

adidas

2018

**FACT
SHEET**

JANUARY - JUNE

FACT SHEET FOR THE FIRST HALF YEAR 2018

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OUR SHARE

Our Share

	First Quarter		2018	Second Quarter		Change	Third Quarter		Fourth Quarter	
	2018	2017		2017	2018		2017	2018	2017	
Earnings per share from continuing operations¹ (€)										
Basic	2.65	2.29	2.06	1.72	20%	–	2.70	–	0.35	
Diluted	2.65	2.26	2.05	1.70	21%	–	2.68	–	0.35	
Average number of shares										
Basic	203,878,332	201,209,054	202,910,584	202,350,968	0%	–	202,756,583	–	203,223,933	
Diluted	204,249,548	204,273,231	203,277,029	204,198,888	[0%]	–	204,236,828	–	204,238,481	
Number of shares outstanding²	203,734,032	201,550,844	201,120,299	202,657,342	[1%]	–	202,838,144	–	203,861,234	
Share price² (€)	196.65	178.30	186.95	167.75	11%	–	191.40	–	167.15	
Market capitalization² (€ in millions)	40,064	35,937	37,599	33,996	11%	–	38,823	–	34,075	
Historical performance of the adidas share and important indices (%)										
adidas AG	18	19	(5)	(6)		–	14	–	(13)	
DAX-30	(6)	7	2	0		–	4	–	1	
EURO STOXX 50	(4)	6	1	(2)		–	4	–	(3)	
MSCI World Textiles, Apparel & Luxury Goods Index	5	9	7	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	2018	2017	Change		2018	2017		2018	2017
Key Figures (€ in millions)											
Net sales ¹	5,548	5,447	5,261	5,038	4%		–	5,677		–	5,056
Gross profit ¹	2,835	2,702	2,751	2,525	9%		–	2,864		–	2,613
Other operating expenses ¹	2,172	2,122	2,261	2,072	9%		–	2,129		–	2,559
Thereof marketing investments ¹	707	630	709	620	14%		–	667		–	815
Thereof operating overhead expenses ¹	1,465	1,492	1,552	1,452	7%		–	1,463		–	1,744
EBITDA ¹	857	763	705	599	18%		–	876		–	274
Operating profit ¹	746	637	592	505	17%		–	795		–	132
Income before taxes ¹	749	645	588	486	21%		–	767		–	124
Net income from continuing operations ^{1,3}	542	462	418	347	20%		–	549		–	72
Net income attributable to shareholders ^{2,3}	540	455	396	158	150%		–	526		–	34
Key Ratios											
Gross margin ¹	51.1%	49.6%	52.3%	50.1%	2.2pp		–	50.4%		–	51.7%
Other operating expenses in % of net sales ¹	39.1%	39.0%	43.0%	41.1%	1.8pp		–	37.5%		–	50.6%
Thereof marketing investments in % of net sales ¹	12.7%	11.6%	13.5%	12.3%	1.2pp		–	11.7%		–	16.1%
Thereof operating overhead expenses in % of net sales ¹	26.4%	27.4%	29.5%	28.8%	0.7pp		–	25.8%		–	34.5%
Operating margin ¹	13.4%	11.7%	11.3%	10.0%	1.2pp		–	14.0%		–	2.6%
Effective tax rate ^{1,3}	27.7%	28.4%	28.8%	28.6%	0.2pp		–	28.5%		–	41.7%
Net income attributable to shareholders in % of net sales ^{2,3}	9.7%	8.3%	7.5%	3.1%	4.4pp		–	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	2018	2017	Change		2018	2017		2018	2017
Key Figures (€ in millions)											
Total assets ¹	14,316	15,120	14,305	14,164	1%		–	14,361		–	14,019
Accounts receivable	2,837	2,876	2,751	2,477	11%		–	2,808		–	2,315
Inventories	3,224	3,609	3,425	3,644	[6%]		–	3,441		–	3,692
Operating working capital	4,488	4,554	4,318	4,258	1%		–	4,502		–	4,033
Net cash/(net borrowings)	371	[859]	89	[735]	n.a.		–	[345]		–	484
Shareholders' equity ¹	6,406	6,251	6,040	5,702	6%		–	6,046		–	6,032
Capital expenditure ²	94	114	258	261	[1%]		–	460		–	752
Net cash generated from/(used in) operating activities	[32]	[542]	841	167	403%		–	742		–	1,648
Key Ratios											
Average operating working capital in % of net sales ^{2,3}	20.3%	21.0%	20.1%	20.4%	[0.3pp]		–	20.3%		–	20.4%
Equity ratio ¹	44.8%	41.3%	42.2%	40.3%	2.0pp		–	42.1%		–	43.0%
Net borrowings/EBITDA ^{2,4}	[0.1]	0.4	[0.0]	0.3	n.a.		–	0.1		–	[0.2]
Financial leverage ¹	[5.8%]	13.7%	[1.5%]	12.9%	[14.4pp]		–	5.7%		–	[8.0%]
Return on equity ¹	8.4%	7.3%	15.5%	10.8%	4.7pp		–	18.8%		–	18.2%
Net cash generated from/(used in) operating activities per share of common stock (€)	[0.16]	[2.69]	4.13	0.83	399%		–	3.67		–	8.14

¹ 2017 restated according to IAS 8, see Note 03 in the First Half Year 2018 Report.

² Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

³ Twelve-month trailing average.

⁴ 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	2018	2017	Change	Change [c.n.]	2018	2017	2018	2017
Western Europe										
Net sales	1,603	1,537	1,420	1,433	[1%]	[0%]	–	1,671	–	1,292
adidas brand	1,452	1,386	1,324	1,325	[0%]	1%	–	1,526	–	1,196
Reebok brand	151	150	96	107	[11%]	[10%]	–	145	–	96
Gross profit	732	686	685	644	6%		–	758	–	622
Gross margin	45.6%	44.7%	48.3%	45.0%	3.3pp		–	45.4%	–	48.1%
Operating expenses	385	354	389	356	9%		–	369	–	440
Operating expenses in % of net sales	24.0%	23.0%	27.4%	24.9%	2.5pp		–	22.1%	–	34.0%
Operating profit	347	332	297	288	3%		–	389	–	182
Operating margin	21.6%	21.6%	20.9%	20.1%	0.8pp		–	23.3%	–	14.1%
North America										
Net sales	1,040	988	1,082	1,014	7%	16%	–	1,099	–	1,175
adidas brand	944	880	985	915	8%	17%	–	994	–	1,054
Reebok brand	96	108	97	99	[2%]	6%	–	105	–	121
Gross profit	393	376	442	420	5%		–	437	–	456
Gross margin	37.8%	38.1%	40.8%	41.4%	[0.6pp]		–	39.8%	–	38.8%
Operating expenses	309	294	280	304	[8%]		–	329	–	354
Operating expenses in % of net sales	29.7%	29.7%	25.9%	30.0%	[4.1pp]		–	29.9%	–	30.1%
Operating profit	98	97	181	131	38%		–	123	–	117
Operating margin	9.5%	9.8%	16.7%	12.9%	3.8pp		–	11.2%	–	9.9%
Asia-Pacific										
Net sales	1,856	1,744	1,726	1,495	15%	19%	–	1,664	–	1,500
adidas brand	1,777	1,649	1,642	1,412	16%	19%	–	1,584	–	1,421
Reebok brand	79	96	84	83	1%	7%	–	80	–	78
Gross profit	1,040	974	992	854	16%		–	921	–	815
Gross margin	56.0%	55.8%	57.5%	57.1%	0.3pp		–	55.4%	–	54.3%
Operating expenses	382	353	404	362	12%		–	350	–	401
Operating expenses in % of net sales	20.6%	20.3%	23.4%	24.2%	[0.8pp]		–	21.0%	–	26.8%
Operating profit	662	625	591	497	19%		–	576	–	418
Operating margin	35.7%	35.8%	34.2%	33.2%	1.0pp		–	34.6%	–	27.8%

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter			Second Quarter			Third Quarter		Fourth Quarter	
	2018	2017	2018	2017	Change	Change [c.n.]	2018	2017	2018	2017
Latin America										
Net sales	430	454	416	441	[6%]	15%	–	502	–	510
adidas brand	385	397	377	387	[3%]	18%	–	441	–	447
Reebok brand	46	57	39	53	[27%]	[12%]	–	61	–	63
Gross profit	191	181	183	173	6%		–	200	–	249
Gross margin	44.4%	39.9%	43.9%	39.2%	4.7pp		–	39.8%	–	48.8%
Operating expenses	116	132	114	126	[10%]		–	132	–	146
Operating expenses in % of net sales	27.0%	29.0%	27.4%	28.6%	[1.2pp]		–	26.3%	–	28.5%
Operating profit	75	49	69	47	47%		–	68	–	103
Operating margin	17.3%	10.9%	16.5%	10.6%	5.9pp		–	13.6%	–	20.3%
Emerging Markets										
Net sales	308	367	251	277	[9%]	1%	–	376	–	280
adidas brand	275	330	223	240	[7%]	4%	–	329	–	254
Reebok brand	33	37	29	37	[22%]	[12%]	–	47	–	27
Gross profit	159	176	126	137	[8%]		–	181	–	146
Gross margin	51.6%	47.9%	50.1%	49.6%	0.4pp		–	48.1%	–	52.1%
Operating expenses	71	79	66	77	[14%]		–	71	–	88
Operating expenses in % of net sales	23.0%	21.4%	26.4%	27.8%	[1.4pp]		–	18.9%	–	31.5%
Operating profit	88	97	59	61	[2%]		–	110	–	58
Operating margin	28.6%	26.5%	23.6%	21.9%	1.8pp		–	29.2%	–	20.7%
Russia/CIS										
Net sales	119	160	177	181	[2%]	14%	–	173	–	146
adidas brand	85	116	138	135	2%	19%	–	125	–	103
Reebok brand	34	44	40	46	[13%]	1%	–	48	–	44
Gross profit	81	100	119	120	[1%]		–	114	–	95
Gross margin	67.8%	62.3%	67.1%	66.4%	0.7pp		–	65.8%	–	64.9%
Operating expenses	62	86	70	75	[6%]		–	67	–	64
Operating expenses in % of net sales	52.4%	54.0%	39.7%	41.6%	[1.9pp]		–	38.6%	–	43.6%
Operating profit	18	13	49	45	8%		–	47	–	31
Operating margin	15.4%	8.2%	27.4%	24.8%	2.6pp		–	27.2%	–	21.3%

