

adidas

2018

**FACT
SHEET**

JANUARY - MARCH

FACT SHEET FOR THE FIRST QUARTER 2018

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OUR SHARE

Our Share

	First Quarter			Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	2018	2017	2018	2017	2018	2017
Earnings per share from continuing operations¹ (€)									
Basic	2.65	2.29	16%	–	1.72	–	2.70	–	0.35
Diluted	2.65	2.26	17%	–	1.70	–	2.68	–	0.35
Average number of shares									
Basic	203,878,332	201,209,054	1%	–	202,350,968	–	202,756,583	–	203,223,933
Diluted	204,249,548	204,273,231	(0%)	–	204,198,888	–	204,236,828	–	204,238,481
Number of shares outstanding²	203,734,032	201,550,844	1%	–	202,657,342	–	202,838,144	–	203,861,234
Share price² (€)	196.65	178.30	10%	–	167.75	–	191.40	–	167.15
Market capitalization² (€ in millions)	40,064	35,937	11%	–	33,996	–	38,823	–	34,075
Historical performance of the adidas share and important indices (%)									
adidas AG	18	19		–	(6)	–	14	–	(13)
DAX-30	(6)	7		–	0	–	4	–	1
EURO STOXX 50	(4)	6		–	(2)	–	4	–	(3)
MSCI World Textiles, Apparel & Luxury Goods Index	4	9		–	7	–	5	–	7

¹ 2017 excluding negative one-time tax impact of € 76 million in the fourth quarter.

² At quarter-end.

CONSOLIDATED INCOME STATEMENT HIGHLIGHTS

Consolidated Income Statement Highlights

	First Quarter			Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	2018	2017	2018	2017	2018	2017
Key Figures (€ in millions)									
Net sales ¹	5,548	5,447	2%	–	5,038	–	5,677	–	5,056
Gross profit ¹	2,835	2,702	5%	–	2,525	–	2,864	–	2,613
Other operating expenses ¹	2,172	2,122	2%	–	2,072	–	2,129	–	2,559
Thereof marketing investments ¹	707	630	12%	–	620	–	667	–	815
Thereof operating overhead expenses ¹	1,465	1,492	(2%)	–	1,452	–	1,463	–	1,744
EBITDA ¹	857	763	12%	–	599	–	876	–	274
Operating profit ¹	746	637	17%	–	505	–	795	–	132
Income before taxes ¹	749	645	16%	–	486	–	767	–	124
Net income from continuing operations ^{1, 3}	542	462	17%	–	347	–	549	–	72
Net income attributable to shareholders ^{2, 3}	540	455	19%	–	158	–	526	–	34
Key Ratios									
Gross margin ¹	51.1%	49.6%	1.5pp	–	50.1%	–	50.4%	–	51.7%
Other operating expenses in % of net sales ¹	39.1%	39.0%	0.2pp	–	41.1%	–	37.5%	–	50.6%
Thereof marketing investments in % of net sales ¹	12.7%	11.6%	1.2pp	–	12.3%	–	11.7%	–	16.1%
Thereof operating overhead expenses in % of net sales ¹	26.4%	27.4%	(1.0pp)	–	28.8%	–	25.8%	–	34.5%
Operating margin ¹	13.4%	11.7%	1.8pp	–	10.0%	–	14.0%	–	2.6%
Effective tax rate ^{1, 3}	27.7%	28.4%	(0.7pp)	–	28.6%	–	28.5%	–	41.7%
Net income attributable to shareholders in % of net sales ^{2, 3}	9.7%	8.3%	1.4pp	–	3.1%	–	9.3%	–	0.7%

¹ Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

² Includes continuing and discontinued operations.

³ 2017 excluding negative one-time tax impact of € 76 million in the fourth quarter.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CASH FLOW HIGHLIGHTS

Consolidated Statement of Financial Position and Cash Flow Highlights

	March 31			June 30		September 30		December 31	
	2018	2017	Change	2018	2017	2018	2017	2018	2017
Key Figures (€ in millions)									
Total assets	14,805	15,684	(6%)	–	14,692	–	14,871	–	14,522
Accounts receivable	2,837	2,876	(1%)	–	2,477	–	2,808	–	2,315
Inventories	3,224	3,609	(11%)	–	3,644	–	3,441	–	3,692
Operating working capital	4,488	4,554	(1%)	–	4,258	–	4,502	–	4,033
Net cash/(net borrowings)	371	(859)	n.a.	–	(735)	–	(345)	–	484
Shareholders' equity	6,812	6,719	1%	–	6,141	–	6,470	–	6,450
Capital expenditure ¹	94	114	(17%)	–	261	–	460	–	752
Net cash generated from/(used in) operating activities	(32)	(542)	(94%)	–	167	–	742	–	1,648
Key Ratios									
Average operating working capital in % of net sales ^{1, 2}	20.3%	21.0%	(0.7pp)	–	20.4%	–	20.3%	–	20.4%
Equity ratio	46.0%	42.8%	3.2pp	–	41.8%	–	43.5%	–	44.4%
Net borrowings/EBITDA ^{1, 3}	(0.1)	0.4	n.a.	–	0.3	–	0.1	–	(0.2)
Financial leverage	(5.4%)	12.8%	(18.2pp)	–	12.0%	–	5.3%	–	(7.5%)
Return on equity	7.9%	6.8%	1.2pp	–	10.0%	–	17.6%	–	17.0%
Net cash generated from/(used in) operating activities per share of common stock (€)	(0.16)	(2.69)	(94%)	–	0.83	–	3.67	–	8.14

