-EXCLUSIVES ACHIEVE HIGH
FULL-PRICE SHARE

STRENGTHENING THE BENCH

ADDITIONAL 2,000
DIGITAL EXPERTS HIRED

EXPERIENCE

**CREATING PERSONALIZED
EXPERIENCES ACROSS
DIGITAL AND PHYSICAL
TOUCHPOINTS**



NUMBER OF MEMBERS GROWS TO 240 MILLION

75 MILLION NEW MEMBERS BY
DOUBLING DOWN ON EXPERIENCE

OUR MOST PROFITABLE CONSUMER

MEMBERS BUY MORE THAN 50%
MORE OFTEN

UPLIFT OF BRAND AND CONSUMER EXPERIENCE

61,000 SQM ADDITIONAL NET SELLING
SPACE ADDED

CREDIBILITY

INCREASING
CREDIBILITY BY
SHARPENING THE
EDGES OF THE ADIDAS
BRAND



IMPOSSIBLE IS NOTHING

MORE THAN 1 BILLION
SOCIAL MEDIA VIEWS AND
18 MILLION ENGAGEMENTS



CREATING ADVOCACY IN RUNNING

MORE WINS, WORLD RECORDS
AND PODIUMS THAN ALL OTHER
BRANDS COMBINED



STAY IN PLAY

MORE THAN 60 PARTNERS
ACTIVATED IN RECORD
BREAKING CAMPAIGN



FRANCHISE MANAGEMENT

SUCCESSFUL INCUBATION OF
NMD SI AND SCALING OF FORUM
FRANCHISE

SUSTAINABILITY

IMPROVED PRODUCT OFFERING



INVESTED IN STRATEGIC PARTNERS



SIGNIFICANT PROGRESS MADE

69% SHARE OF SUSTAINABLE ARTICLES

SUSTAINABILITY TARGETS APPROVED BY SCIENCE BASED TARGETS INITIATIVE



15% REDUCTION OF GHG EMISSIONS PER PRODUCT BY 2025

2025 CLIMATE NEUTRALITY IN OWN OPERATIONS BY 2025

30% REDUCTION OF GHG EMISSIONS ACROSS ENTIRE VALUE CHAIN BY 2030

CREATING A COMPREHENSIVE SUSTAINABILITY OFFER AT SCALE

BUSINESS UPDATE

A close-up photograph of a person's legs from the knees down, wearing black socks with three red diagonal stripes and black trail shoes with red and blue accents. The person is standing on a rocky, mossy surface. The background is a blurred green forest.

KASPER RORSTED
CEO

STRENGTHS & WEAKNESSES IN FY 2021

STRENGTHS



BROAD-BASED SALES GROWTH ACROSS ALL MARKETS

Double-digit increases in EMEA, North America and Latin America

DTC FOCUS PAYING OFF

Double-digit increase reflecting growth both online and offline

DOUBLE-DIGIT GROWTH ACROSS ALL STRATEGIC CATEGORIES

New products drive credibility and growth in Performance and Lifestyle

STRONG IMPROVEMENT OF PROFITABILITY

Net income up €1bn despite nearly €200m higher marketing spend

WEAKNESSES



SUBDUED MOMENTUM IN GREATER CHINA AND ASIA-PACIFIC

Due to challenging market environment and Covid-related lockdowns

SUPPLY-CHAIN CONSTRAINTS WEIGH ON SALES TRAJECTORY

Production outage and shipping delays with significant top-line impact

GROSS MARGIN RECOVERY MASKED

By FX headwinds and significantly higher supply chain costs

GLOBAL SPORTS ACTIVITY STILL BELOW PRE-CRISIS LEVELS

Due to ongoing Covid-related restrictions and uncertainty

STRONG RESULTS IN 2021

€ IN MILLIONS

	FY 2020 RESULTS	FY 2021 RESULTS	
NET SALES	18,435	21,234	Added almost € 3 billion despite more than € 1.5 billion negative impact from external factors
GROSS MARGIN (%)	50.0%	50.7%	Increased by 0.7 percentage points despite significantly higher supply chain costs and negative currency developments
OPERATING PROFIT	746	1,986	Increased by more than 150% despite more than € 220 million of stranded costs related to the Reebok divestiture
NET INCOME	461	1,492	Added more than € 1 billion despite nearly € 200 million higher marketing spend to drive brand heat

OUR STRATEGIC GROWTH **MARKETS**

GREATER CHINA

Challenging market environment
delaying recovery

+3%

NORTH AMERICA

Strong double-digit growth
in both DTC and wholesale

+17%

EMEA

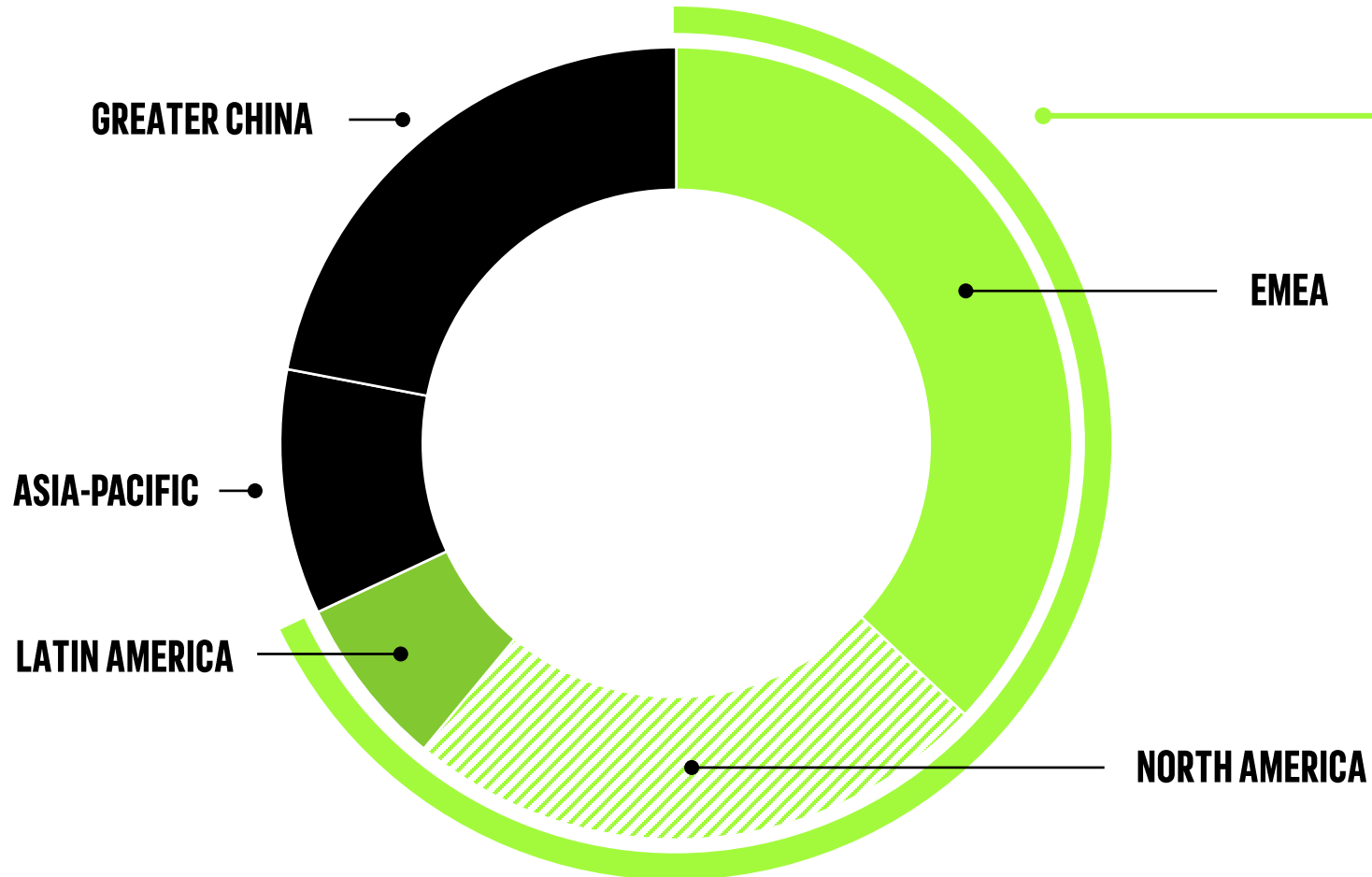
Double-digit improvement
vs. 2019 level

+24%



STRONG GROWTH MOMENTUM IN UNDISRUPTED MARKETS

MARKET SEGMENT NET SALES SPLIT FY 2021 (IN % OF TOTAL NET SALES)



~70%
OF MARKETS
UNDISRUPTED

+23% C.N.
SALES GROWTH IN
UNDISRUPTED MARKETS

OUR STRATEGIC GROWTH CHANNELS

EVOLUTION OF CONSUMER EXPERIENCE DRIVES OWN RETAIL GROWTH

Increase of 18% driven by exceptional growth in EMEA, North America and Latin America

DOUBLE-DIGIT E-COM GROWTH IN EMEA AND LATIN AMERICA

Full-price share in North America above 70%

MEMBERSHIP PROGRAM WITH SIGNIFICANT PROGRESS

Driving traffic and conversion in both retail and e-com

E-COM GROWTH (C.N.)

