

JANUARY – DECEMBER

FINANCIAL SUPPLEMENT FOR FULL YEAR 2019

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	Note	Dec. 31, 2019	Dec. 31, 2018 ¹	Change in %
Assets				
Cash and cash equivalents	05	2,220	2,629	(15.6)
Short-term financial assets	06	292	6	5,105.6
Accounts receivable	07	2,625	2,418	8.5
Other current financial assets	08	544	542	0.2
Inventories	09	4,085	3,445	18.6
Income tax receivables	36	94	48	93.9
Other current assets	10	1,076	725	48.4
Total current assets		10,934	9,813	11.4
Property, plant and equipment	11	2,380	2,237	6.4
Right-of-use assets	12	2,931	–	n.a.
Goodwill	13	1,257	1,245	0.9
Trademarks	14	859	844	1.8
Other intangible assets	14	305	196	55.9
Long-term financial assets	15	367	276	33.0
Other non-current financial assets	16	450	256	75.9
Deferred tax assets	36	1,093	651	67.8
Other non-current assets	17	103	94	10.5
Total non-current assets		9,746	5,799	68.1
Total assets		20,680	15,612	32.5

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

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

	Note	Dec. 31, 2019	Dec. 31, 2018 ¹	Change in %
Liabilities and equity				
Short-term borrowings	18	43	66	[34.7]
Accounts payable		2,703	2,300	17.5
Current lease liabilities	21	733	–	n. a.
Other current financial liabilities	19	235	186	26.2
Income taxes	36	618	268	131.1
Other current provisions	20	1,446	1,232	17.4
Current accrued liabilities	21	2,437	2,305	5.7
Other current liabilities	23	538	477	12.9
Total current liabilities		8,754	6,834	28.1
Long-term borrowings	18	1,595	1,609	[0.9]
Non-current lease liabilities	21	2,399	–	n. a.
Other non-current financial liabilities	24	92	103	[10.2]
Pensions and similar obligations	25	229	246	[6.9]
Deferred tax liabilities	36	280	241	16.3
Other non-current provisions	20	257	128	100.1
Non-current accrued liabilities	21	9	19	[54.5]
Other non-current liabilities	26	7	68	[90.4]
Total non-current liabilities		4,868	2,414	101.6
Share capital		196	199	[1.6]
Reserves		45	123	[63.1]
Retained earnings		6,555	6,054	8.3
Shareholders' equity	27	6,796	6,377	6.6
Non-controlling interests	29	261	[13]	n. a.
Total equity		7,058	6,364	10.9
Total liabilities and equity		20,680	15,612	32.5

