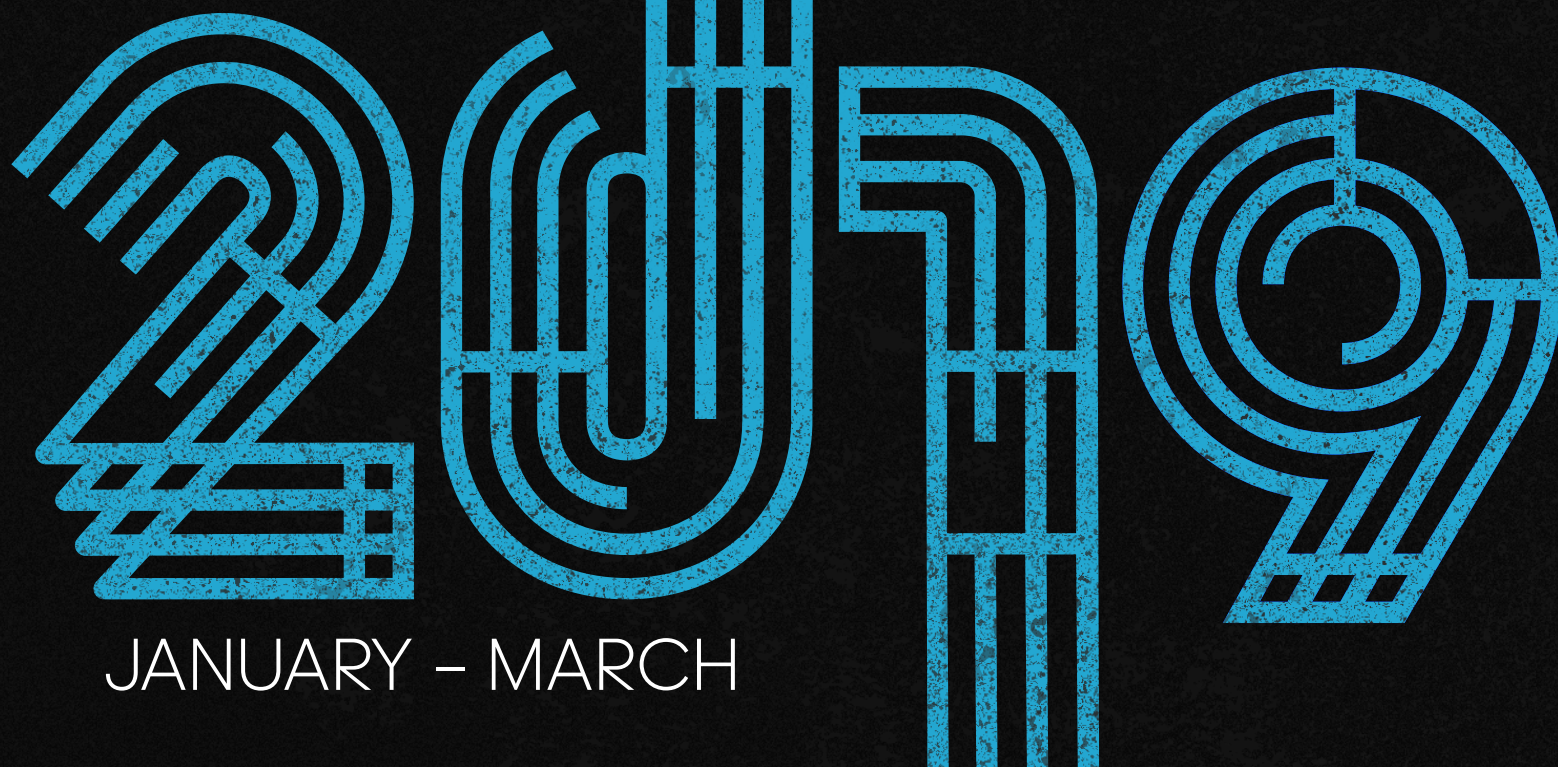


adidas

**FINANCIAL
SUPPLEMENT**

Q1



JANUARY – MARCH

FINANCIAL SUPPLEMENT FOR THE FIRST QUARTER 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

adidas AG Consolidated Statement of Financial Position (IFRS)¹ € in millions

	Mar. 31, 2019	Mar. 31, 2018 ²	Change in %	Dec. 31, 2018
Assets				
Cash and cash equivalents	2,584	1,575	64.1	2,629
Short-term financial assets	5	5	1.8	6
Accounts receivable	3,044	2,837	7.3	2,418
Other current financial assets	574	375	53.2	542
Inventories	3,285	3,224	1.9	3,445
Income tax receivables	51	59	(14.9)	48
Other current assets	805	763	5.5	725
Total current assets	10,349	8,839	17.1	9,813
Property, plant and equipment ³	5,147	1,967	161.7	2,237
Goodwill	1,258	1,206	4.3	1,245
Trademarks	859	785	9.5	844
Other intangible assets	205	155	32.1	196
Long-term financial assets	327	279	17.1	276
Other non-current financial assets	316	240	31.5	256
Deferred tax assets	718	737	(2.6)	651
Other non-current assets	90	109	(17.8)	94
Total non-current assets	8,919	5,478	62.8	5,799
Total assets	19,268	14,317	34.6	15,612

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.

² Adjusted according to IAS 8, see Note 03 in the Annual Report 2018.

³ 2019 includes balances of right-of-use assets / lease liabilities related to IFRS 16 implementation, each in the amount of € 3 billion.

adidas AG Consolidated Statement of Financial Position (IFRS)¹ € in millions