+4% VS. 2020

+60% VS. 2019

DTC SHARE

38%

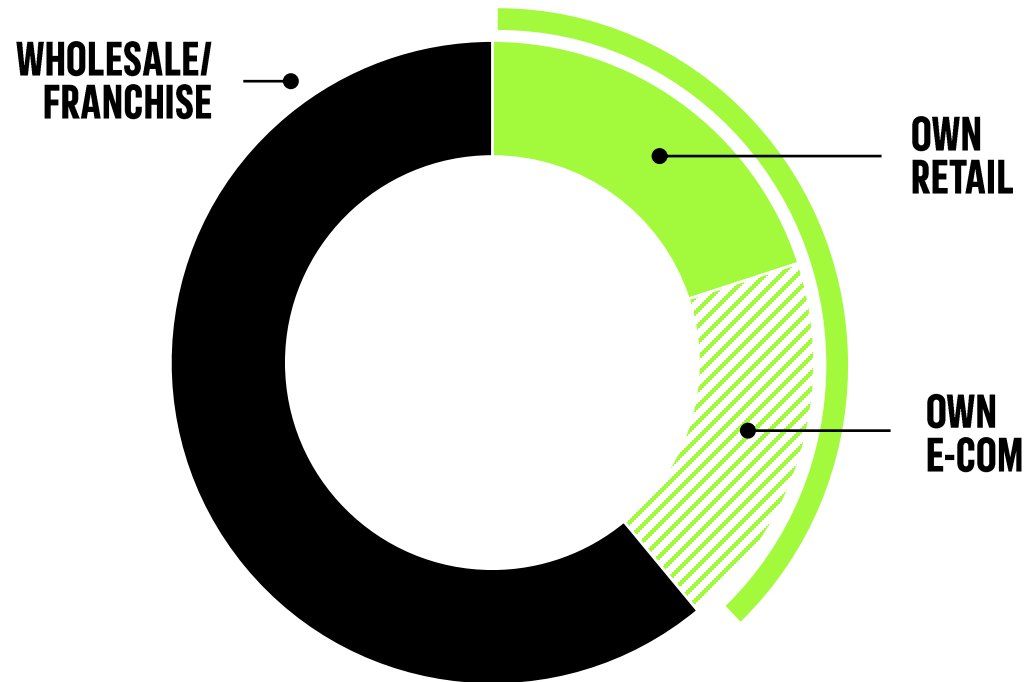
-2PP VS. 2020

+6PP VS. 2019



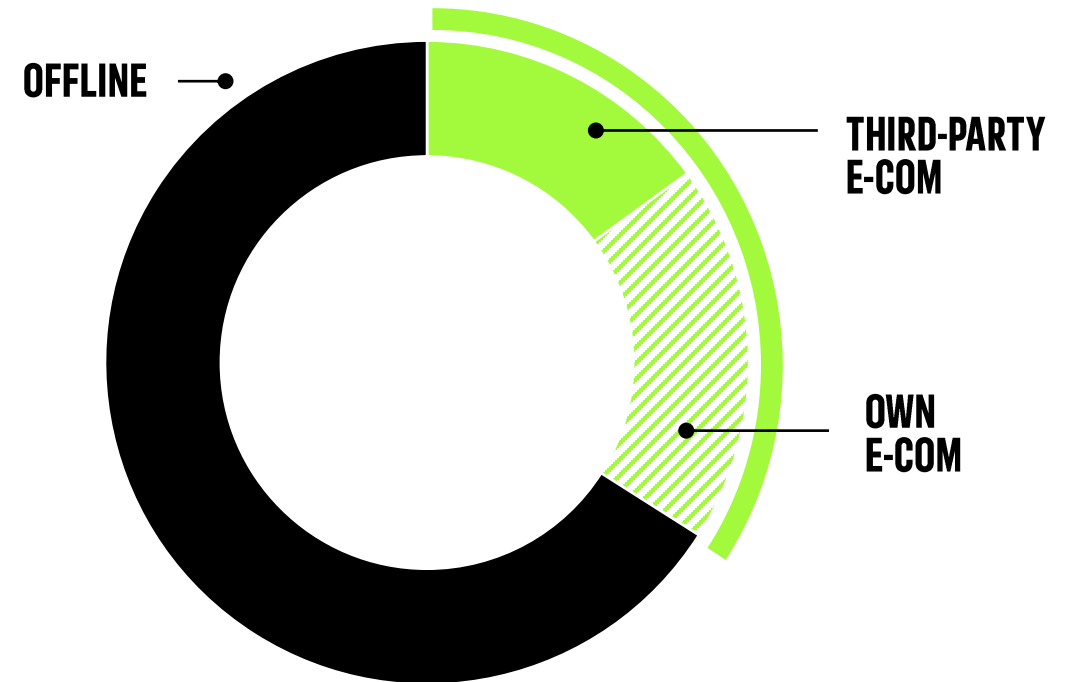
GROWING DIGITAL SHARE OF BUSINESS

DTC SHARE OF BUSINESS IN FY 2021



DTC: 38%

DIGITAL SHARE OF BUSINESS IN FY 2021



DIGITAL: 34%

OUR STRATEGIC GROWTH CATEGORIES

DOUBLE-DIGIT GROWTH IN RUNNING AND TRAINING

Running innovation and women-dedicated training offer spark excitement

EXCEPTIONAL GROWTH IN FOOTBALL AND OUTDOOR

Jersey launches amid major football events and technical outdoor product releases drive credibility and growth