¹ Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

² Twelve-month trailing average.

³ EBITDA of last twelve months.

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter				Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	Change (c.n.)	2018	2017	2018	2017	2018	2017
Western Europe										
Net sales	1,603	1,537	4%	5%	–	1,433	–	1,671	–	1,292
adidas brand	1,452	1,386	5%	5%	–	1,325	–	1,526	–	1,196
Reebok brand	151	150	1%	1%	–	107	–	145	–	96
Gross profit	732	686	7%		–	644	–	758	–	622
Gross margin	45.6%	44.7%	1.0pp		–	45.0%	–	45.4%	–	48.1%
Operating expenses	385	354	9%		–	356	–	369	–	440
Operating expenses in % of net sales	24.0%	23.0%	1.0pp		–	24.9%	–	22.1%	–	34.0%
Operating profit	347	332	4%		–	288	–	389	–	182
Operating margin	21.6%	21.6%	0.0pp		–	20.1%	–	23.3%	–	14.1%
North America										
Net sales	1,040	988	5%	21%	–	1,014	–	1,099	–	1,175
adidas brand	944	880	7%	23%	–	915	–	994	–	1,054
Reebok brand	96	108	(11%)	3%	–	99	–	105	–	121
Gross profit	393	376	4%		–	420	–	437	–	456
Gross margin	37.8%	38.1%	(0.3pp)		–	41.4%	–	39.8%	–	38.8%
Operating expenses	309	294	5%		–	304	–	329	–	354
Operating expenses in % of net sales	29.7%	29.7%	(0.1pp)		–	30.0%	–	29.9%	–	30.1%
Operating profit	98	97	1%		–	131	–	123	–	117
Operating margin	9.5%	9.8%	(0.4pp)		–	12.9%	–	11.2%	–	9.9%
Asia-Pacific										
Net sales	1,856	1,744	6%	15%	–	1,495	–	1,664	–	1,500
adidas brand	1,777	1,649	8%	17%	–	1,412	–	1,584	–	1,421
Reebok brand	79	96	(17%)	(9%)	–	83	–	80	–	78
Gross profit	1,040	974	7%		–	854	–	921	–	815
Gross margin	56.0%	55.8%	0.2pp		–	57.1%	–	55.4%	–	54.3%
Operating expenses	382	353	8%		–	362	–	350	–	401
Operating expenses in % of net sales	20.6%	20.3%	0.3pp		–	24.2%	–	21.0%	–	26.8%
Operating profit	662	625	6%		–	497	–	576	–	418
Operating margin	35.7%	35.8%	(0.2pp)		–	33.2%	–	34.6%	–	27.8%

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter				Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	Change (c.n.)	2018	2017	2018	2017	2018	2017
Latin America										
Net sales	430	454	[5%]	10%	–	441	–	502	–	510
adidas brand	385	397	[3%]	13%	–	387	–	441	–	447
Reebok brand	46	57	[20%]	[8%]	–	53	–	61	–	63
Gross profit	191	181	5%		–	173	–	200	–	249
Gross margin	44.4%	39.9%	4.5pp		–	39.2%	–	39.8%	–	48.8%
Operating expenses	116	132	[12%]		–	126	–	132	–	146
Operating expenses in % of net sales	27.0%	29.0%	[2.0pp]		–	28.6%	–	26.3%	–	28.5%
Operating profit	75	49	51%		–	47	–	68	–	103
Operating margin	17.3%	10.9%	6.5pp		–	10.6%	–	13.6%	–	20.3%
Emerging Markets										
Net sales	308	367	[16%]	[5%]	–	277	–	376	–	280
adidas brand	275	330	[17%]	[6%]	–	240	–	329	–	254
Reebok brand	33	37	[10%]	1%	–	37	–	47	–	27
Gross profit	159	176	[9%]		–	137	–	181	–	146
Gross margin	51.6%	47.9%	3.7pp		–	49.6%	–	48.1%	–	52.1%
Operating expenses	71	79	[10%]		–	77	–	71	–	88
Operating expenses in % of net sales	23.0%	21.4%	1.6pp		–	27.8%	–	18.9%	–	31.5%
Operating profit	88	97	[9%]		–	61	–	110	–	58
Operating margin	28.6%	26.5%	2.1pp		–	21.9%	–	29.2%	–	20.7%
Russia/CIS										
Net sales	119	160	[25%]	[16%]	–	181	–	173	–	146
adidas brand	85	116	[26%]	[17%]	–	135	–	125	–	103
Reebok brand	34	44	[24%]	[14%]	–	46	–	48	–	44
Gross profit	81	100	[19%]		–	120	–	114	–	95
Gross margin	67.8%	62.3%	5.6pp		–	66.4%	–	65.8%	–	64.9%
Operating expenses	62	86	[28%]		–	75	–	67	–	64
Operating expenses in % of net sales	52.4%	54.0%	[1.6pp]		–	41.6%	–	38.6%	–	43.6%
Operating profit	18	13	40%		–	45	–	47	–	31
Operating margin	15.4%	8.2%	7.2pp		–	24.8%	–	27.2%	–	21.3%