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

CONSOLIDATED INCOME STATEMENT

adidas AG Consolidated Income Statement (IFRS) € in millions

	Note	Year ending Dec. 31, 2019	Year ending Dec. 31, 2018 ¹	Change
Net sales	38	23,640	21,915	7.9%
Cost of sales		11,347	10,552	7.5%
Gross profit		12,293	11,363	8.2%
[% of net sales]		52.0%	51.8%	0.2pp
Royalty and commission income		154	129	19.5%
Other operating income	31	56	48	16.6%
Other operating expenses	11, 14, 33	9,843	9,172	7.3%
[% of net sales]		41.6%	41.9%	[0.2pp]
Marketing and point-of-sale expenses		3,042	3,001	1.4%
[% of net sales]		12.9%	13.7%	[0.8pp]
Distribution and selling expenses		4,997	4,450	12.3%
[% of net sales]		21.1%	20.3%	0.8pp
General and administration expenses		1,652	1,576	4.8%
[% of net sales]		7.0%	7.2%	[0.2pp]
Sundry expenses		134	105	28.3%
[% of net sales]		0.6%	0.5%	0.1pp
Impairment losses (net) on accounts receivable and contract assets		18	41	[57.2%]
Operating profit		2,660	2,368	12.4%
[% of net sales]		11.3%	10.8%	0.4pp
Financial income	34	64	57	11.2%
Financial expenses	34	166	47	253.2%
Income before taxes		2,558	2,378	7.6%
[% of net sales]		10.8%	10.9%	[0.0pp]
Income taxes	36	640	669	[4.3%]
[% of income before taxes]		25.0%	28.1%	[3.1pp]
Net income from continuing operations		1,918	1,709	12.2%
[% of net sales]		8.1%	7.8%	0.3pp
Gains/(losses) from discontinued operations, net of tax	03	59	[5]	n.a.
Net income		1,977	1,704	16.0%
[% of net sales]		8.4%	7.8%	0.6pp
Net income attributable to shareholders		1,976	1,702	16.1%
[% of net sales]		8.4%	7.8%	0.6pp
Net income attributable to non-controlling interests		2	3	[35.1%]
Basic earnings per share from continuing operations (in €)	37	9.70	8.46	14.7%
Diluted earnings per share from continuing operations (in €)	37	9.70	8.45	14.8%
Basic earnings per share from continuing and discontinued operations (in €)	37	10.00	8.44	18.5%
Diluted earnings per share from continuing and discontinued operations (in €)	37	10.00	8.42	18.7%

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	Note	Year ending Dec. 31, 2019	Year ending Dec. 31, 2018 ¹
Net income after taxes		1,977	1,704
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 ²	25	(50)	(13)
Net gain/(loss) on other equity investments (IFRS 9), net of tax	30	12	(8)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss		(38)	(21)
Items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met			
Net (loss)/gain on cash flow hedges and net foreign investment hedges, net of tax	30	(148)	232
Net (loss)/gain on cost of hedging reserve – options, net of tax	30	(7)	3
Net gain/(loss) on cost of hedging reserve – forward contracts, net of tax	30	11	(10)
Reclassification of foreign currency differences due to dissolution of subsidiaries		0	(4)
Currency translation differences		98	(49)
Subtotal of items of other comprehensive income that will be reclassified to profit or loss when specific conditions are met		(46)	171
Other comprehensive income		(84)	150
Total comprehensive income		1,894	1,855
Attributable to shareholders of adidas AG		1,898	1,851
Attributable to non-controlling interests		(4)	4

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

² Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income) and the asset ceiling effect.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital	Capital reserve	Cumulative currency translation differences	Hedging reserve	Cost of hedging reserve - options	Cost of hedging reserve - forward contracts	Other reserves	Retained earnings	Shareholders' equity	Non-controlling interests	Total equity
Balance at January 1, 2018		204	884	(520)	(234)	(5)	6	(159)	5,836	6,011	(15)	5,996
Other comprehensive income				(54)	231	3	(10)	(21)		149	1	150
Net income									1,702	1,702	3	1,704
Total comprehensive income				(54)	231	3	(10)	(21)	1,702	1,851	4	1,855
Reissuance of treasury shares due to the conversion of convertible bonds	27	0	3						27	30		30
Repurchase of adidas AG shares	27	(5)							(996)	(1,001)		(1,001)
Repurchase of adidas AG shares due to equity-settled share-based payment	27	(0)							(19)	(19)		(19)
Reissuance of treasury shares due to equity-settled share-based payment	27	0							22	23		23
Dividend payment									(528)	(528)	(1)	(530)
Equity-settled share-based payment	28								11	11		11
Balance at December 31, 2018¹ / January 1, 2019		199	887	(574)	(3)	(3)	(5)	(180)	6,054	6,377	(13)	6,364
Other comprehensive income				104	(147)	(7)	11	(38)		(78)	(6)	(84)
Net income									1,976	1,976	2	1,977
Total comprehensive income				104	(147)	(7)	11	(38)	1,976	1,898	(4)	1,894
Repurchase of adidas AG shares	27	(3)							(806)	(809)		(809)
Repurchase of adidas AG shares due to equity-settled share-based payment	27	(0)							(28)	(28)		(28)
Reissuance of treasury shares due to equity-settled share-based payment	27	0							32	32		32
Dividend payment									(664)	(664)	(2)	(666)
Equity-settled share-based payment	28								(10)	(10)		(10)
First-time consolidation due to obtaining control in accordance with IFRS 10	04									-	280	280
Balance at December 31, 2019		196	887	(470)	(150)	(10)	6	(218)	6,555	6,796	261	7,058