LIFESTYLE REVENUES GROW DOUBLE-DIGITS

Scaling of successful franchises and launch of new product fuel momentum



2021 IN REVIEW



DELIVERED ON FINANCIAL GUIDANCE FOR THE YEAR

Despite more than € 1.5 billion negative impact from external factors



DROVE BROAD-BASED TOP-LINE GROWTH

Across all strategic growth markets and categories



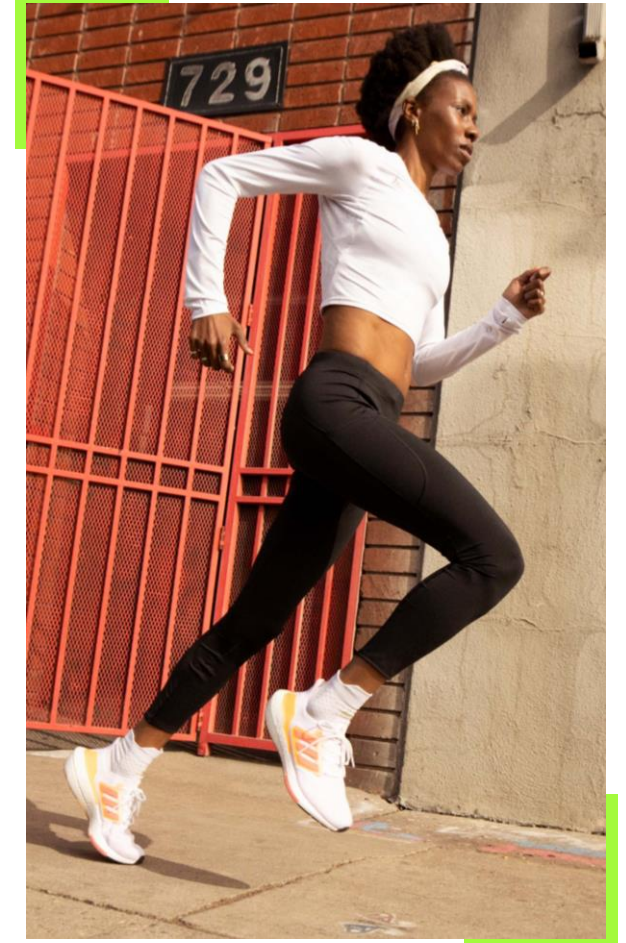
ELEVATED CONSUMER EXPERIENCE WITH A FOCUS ON DTC

Member-first approach offering unique experiences and products



ADDED MORE THAN € 1 BILLION TO NET INCOME

Amid significant step up in marketing investments

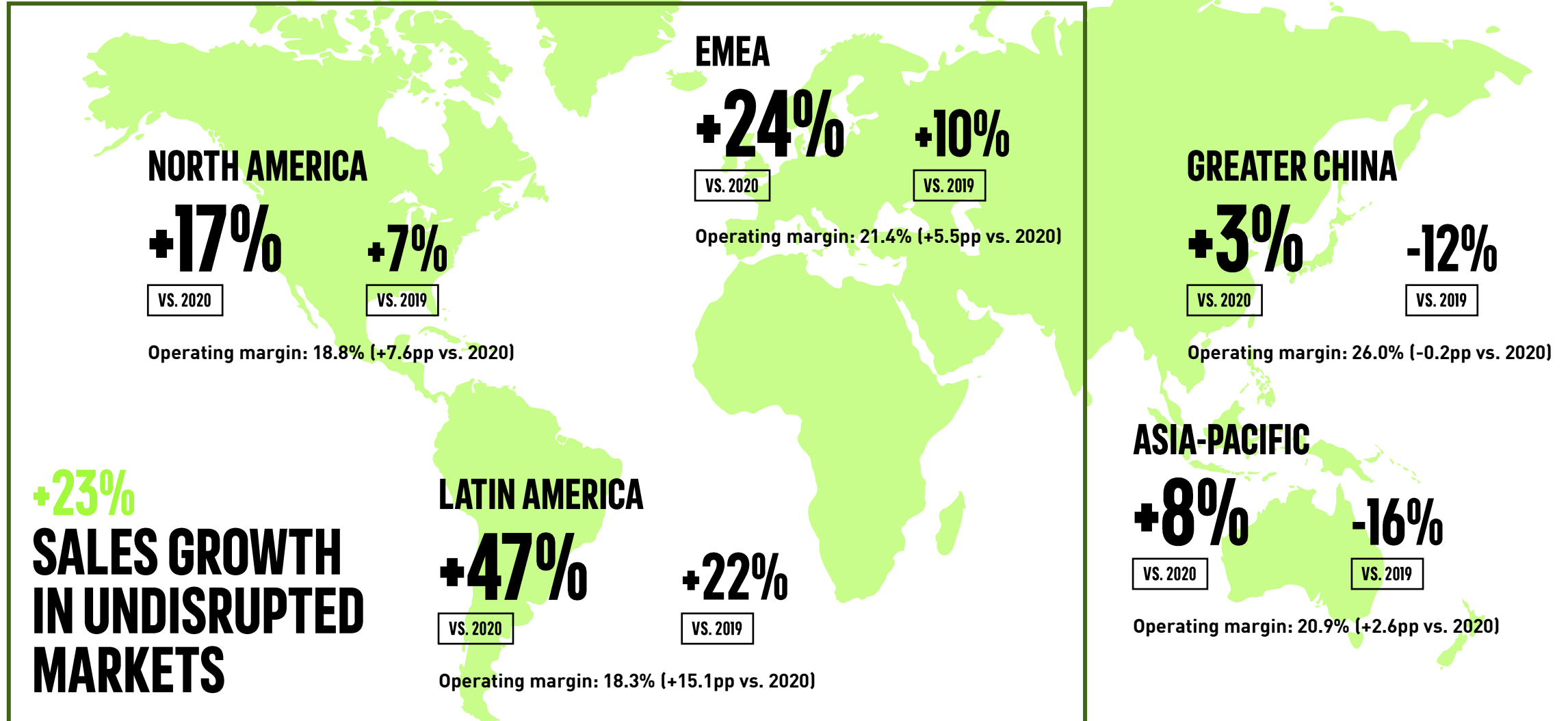


FINANCIAL UPDATE

HARM OHLMEYER
CFO



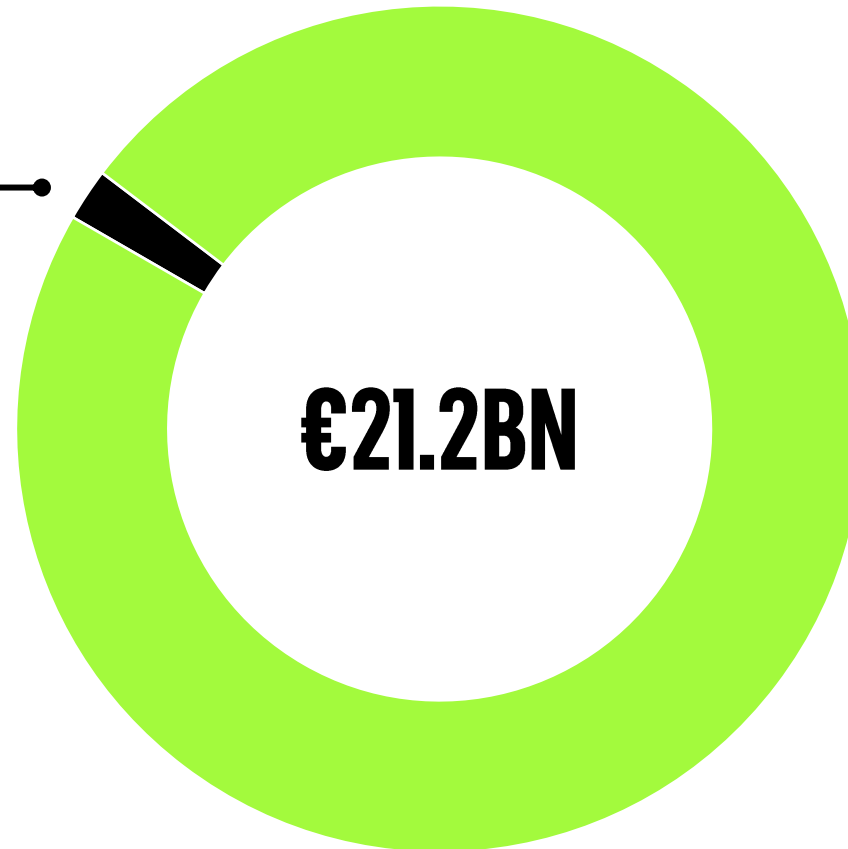
FY 2021 REVENUE GROWTH BY MARKET SEGMENT



RUSSIA/CIS BUSINESS SPECIFICS

**~€ 500 MILLION
OF REVENUES IN
FY 2021**

**2%
OF TOTAL
BUSINESS**



HIGH FLEXIBILITY OF BUSINESS MODEL DUE TO DTC SHARE OF ~75%

- Largely revenue-based lease agreements
- Possibility to terminate lease agreements at short notice
- Ability to increase prices regularly and on short notice
- Very limited receivables/bad debt risk

P&L OVERVIEW

€ IN MILLIONS	2021	2020	Y-0-Y
Net Sales	21,234	18,435	+15%
Gross Margin	50.7%	50.0%	+0.7pp
Other Operating Expenses (in % of sales)	8,892 41.9%	8,580 46.5%	+4% -4.7pp
Marketing and Point-of-Sale Expenses (in % of sales)	2,547 12.0%	2,373 12.9%	+7% -0.9pp
Operating Overhead Expenses (in % of sales)	6,345 29.9%	6,207 33.7%	+2% -3.8pp
Operating Profit/Loss	1,986	746	+166%
Operating Margin	9.4%	4.0%	+5.3pp
Net Income/Loss from continuing operations	1,492	461	+223%
Basic EPS from continuing operations	7.47	2.31	+223%