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter				Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	Change (c.n.)	2018	2017	2018	2017	2018	2017
Other Businesses¹										
Net sales	190	197	(3%)	3%	–	198	–	192	–	152
Gross profit	78	82	(5%)		–	79	–	68	–	59
Gross margin	41.2%	41.9%	(0.7pp)		–	39.9%	–	35.2%	–	39.1%
Operating expenses	50	54	(7%)		–	59	–	49	–	63
Operating expenses in % of net sales	26.2%	27.2%	(1.0pp)		–	29.9%	–	25.4%	–	41.3%
Operating profit	30	30	(2%)		–	20	–	20	–	(2)
Operating margin	15.7%	15.4%	0.3pp		–	10.3%	–	10.3%	–	(1.3%)

¹ Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

FINANCIAL HIGHLIGHTS BY BRAND

Financial Highlights by Brand € in millions

	First Quarter				Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change	Change (c.n.)	2018	2017	2018	2017	2018	2017
Net Sales by Brand										
adidas brand	5,000	4,842	3%	11%	–	4,497	–	5,091	–	4,562
Reebok brand	440	492	(11%)	(3%)	–	431	–	485	–	435
Total¹	5,548	5,447	2%	10%	–	5,038	–	5,677	–	5,056
Gross Margin by Brand										
adidas brand	47.8%	47.2%	0.6pp		–	48.0%	–	47.1%	–	47.9%
Reebok brand	41.8%	39.0%	2.7pp		–	41.0%	–	40.9%	–	42.3%
Net Sales by Product Category										
Footwear ¹	3,204	3,301	(3%)	5%	–	3,028	–	3,266	–	2,832
Apparel ¹	2,019	1,895	7%	15%	–	1,748	–	2,144	–	1,960
Hardware ¹	324	251	29%	39%	–	262	–	267	–	264
Total¹	5,548	5,447	2%	10%	–	5,038	–	5,677	–	5,056

¹ Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

RETAIL AT A GLANCE

Retail at a Glance

	First Quarter			Second Quarter		Third Quarter		Fourth Quarter	
	2018	2017	Change [c.n.]	2018	2017	2018	2017	2018	2017
Number of stores¹	2,464	2,686		-	2,658	-	2,634	-	2,588
Concept stores	1,448	1,657		-	1,632	-	1,605	-	1,557
Concession corners	133	147		-	145	-	136	-	136
Factory outlets	883	882		-	881	-	893	-	895
Stores by brand¹									
adidas brand	1,301	1,451		-	1,433	-	1,416	-	1,380
Reebok brand	280	353		-	344	-	325	-	313
Multibrand	883	882		-	881	-	893	-	895
Opening	38	60		-	75	-	61	-	68
Closing	162	185		-	103	-	85	-	114
Net opening/(net closing)	(124)	(125)		-	(28)	-	(24)	-	(46)
Net sales²	1,331	1,311	11%	-	1,496	-	1,444	-	1,706
adidas brand			13%						
Reebok brand			(1%)						
E-commerce			27%						
Comp			5%						
adidas brand comp			5%						
Reebok brand comp			(1%)						

¹ At quarter-end.

² € in millions.

OPERATING PROFIT

Operating Profit € in millions

	March 31	
	2018	2017
Operating profit for reportable segments	1,288	1,214
Operating profit for Other Businesses	29	32
Segmental operating profit	1,318	1,246
Reclassification to discontinued operations	1	(2)
HQ	(367)	(342)
Central expenditure for marketing investments	(232)	(203)
Consolidation	27	(62)
Operating profit	746	637
Financial income	19	28
Financial expenses	(16)	(20)
Income before taxes	749	645