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

CONSOLIDATED STATEMENT OF CASH FLOWS

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

	Note	Year ending Dec. 31, 2019	Year ending Dec. 31, 2018 ¹
Operating activities:			
Income before taxes		2,558	2,378
Adjustments for:			
Depreciation, amortization and impairment losses	11, 12, 13, 14, 32, 34	1,214	490
Reversals of impairment losses	31	(8)	(3)
Unrealized foreign exchange gains, net		(1)	(10)
Interest income	34	(50)	(24)
Interest expense	34	160	42
Losses on sale of property, plant and equipment and intangible assets, net		11	9
Other non-cash effects from operating activities	31, 32	(12)	17
Payment for external funding of pension obligations (CTA)		(105)	(90)
Operating profit before working capital changes		3,767	2,808
Increase in receivables and other assets		(694)	(209)
(Increase)/decrease in inventories		(505)	180
Increase in accounts payable and other liabilities		951	741
Cash generated from operations before taxes		3,519	3,521
Income taxes paid		(692)	(815)
Net cash generated from operating activities – continuing operations		2,828	2,706
Net cash used in operating activities – discontinued operations		(9)	(20)
Net cash generated from operating activities		2,819	2,686

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated with the exception of the presentation of interest paid.

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

	Note	Year ending Dec. 31, 2019	Year ending Dec. 31, 2018 ¹
Investing activities:			
Purchase of trademarks and other intangible assets		(110)	(96)
Proceeds from sale of trademarks and other intangible assets		0	2
Purchase of property, plant and equipment		(598)	(611)
Proceeds from sale of property, plant and equipment		13	13
Proceeds from sale of assets held for sale		-	71
Proceeds from sale of a disposal group	03	8	18
Proceeds due to business combinations	04	54	-
Proceeds from disposal of discontinued operations, net of cash disposed		20	-
Purchase of short-term financial assets		(284)	(0)
Purchase of investments and other long-term assets		(80)	(56)
Interest received		50	24
Net cash used in investing activities – continuing operations		(925)	(636)
Net cash generated from investing activities – discontinued operations		-	-
Net cash used in investing activities		(925)	(636)
Financing activities:			
Proceeds from long-term borrowings		-	141
Proceeds from issuance of a convertible bond	18	-	518
Payments for options related to a convertible bond	18	-	(35)
Interest paid		(156)	(40)
Repayments of lease liabilities/finance lease obligations		(597)	(2)
Dividend paid to shareholders of adidas AG	27	(664)	(528)
Dividend paid to non-controlling interest shareholders		(2)	(1)
Repurchase of adidas AG shares	27	(809)	(1,000)
Repurchase of adidas AG shares due to share-based payments		(28)	(22)
Proceeds from reissuance of treasury shares due to share-based payments		24	19
Proceeds from short-term borrowings	18	-	9
Repayments of short-term borrowings	18	(42)	(49)
Net cash used in financing activities – continuing operations		(2,273)	(991)
Net cash generated from financing activities – discontinued operations		-	-
Net cash used in financing activities		(2,273)	(991)
Effect of exchange rates on cash		(30)	(29)
(Decrease)/increase in cash and cash equivalents		(410)	1,031
Cash and cash equivalents at beginning of year	05	2,629	1,598
Cash and cash equivalents at end of period	05	2,220	2,629

¹ First-time application of IFRS 16 as of January 1, 2019. Prior year figures are not restated with the exception of the presentation of interest paid.