+16% currency-neutral

Challenging market environment in China, Covid-19-related restrictions and supply chain challenges **reducing top-line by more than € 1.5 billion**

Including **more than € 220 million** of stranded costs related to the Reebok divestiture

GROSS MARGIN DEVELOPMENT FY 2021 DECOMPOSED

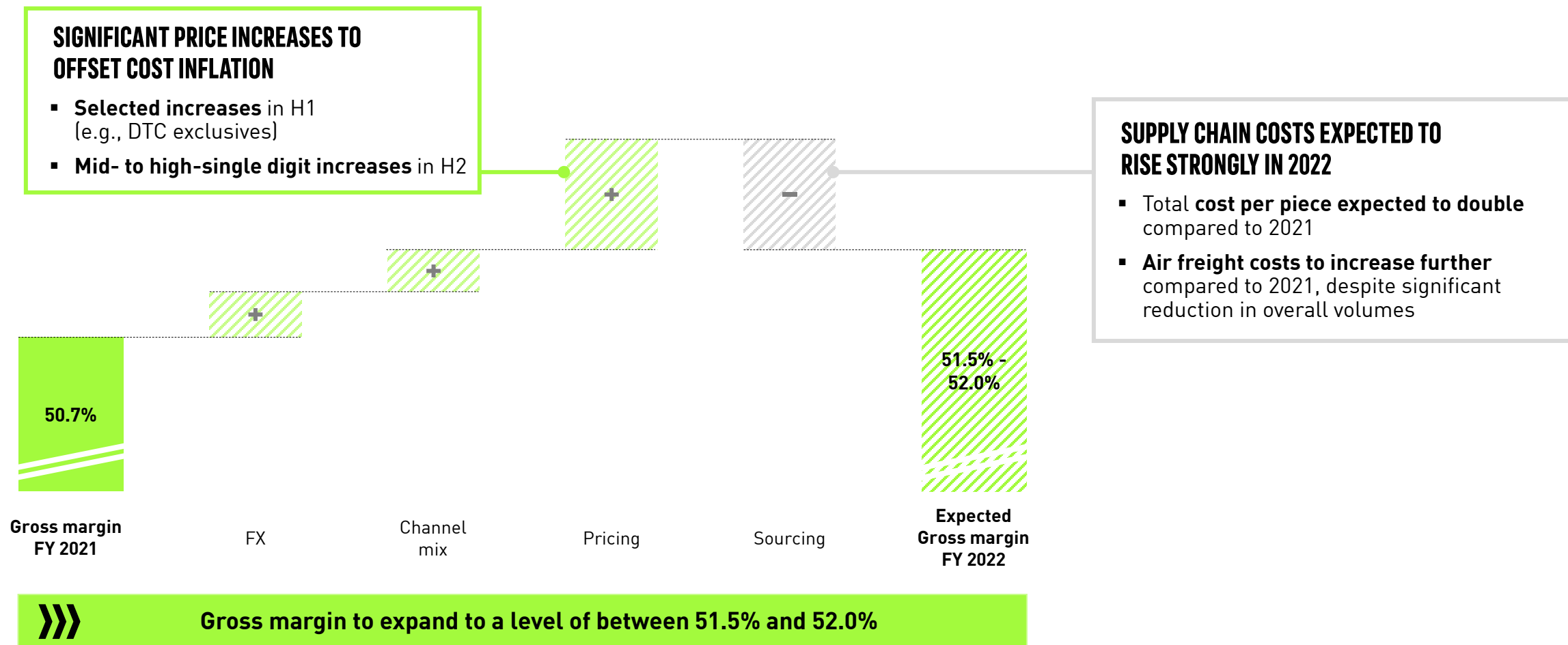


- Pricing impact: Higher full-price sales and selected price increases in 2021
- Inventory & other: Better inventory management and non-recurrence of last year's purchase order cancellation costs
- Mix: Channel mix normalizing vs. 2020 and lower contribution from China
- Sourcing: Significant increase in sourcing and freight costs in 2021
- FX impact: Significant headwind continued through 2021

Higher full-price sales and better inventory management drive increase of +0.7pp

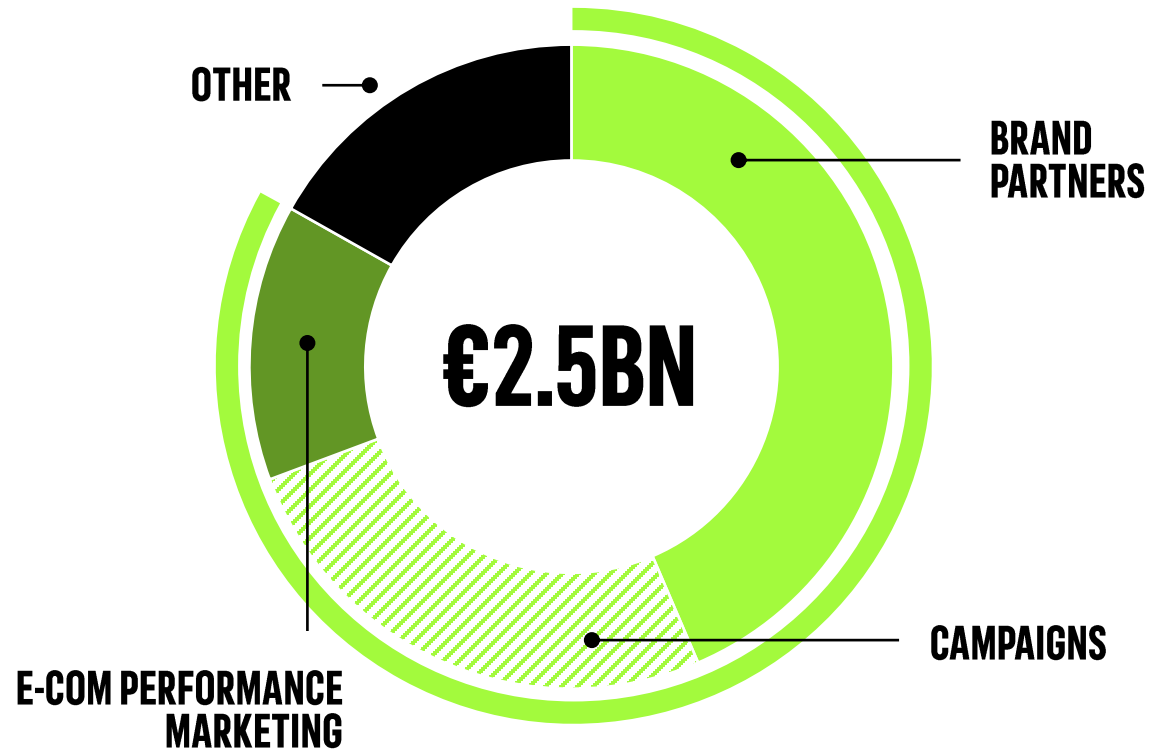
GROSS MARGIN OUTLOOK FY 2022 DECOMPOSED

GROSS MARGIN OUTLOOK FY 2022

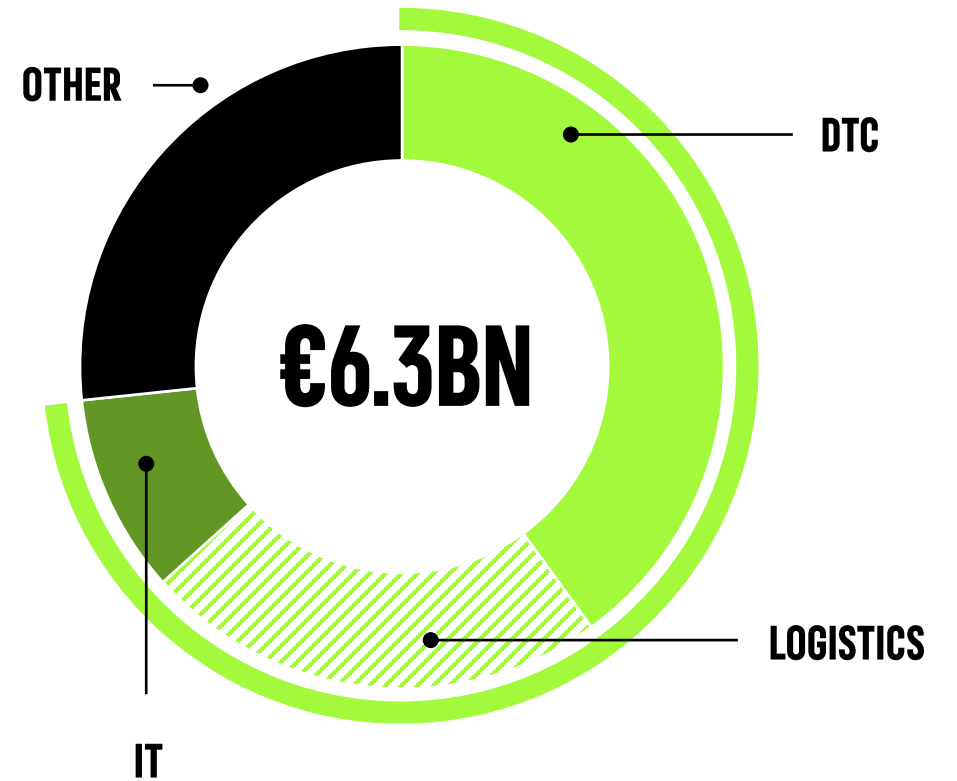


INVESTING INTO THE FUTURE

MWB SPLIT IN FY 2021



OOH SPLIT IN FY 2021



AVERAGE OPERATING WORKING CAPITAL

INVENTORIES DOWN 12% C.N. YEAR-ON-YEAR

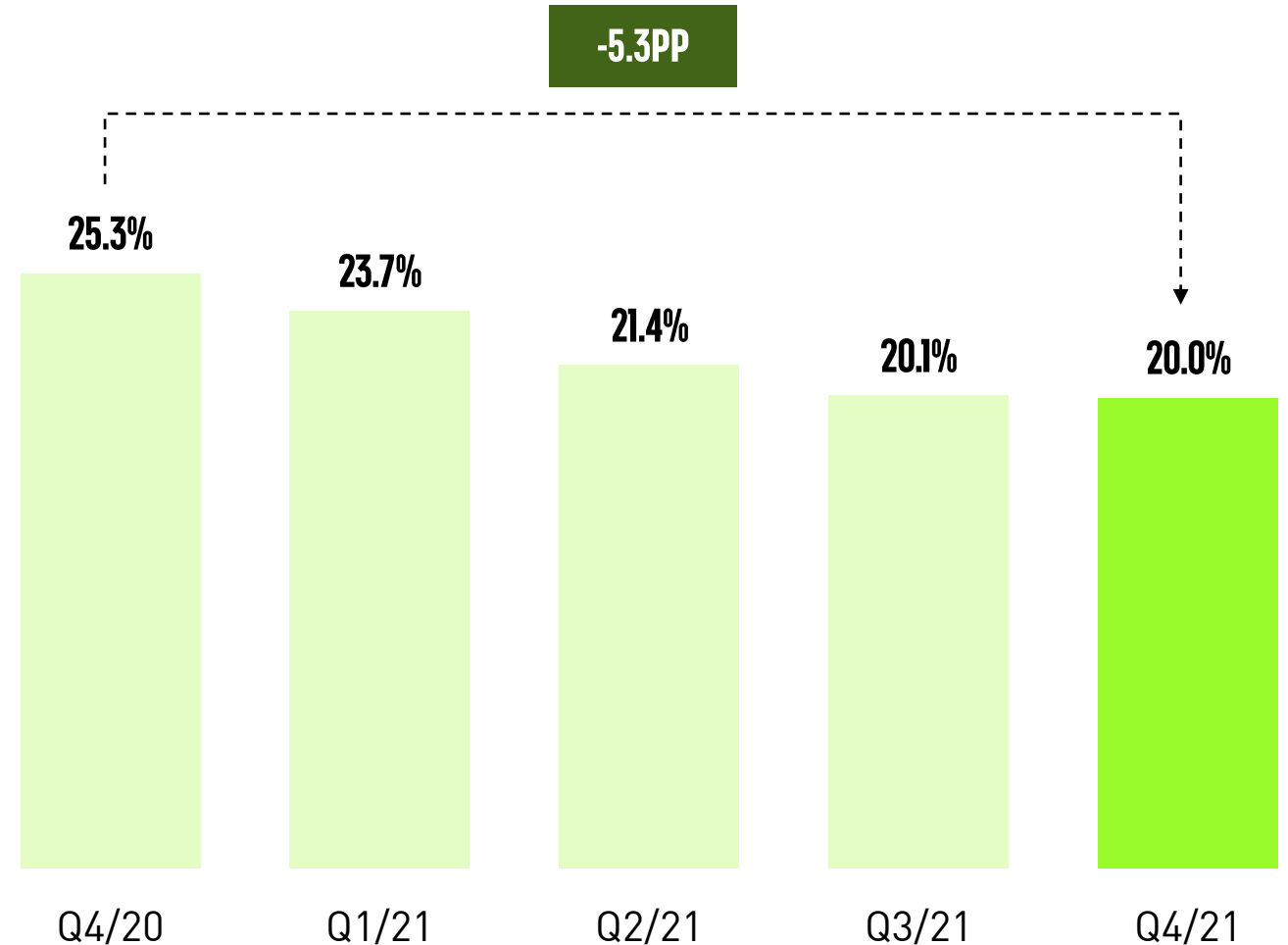
Due to Reebok divestiture, industry-wide supply chain constraints and better inventory management

RECEIVABLES UP 6% C.N. YEAR-ON-YEAR

Driven by strong double-digit net sales growth

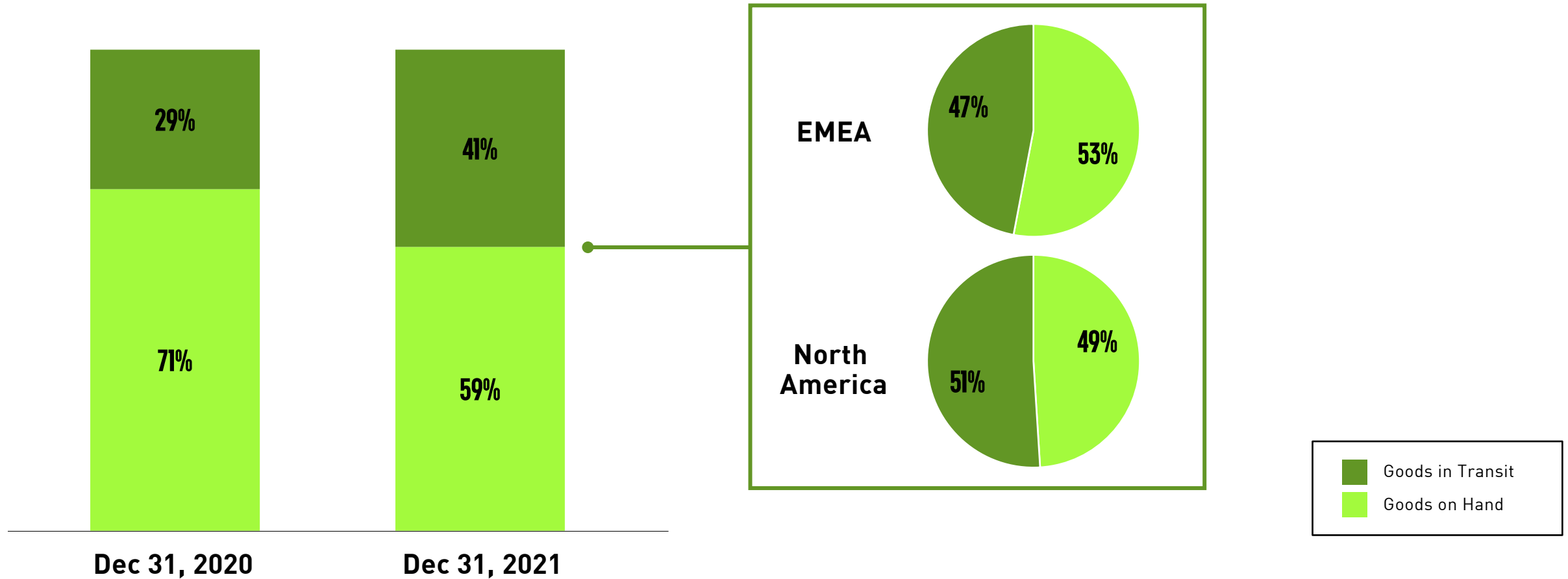
PAYABLES DOWN 6% C.N. YEAR-ON-YEAR

Reflecting Reebok divestiture and normalization of payment terms



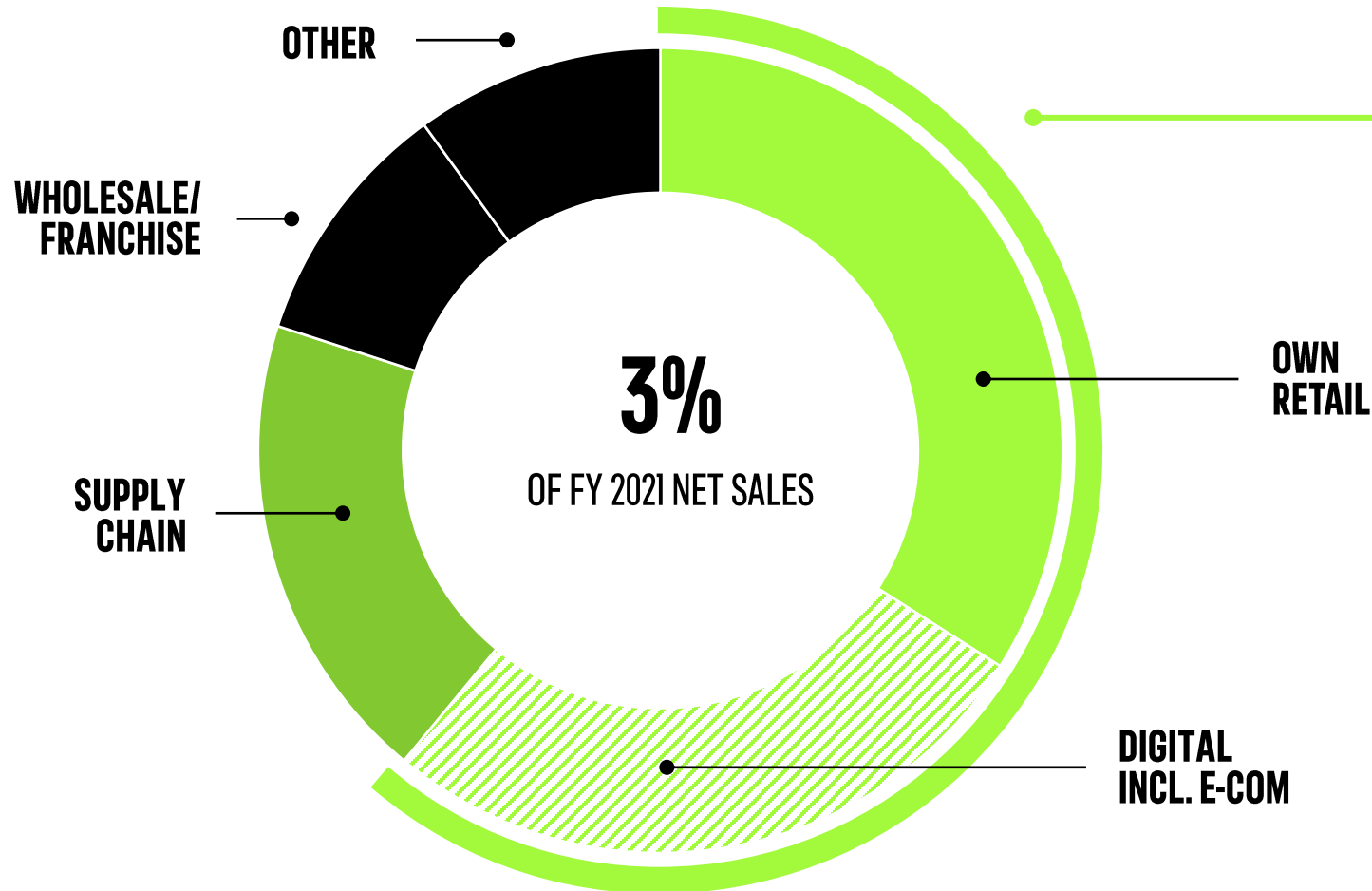
INCREASED LEAD TIMES FOR KEY MARKETS

GOODS IN TRANSIT VS. GOODS ON HAND | TOTAL COMPANY



CONTINUE TO INVEST IN BUSINESS

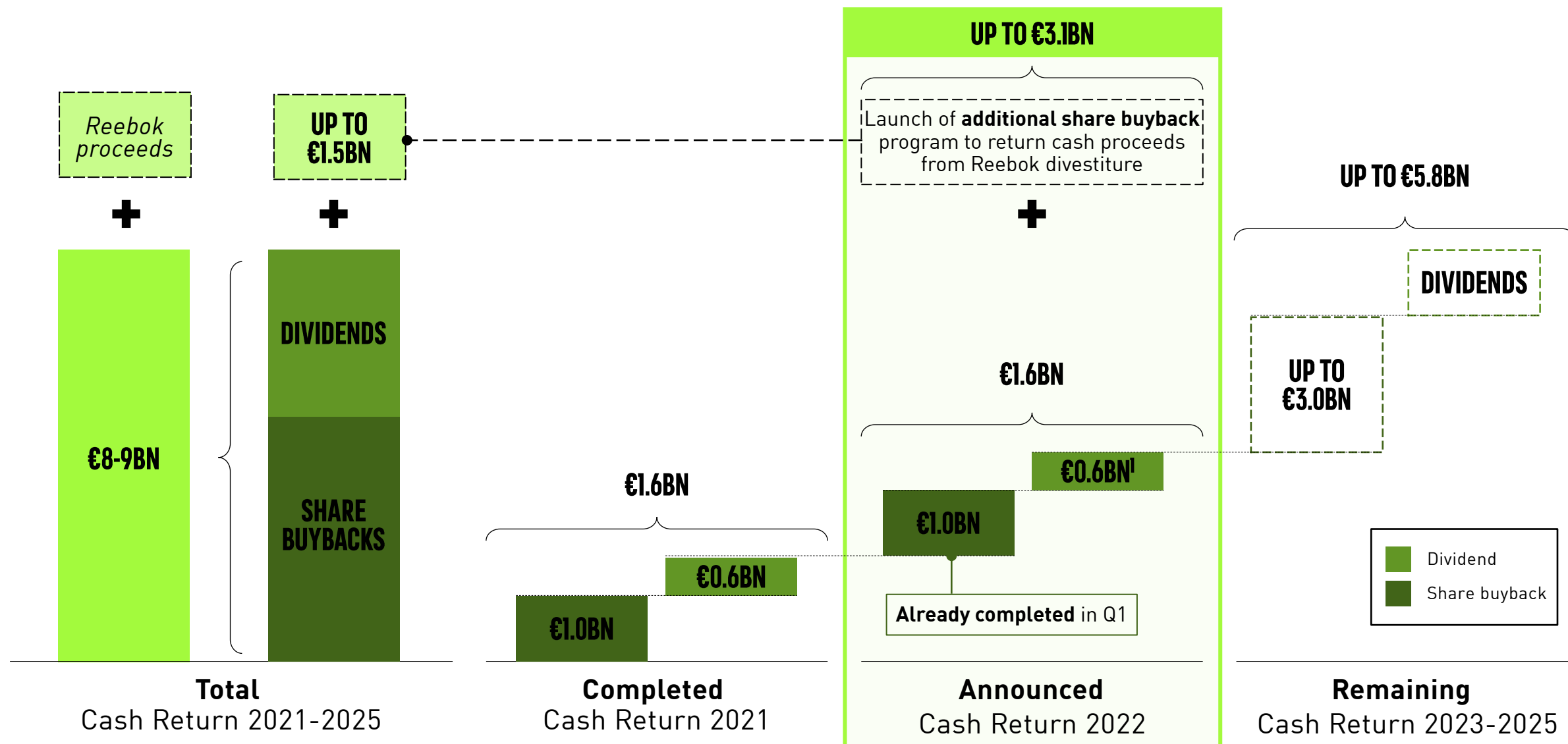
CAPITAL EXPENDITURES (IN % OF NET SALES)