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter			Second Quarter			Third Quarter		Fourth Quarter	
	2018	2017		2017	Change	Change (c.n.)	2018	2017	2018	2017
Other Businesses¹										
Net sales	190	197	188	198	[5%]	[1%]	–	192	–	152
Gross profit	78	82	89	79	13%		–	68	–	59
Gross margin	41.2%	41.9%	47.2%	39.9%	7.4pp		–	35.2%	–	39.1%
Operating expenses	50	54	64	59	8%		–	49	–	63
Operating expenses in % of net sales	26.2%	27.2%	33.9%	29.9%	4.0pp		–	25.4%	–	41.3%
Operating profit	30	30	26	20	28%		–	20	–	[2]
Operating margin	15.7%	15.4%	13.9%	10.3%	3.6pp		–	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	2018	2017	Change	Change (c.n.)	2018	2017	2018	2017
Net Sales by Brand										
adidas brand	5,000	4,842	4,772	4,497	6%	12%	–	5,091	–	4,562
Reebok brand	440	492	387	431	[10%]	[3%]	–	485	–	435
Total¹	5,548	5,447	5,261	5,038	4%	10%	–	5,677	–	5,056
Gross Margin by Brand										
adidas brand	47.8%	47.2%	49.5%	48.0%	1.6pp		–	47.1%	–	47.9%
Reebok brand	41.8%	39.0%	44.9%	41.0%	3.9pp		–	40.9%	–	42.3%
Net Sales by Product Category										
Footwear ¹	3,204	3,301	3,102	3,028	2%	9%	–	3,266	–	2,832
Apparel ¹	2,019	1,895	1,895	1,748	8%	14%	–	2,144	–	1,960
Hardware ¹	324	251	264	262	1%	6%	–	267	–	264
Total¹	5,548	5,447	5,261	5,038	4%	10%	–	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	2018	2017	Change [c.n.]	2018	2017	2018	2017
Number of stores¹	2,464	2,686	2,430	2,658		–	2,634	–	2,588
Concept stores	1,448	1,657	1,397	1,632		–	1,605	–	1,557
Concession corners	133	147	135	145		–	136	–	136
Factory outlets	883	882	898	881		–	893	–	895
Stores by brand¹									
adidas brand	1,301	1,451	1,265	1,433		–	1,416	–	1,380
Reebok brand	280	353	267	344		–	325	–	313
Multibrand	883	882	898	881		–	893	–	895
Opening	38	60	57	75		–	61	–	68
Closing	162	185	91	103		–	85	–	114
Net opening/(net closing)	(124)	(125)	(34)	(28)		–	(24)	–	(46)
Net sales²	1,331	1,311	1,571	1,496	12%	–	1,444	–	1,706
adidas brand					14%				
Reebok brand					1%				
E-commerce					26%				
Comp					5%				
adidas brand comp					5%				
Reebok brand comp					5%				

¹ At quarter-end.

² € in millions.

OPERATING PROFIT

Operating Profit € in millions

	First Half Year	
	2018	2017
Operating profit for reportable segments	2,533	2,282
Operating profit for Other Businesses	54	85
Segmental operating profit	2,587	2,367
Reclassification to discontinued operations	2	(35)
HQ	(756)	(694)
Central expenditure for marketing investments	(443)	(379)
Consolidation	(52)	(117)
Operating profit	1,338	1,142
Financial income	22	32
Financial expenses	(23)	(43)
Income before taxes	1,337	1,131