	Mar. 31, 2019	Mar. 31, 2018 ²	Change in %	Dec. 31, 2018
Liabilities and equity				
Short-term borrowings	76	226	(66.5)	66
Accounts payable	2,021	1,573	28.5	2,300
Other current financial liabilities ³	774	396	95.4	186
Income taxes	414	547	[24.4]	268
Other current provisions	1,272	988	28.8	1,232
Current accrued liabilities	2,293	1,929	18.9	2,305
Other current liabilities	569	554	2.6	477
Total current liabilities	7,419	6,213	19.4	6,834
Long-term borrowings	1,606	984	63.3	1,609
Other non-current financial liabilities ³	2,612	25	10,381.5	103
Pensions and similar obligations	253	297	[14.7]	246
Deferred tax liabilities	261	222	17.3	241
Other non-current provisions	167	91	84.6	128
Non-current accrued liabilities	20	36	[42.7]	19
Other non-current liabilities	10	56	[81.2]	68
Total non-current liabilities	4,930	1,710	188.4	2,414
Share capital	198	204	[2.6]	199
Reserves	206	[143]	n.a.	123
Retained earnings	6,527	6,346	2.8	6,054
Shareholders' equity	6,931	6,407	8.2	6,377
Non-controlling interests	[12]	[13]	9.6	[13]
Total equity	6,919	6,394	8.2	6,364
Total liabilities and equity	19,268	14,317	34.6	15,612

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.

² Adjusted according to IAS 8, see Note 03 in the Annual Report 2018.

³ 2019 includes balances of right-of-use assets / lease liabilities related to IFRS 16 implementation, each in the amount of € 3 billion.