>60%
**OF CAPEX GOES INTO
DIGITAL AND DTC**

**LEVERAGING OUR INVESTMENTS TO
DRIVE OPERATING OVERHEAD EFFICIENCY**

CASH RETURN DEVELOPMENT UNTIL 2025



DIVIDEND PAYOUT FOR 2021

	2020	2021 ¹
DIVIDEND PER SHARE	€3.00	€3.30 ¹
SHARES OUTSTANDING²	195,066,060	187,453,192 ³
TOTAL PAYOUT	€585M	€619M

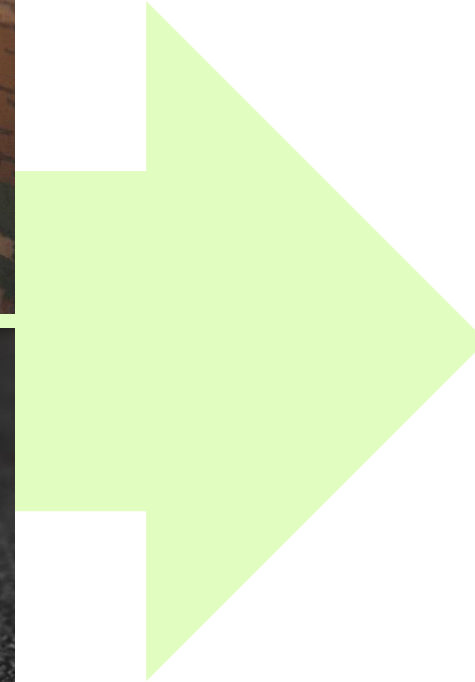
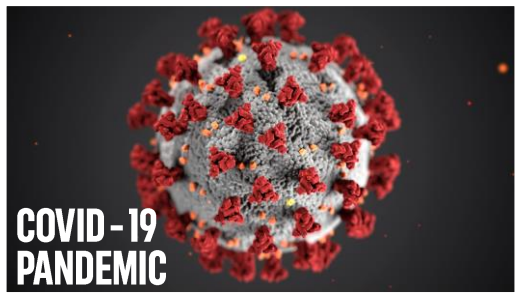


OUTLOOK

KASPER RORSTED
CEO



FY 2022 OUTLOOK AMID HEIGHTENED UNCERTAINTY



**OUTLOOK
FY 2022**

GROWTH LEVERS IN 2022

1

LEVERAGE NEW PRODUCTS, UNIQUE STRATEGIC PARTNERS AND KEY EVENTS TO ACCELERATE BRAND MOMENTUM

2

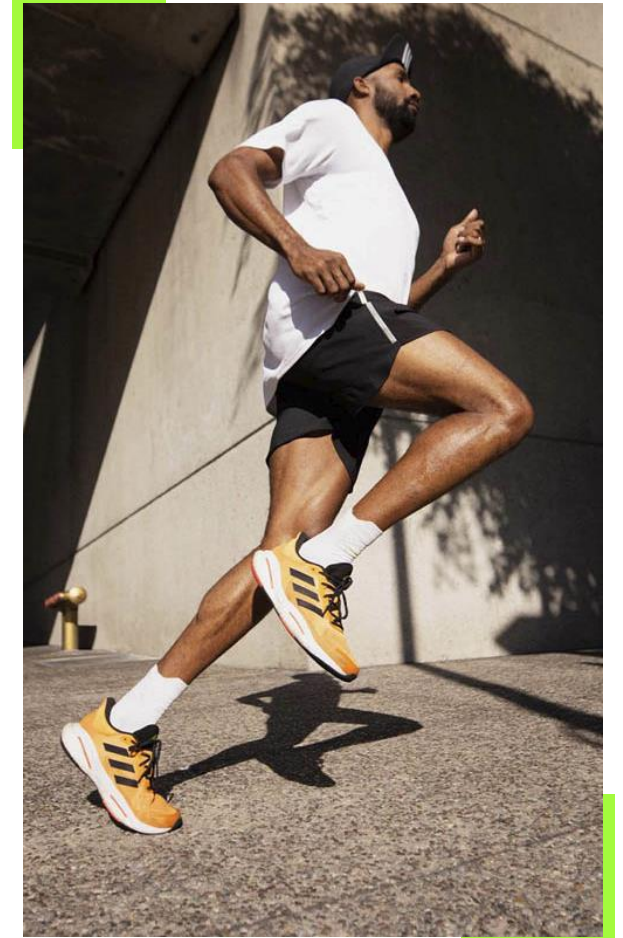
**CONTINUE TO WIN IN STRATEGIC GROWTH MARKETS
NORTH AMERICA AND EMEA**

3

**STABILIZE AND RE-INVIGORATE TOP-LINE MOMENTUM
IN GREATER CHINA**

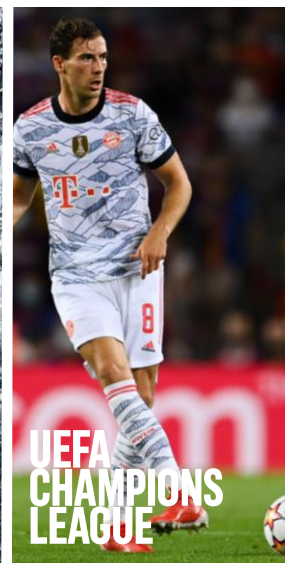
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CONTINUE TO DOUBLE-DOWN ON DTC AND DIGITAL



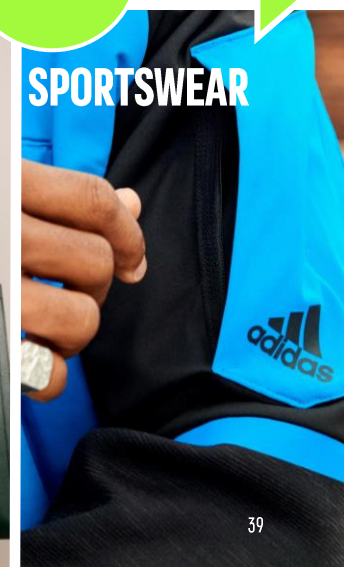
1 ACCELERATE BRAND MOMENTUM IN 2022

EVENTS & CAMPAIGNS



2022

PRODUCTS





BRA REVOLUTION



TERREX AT THE WINTER OLYMPICS



SOLAR GLIDE



STRONG PORTFOLIO OF FOOTBALL PARTNERS



adidas



NEW PARTNERSHIPS COMPLEMENTING UNIQUE PORTFOLIO



LIFESTYLE ON A PREMIUM LEVEL



Y-3
YOHJI YAMAMOTO



YEEZY



adidas

**IVY
PARK**



PRADA

adidas

BASKETBALL BY JERRY LORENZO

adidas
FEAR OF GOD





**“PREPARE TO JOIN THE WAITING LIST
FOR ADIDAS X GUCCI”** **VOGUE**

**“ADIGUCCI? GUCCIDAS? EITHER WAY
WE’RE ALL IN TO ADIDAS X GUCCI”** **GQ**

**“GUCCI PLUS ADIDAS AT MILAN FASHION WEEK
WAS SO GEN Z IT HURT”** **THE  TIMES**



**“THE MOST SUCCESSFUL INSTAGRAM POST
IN ADIDAS HISTORY”** 

**“RECORD NUMBER OF SIGN-UPS
ON CONFIRMED APP”** 

**“ADIDAS X GUCCI IS
2022’S BIGGEST COLLAB”** **HIGHNOBIETY**

SPORTSWEAR



INNOVATION DAY MARCH 21/22



NEW!

- **Two-day event** at our headquarters in Herzogenaurach, **physical participation only**
- Focus on **2022 PRODUCT HIGHLIGHTS** across strategic growth categories Running, Football, Outdoor, Training, Originals, and Sportswear
- Sneak preview of **SPRING/SUMMER 2023 COLLECTION** as well as an update on our activities in the **METaverse**
- **Presenters** include:
 - Executive Board members
 - GMs of strategic growth categories
 - SVP Marketing and SVP Merchandising
 - Designers
 - Special guests
- **Official invite** has been shared in January

2

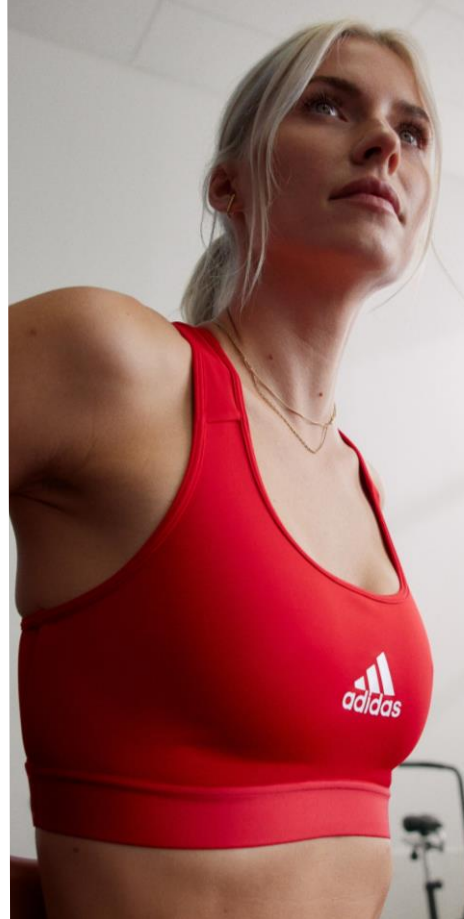
EMEA

**MOMENTUM ACROSS
CHANNELS AND
CATEGORIES TO DRIVE
MID-TEENS GROWTH**



CHANNELS

DRIVE BUSINESS THROUGH
MEMBERSHIP EXPANSION
AND MARKET SHARE GAINS
WITH ALLIANCE ACCOUNTS



WOMEN

INCREASE MARKET SHARE BY
WINNING WITH KEY ITEMS
AND BRINGING PREMIUM
OFFER TO LIFE



FOOTBALL

LEVERAGE EVENT YEAR
THROUGH FOOTWEAR
INNOVATION AND NEW
TEAMWEAR APPROACH



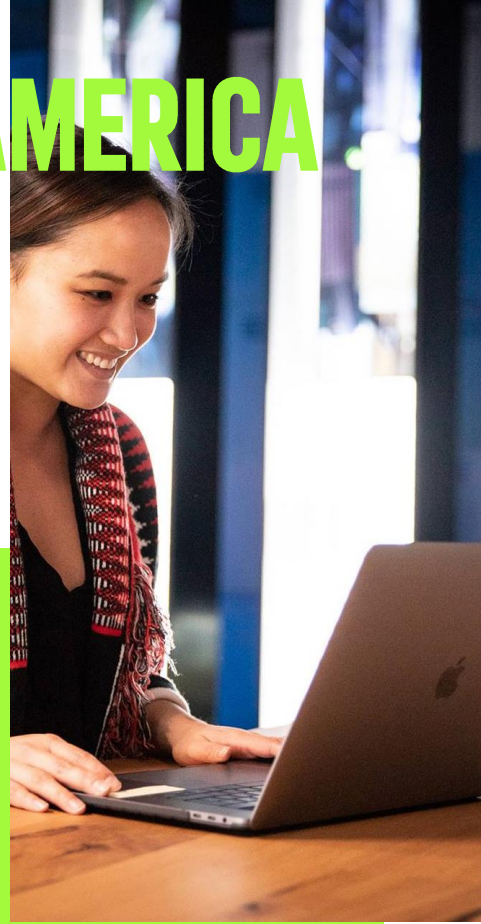
LIFESTYLE

REGAIN MOMENTUM
THROUGH KEY FRANCHISES
IN ORIGINALS, RUNNING, AND
BASKETBALL

2

NORTH AMERICA

**MID- TO HIGH-TEENS
GROWTH DRIVEN BY DTC
AND ALLIANCE
ACCOUNTS**



E-COM

DRIVE PERSONALIZATION,
SCALE MEMBERSHIP, AND
LEVERAGE HYPE PRODUCT



RETAIL

IMPROVE EXPERIENCE
THROUGH INVESTMENTS
INTO THE STORE FLEET



WHOLESALE

SIGNIFICANTLY INCREASE
MARKET SHARE WITH
ALLIANCE ACCOUNTS



LIFESTYLE

PREMIUMIZE ORIGINALS AND
RE-IGNITE BASKETBALL
THROUGH NEW PARTNERS

3

GREATER CHINA

**MID-SINGLE-DIGIT
GROWTH DRIVEN BY
SIGNIFICANT PROGRESS
ON ACTION PLAN**



BRAND HEAT

CREATED MORE THAN
1 BILLION IMPRESSIONS AND
VIEWS OF CNY CAMPAIGN



COMMERCIAL IMPACT

ACHIEVED MARKDOWN
REDUCTION OF 15 PERCENTAGE
POINTS IN E-COM



RANGE PLAN

REALIZED EXCEPTIONAL
SELL-THROUGH
OF HYPE RELEASES



EXCESS PRODUCT

TRANSFERRED SIGNIFICANT
PRODUCT VOLUME INTO
OTHER COUNTRIES

4

DTC AND DIGITAL

BRINGING CONSUMER EXPERIENCE TO THE NEXT LEVEL



HALO STORES

>20 OPENINGS THIS YEAR
TO ELEVATE PHYSICAL
CONSUMER EXPERIENCE



NEW RETAIL CONCEPT

NEW HOME OF SPORT & PULSE
RETAIL CONCEPTS WITH
A FOCUS ON DIGITAL TOOLS



REBRANDING

REBRAND MEMBERSHIP
PROGRAM TO EXPAND
ADIDAS VALUE PROPOSITION



NEW BENEFIT

REDEEM POINTS FOR
EXCLUSIVE DROPS AND
SPECIAL EVENTS

GROWTH LEVERS IN 2022



LEVERAGE NEW PRODUCTS, UNIQUE STRATEGIC PARTNERS AND KEY EVENTS TO ACCELERATE BRAND MOMENTUM



**CONTINUE TO WIN IN STRATEGIC GROWTH MARKETS
NORTH AMERICA AND EMEA**



**STABILIZE AND RE-INVIGORATE TOP-LINE MOMENTUM
IN GREATER CHINA**



CONTINUE TO DOUBLE-DOWN ON DTC AND DIGITAL



OUTLOOK FY 2022

NET SALES

Currency-neutral

OUTLOOK FY 2022

to increase at a rate
between 11% and 13%

Revenue risk of up to €250m
(around 1 percentage point of growth)
in Russia/CIS due to war in Ukraine
and suspension of own retail and
e-com operations **already reflected**

GROSS MARGIN

% of net sales

to increase to a level
of between 51.5% and 52.0%

OPERATING MARGIN

% of net sales

to increase to a level
of between 10.5% and 11.0%

NET INCOME

From continuing operations

to increase to a level
of between €1.8bn and €1.9bn

QUARTERLY DEVELOPMENT FY 2022

RECAP | NOVEMBER 10

	NOV 10
Q4 2021	~€400m
Q1 2022	~€600m
TOTAL	~€1,000m

OUTLOOK TODAY | QUARTERLY NET SALES GROWTH FY 2022

“increase at a mid- to high-teens rate”

Backed by extraordinarily strong order book

“mid-single-digit decline”

Estimated net sales impact from Vietnam capacity loss

Q1 2022

Q2-Q4 2022

OWN THE GAME IS A GROWTH AND INVESTMENT STRATEGY

**ALMOST €3BN
ADDED TO
TOP-LINE
IN 2021**

**ALMOST €10BN
INVESTED INTO
OPEX AND CAPEX
IN 2021**

**STRONG REVENUE
GROWTH OF
AROUND €2.5BN
IN 2022**

**UP TO €3.1BN
CASH RETURNS TO
SHAREHOLDERS
IN 2022**

Q&A