CONDENSED CONSOLIDATED INCOME STATEMENT

adidas AG Condensed Consolidated Income Statement (IFRS)¹ € in millions

	First quarter 2019	First quarter 2018	Change
Net sales	5,883	5,548	6.1%
Cost of sales	2,732	2,713	0.7%
Gross profit	3,151	2,835	11.2%
[% of net sales]	53.6%	51.1%	2.5pp
Royalty and commission income	35	26	30.9%
Other operating income	6	12	(48.0%)
Other operating expenses	2,317	2,127	8.9%
[% of net sales]	39.4%	38.3%	1.0pp
Marketing and point-of-sale expenses	703	706	(0.3%)
[% of net sales]	12.0%	12.7%	(0.8pp)
Operating overhead expenses ²	1,614	1,422	13.5%
[% of net sales]	27.4%	25.6%	1.8pp
Operating profit	875	746	17.3%
[% of net sales]	14.9%	13.4%	1.4pp
Financial income	8	19	(56.3%)
Financial expenses	35	16	117.4%
Income before taxes	848	749	13.2%
[% of net sales]	14.4%	13.5%	0.9pp
Income taxes	217	208	4.6%
[% of income before taxes]	25.6%	27.7%	(2.1pp)
Net income from continuing operations	631	542	16.5%
[% of net sales]	10.7%	9.8%	1.0pp
Gains/(losses) from discontinued operations, net of tax	2	(1)	n.a.
Net income	633	540	17.1%
[% of net sales]	10.8%	9.7%	1.0pp
Net income attributable to shareholders	632	540	17.1%
[% of net sales]	10.7%	9.7%	1.0pp
Net income attributable to non-controlling interests	1	1	17.6%
Basic earnings per share from continuing operations (in €)	3.17	2.65	19.5%
Diluted earnings per share from continuing operations (in €)	3.17	2.65	19.7%
Basic earnings per share from continuing and discontinued operations (in €)	3.18	2.65	20.1%
Diluted earnings per share from continuing and discontinued operations (in €)	3.18	2.64	20.3%

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.

² Aggregated distribution and selling expenses, general and administration expenses, sundry expenses and impairment losses (net) on accounts receivable and contract assets.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

adidas AG Consolidated Statement of Comprehensive Income (IFRS) € in millions

	First quarter 2019	First quarter 2018
Net income after taxes	633	540
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans (IAS 19), net of tax ¹	(0)	(1)
Net loss on other equity investments (IFRS 9), net of tax	(3)	–
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	(4)	(1)
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		
Net loss on cash flow hedges and net foreign investment hedges, net of tax	(70)	(20)
Net loss on cost of hedging reserve – options, net of tax	(4)	(3)
Net gain/(loss) on cost of hedging reserve – forward contracts, net of tax	21	(23)
Currency translation differences	140	(66) ²
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met	87	(112)
Other comprehensive income	83	(113)
Total comprehensive income	716	428
Attributable to shareholders of adidas AG	715	426
Attributable to non-controlling interests	1	1

¹ Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income) and the asset ceiling effect.

² Adjusted according to IAS 8 with an amount of € 11 million, see Note 03 in the Annual Report 2018.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

adidas AG Consolidated Statement of Changes in Equity (IFRS)¹ € in millions

	Share capital	Capital reserve	Cumulative currency translation differences	Hedging reserve	Cost of hedging reserve – options	Cost of hedging reserve – forward contracts	Other reserves ²	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at December 31, 2017	204	884	(520)	(229)	(5)	–	(159)	5,858	6,032	(15)	6,017
IFRS 9 transition effect, net of tax				(6)		6		3	3	(0)	3
IFRS 15 transition effect, net of tax								(25)	(25)	(0)	(25)
Balance at January 1, 2018	204	884	(520)	(234)	(5)	6	(159)	5,836	6,011	(15)	5,996
Other comprehensive income			(66) ³	(20)	(3)	(23)	(1)		(113)	1	(113)
Net income								540	540	1	540
Total comprehensive income			(66)	(20)	(3)	(23)	(1)	540	426	1	428
Reissuance of treasury shares due to the conversion of convertible bonds	0	0						1	1		1
Repurchase of treasury shares	(0)							(32)	(32)		(32)
Repurchase of treasury shares due to equity-settled share-based payment	(0)							(5)	(5)		(5)
Reissuance of treasury shares due to equity-settled share-based payment	0							8	8		8
Equity-settled share-based payment								(2)	(2)		(2)
Balance at March 31, 2018	204	884	(586)	(254)	(9)	(17)	(160)	6,346	6,407	(13)	6,394
Balance at December 31, 2018	199	887	(574)	(3)	(3)	(5)	(180)	6,054	6,377	(13)	6,364
Other comprehensive income			140	(70)	(4)	21	(4)		83	(0)	83
Net income								632	632	1	633
Total comprehensive income			140	(70)	(4)	21	(4)	632	715	1	716
Repurchase of treasury shares	(1)							(152)	(152)		(152)
Repurchase of treasury shares due to equity-settled share-based payment	(0)							(6)	(6)		(6)
Reissuance of treasury shares due to equity-settled share-based payment	0							11	11		11
Equity-settled share-based payment								(12)	(12)		(12)
Balance at March 31, 2019	198	887	(434)	(73)	(6)	16	(184)	6,527	6,931	(12)	6,919

¹ IFRS 9 and IFRS 15 were initially applied at January 1, 2018. Under the transition methods chosen, comparative information is not restated except for certain hedging requirements.

² Reserves for remeasurements of defined benefit plans (IAS 19), option plans and acquisition of shares from non-controlling interest shareholders.

³ Adjusted according to IAS 8 with an amount of € 11 million, see Note 03 in the Annual Report 2018.

CONSOLIDATED STATEMENT OF CASH FLOWS

adidas AG Consolidated Statement of Cash Flows (IFRS)¹ € in millions

	First quarter 2019	First quarter 2018
Operating activities:		
Income before taxes	848	749
Adjustments for:		
Depreciation, amortization and impairment losses	286	113
Reversals of impairment losses	(1)	(3)
Unrealized foreign exchange losses/(gains), net	27	(5)
Interest income	(6)	(7)
Interest expense	35	10
Losses/(gains) on sale of property, plant and equipment and intangible assets, net	1	(1)
Other non-cash expenses	2	2
Payment for external funding of pension obligations (CTA)	–	(5)
Operating profit before working capital changes	1,193	853
Increase in receivables and other assets	(680)	(618)
Decrease in inventories	201	443
Decrease in accounts payable and other liabilities	(195)	(584)
Cash generated from operations before interest and taxes	519	95
Interest paid	(12)	(8)
Income taxes paid	(102)	(120)
Net cash generated from/(used in) operating activities – continuing operations	406	(33)
Net cash (used in)/generated from operating activities – discontinued operations	(4)	1
Net cash generated from/(used in) operating activities	402	(32)

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.

adidas AG Consolidated Statement of Cash Flows (IFRS)¹ € in millions

	First quarter 2019	First quarter 2018
Investing activities:		
Purchase of trademarks and other intangible assets	(17)	(14)
Proceeds from sale of trademarks and other intangible assets	0	0
Purchase of property, plant and equipment	(73)	(79)
Proceeds from sale of property, plant and equipment	5	6
Proceeds from sale of assets held for sale	–	71
Purchase of sale of short-term financial assets	0	0
Purchase of investments and other long-term assets	(86)	(55)
Interest received	6	7
Net cash used in investing activities – continuing operations	(164)	(65)
Net cash used in investing activities – discontinued operations	–	–
Net cash used in investing activities	(164)	(65)
Financing activities:		
(Repayments of)/Proceeds from long-term borrowings	(5)	–
Repayments of lease obligations	(155)	(0)
Repurchase of treasury shares	(152)	(11)
Repurchase of treasury shares due to share-based payments	(6)	(5)
Proceeds from reissuance of treasury shares due to share-based payments	5	4
Proceeds from short-term borrowings	14	90
Repayments of short-term borrowings	(5)	–
Net cash (used in)/generated from financing activities – continuing operations	(304)	79
Net cash used in financing activities – discontinued operations	–	–
Net cash (used in)/generated from financing activities	(304)	79
Effect of exchange rates on cash	19	(5)
Decrease of cash and cash equivalents	(46)	(24)
Cash and cash equivalents at beginning of year	2,629	1,598
Cash and cash equivalents at end of period	2,584	1,575

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated.