

adidas

2018 FACT SHEET 9M JANUARY - SEPTEMBER

FACT SHEET FOR THE FIRST NINE MONTHS 2018

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OUR SHARE

Our Share

	First Quarter		Second Quarter		Third Quarter			Fourth Quarter	
	2018	2017	2018	2017	2018	2017	Change	2018	2017
Earnings per share from continuing operations¹ (€)									
Basic	2.65	2.29	2.06	1.72	3.26	2.70	21%	–	0.35
Diluted	2.65	2.26	2.05	1.70	3.26	2.68	21%	–	0.35
Average number of shares									
Basic	203,878,332	201,209,054	202,910,584	202,350,968	200,653,842	202,756,583	[1%]	–	203,223,933
Diluted	204,249,548	204,273,231	203,277,029	204,198,888	200,969,611	204,236,828	[2%]	–	204,238,481
Number of shares outstanding²	203,734,032	201,550,844	201,120,299	202,657,342	200,312,395	202,838,144	[1%]	–	203,861,234
Share price² (€)	196.65	178.30	186.95	167.75	210.90	191.40	10%	–	167.15
Market capitalization² (€ in millions)	40,064	35,937	37,599	33,996	42,246	38,823	9%	–	34,075
Historical performance of the adidas share and important indices (%)									
adidas AG	18	19	[5]	[6]	13	14		–	[13]
DAX-30	[6]	7	2	0	0	4		–	1
EURO STOXX 50	[4]	6	1	[2]	0	4		–	[3]
MSCI World Textiles, Apparel & Luxury Goods Index	5	9	7	7	3	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	2018	2017	Change	2018	2017
Key Figures (€ in millions)									
Net sales ¹	5,548	5,447	5,261	5,038	5,873	5,677	3%	–	5,056
Gross profit ¹	2,835	2,702	2,751	2,525	3,044	2,864	6%	–	2,613
Other operating expenses ¹	2,172	2,122	2,261	2,072	2,220	2,129	4%	–	2,559
Thereof marketing investments ¹	707	630	709	620	716	667	7%	–	815
Thereof operating overhead expenses ¹	1,465	1,492	1,552	1,452	1,504	1,463	3%	–	1,744
EBITDA ¹	857	763	705	599	1,033	876	18%	–	274
Operating profit ¹	746	637	592	505	901	795	13%	–	132
Income before taxes ¹	749	645	588	486	907	767	18%	–	124
Net income from continuing operations ^{1,2}	542	462	418	347	656	549	19%	–	72
Net income attributable to shareholders ^{2,3}	540	455	396	158	658	526	25%	–	34
Key Ratios									
Gross margin ¹	51.1%	49.6%	52.3%	50.1%	51.8%	50.4%	1.4pp	–	51.7%
Other operating expenses in % of net sales ¹	39.1%	39.0%	43.0%	41.1%	37.8%	37.5%	0.3pp	–	50.6%
Thereof marketing investments in % of net sales ¹	12.7%	11.6%	13.5%	12.3%	12.2%	11.7%	0.4pp	–	16.1%
Thereof operating overhead expenses in % of net sales ¹	26.4%	27.4%	29.5%	28.8%	25.6%	25.8%	(0.2pp)	–	34.5%
Operating margin ¹	13.4%	11.7%	11.3%	10.0%	15.3%	14.0%	1.3pp	–	2.6%
Effective tax rate ^{1,2}	27.7%	28.4%	28.8%	28.6%	27.7%	28.5%	(0.8pp)	–	41.7%
Net income attributable to shareholders in % of net sales ^{2,3}	9.7%	8.3%	7.5%	3.1%	11.2%	9.3%	1.9pp	–	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 2017 excluding negative one-time tax impact of € 76 million in the fourth quarter.

³ Includes continuing and discontinued operations.

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	2018	2017	Change	2018	2017
Key Figures (€ in millions)									
Total assets ¹	14,316	15,120	14,305	14,164	15,541	14,361	8%	–	14,019
Accounts receivable	2,837	2,876	2,751	2,477	3,037	2,808	8%	–	2,315
Inventories	3,224	3,609	3,425	3,644	3,216	3,441	[7%]	–	3,692
Operating working capital	4,488	4,554	4,318	4,258	4,324	4,502	[4%]	–	4,033
Net cash/(net borrowings)	371	[859]	89	[735]	535	[345]	n. a.	–	484
Shareholders' equity ¹	6,406	6,251	6,040	5,702	6,502	6,046	8%	–	6,032
Capital expenditure ²	94	114	258	261	498	460	8%	–	752
Net cash generated from/(used in) operating activities	[32]	[542]	841	167	1,760	742	137%	–	1,648
Key Ratios									
Average operating working capital in % of net sales ^{2,3}	20.3%	21.0%	20.1%	20.4%	19.7%	20.3%	[0.6pp]	–	20.4%
Equity ratio ¹	44.8%	41.3%	42.2%	40.3%	41.8%	42.1%	[0.3pp]	–	43.0%
Net borrowings/EBITDA ^{2,4}	[0.1]	0.4	[0.0]	0.3	[0.2]	0.1	n. a.	–	[0.2]
Financial leverage ¹	[5.8%]	13.7%	[1.5%]	12.9%	[8.2%]	5.7%	[13.9pp]	–	[8.0%]
Return on equity ¹	8.4%	7.3%	15.5%	10.8%	24.5%	18.8%	5.7pp	–	18.2%
Net cash generated from/(used in) operating activities per share of common stock (€)	[0.16]	[2.69]	4.13	0.83	8.69	3.67	137%	–	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		2018	2017	Change	Change (c. n.)	2018
Western Europe										
Net sales	1,603	1,537	1,420	1,433	1,645	1,671	[2%]	[1%]	-	1,292
adidas brand	1,452	1,386	1,324	1,325	1,508	1,526	[1%]	[1%]	-	1,196
Reebok brand	151	150	96	107	137	145	[6%]	[5%]	-	96
Gross profit	732	686	685	644	803	758	6%		-	622
Gross margin	45.6%	44.7%	48.3%	45.0%	48.8%	45.4%	3.4pp		-	48.1%
Operating expenses	385	354	389	356	402	369	9%		-	440
Operating expenses in % of net sales	24.0%	23.0%	27.4%	24.9%	24.4%	22.1%	2.4pp		-	34.0%
Operating profit	347	332	297	288	401	389	3%		-	182
Operating margin	21.6%	21.6%	20.9%	20.1%	24.4%	23.3%	1.1pp		-	14.1%
North America										
Net sales	1,040	988	1,082	1,014	1,269	1,099	15%	16%	-	1,175
adidas brand	944	880	985	915	1,165	994	17%	18%	-	1,054
Reebok brand	96	108	97	99	104	105	[1%]	[0%]	-	121
Gross profit	393	376	442	420	533	437	22%		-	456
Gross margin	37.8%	38.1%	40.8%	41.4%	42.0%	39.8%	2.2pp		-	38.8%
Operating expenses	309	294	280	304	325	329	[1%]		-	354
Operating expenses in % of net sales	29.7%	29.7%	25.9%	30.0%	25.6%	29.9%	[4.3pp]		-	30.1%
Operating profit	98	97	181	131	229	123	86%		-	117
Operating margin	9.5%	9.8%	16.7%	12.9%	18.1%	11.2%	6.8pp		-	9.9%
Asia-Pacific										
Net sales	1,856	1,744	1,726	1,495	1,894	1,664	14%	15%	-	1,500
adidas brand	1,777	1,649	1,642	1,412	1,815	1,584	15%	16%	-	1,421
Reebok brand	79	96	84	83	78	80	[2%]	[1%]	-	78
Gross profit	1,040	974	992	854	1,083	921	18%		-	815
Gross margin	56.0%	55.8%	57.5%	57.1%	57.2%	55.4%	1.8pp		-	54.3%
Operating expenses	382	353	404	362	415	350	19%		-	401
Operating expenses in % of net sales	20.6%	20.3%	23.4%	24.2%	21.9%	21.0%	0.9pp		-	26.8%
Operating profit	662	625	591	497	672	576	17%		-	418
Operating margin	35.7%	35.8%	34.2%	33.2%	35.5%	34.6%	0.9pp		-	27.8%

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter		Second Quarter			Third Quarter			Change (c. n.)	Fourth Quarter	
	2018	2017	2018	2017		2018	2017	Change		2018	2017
Latin America											
Net sales	430	454	416	441	340	502	(32%)	(0%)	-	510	
adidas brand	385	397	377	387	301	441	(32%)	1%	-	447	
Reebok brand	46	57	39	53	39	61	(35%)	[8%]	-	63	
Gross profit	191	181	183	173	148	200	(26%)		-	249	
Gross margin	44.4%	39.9%	43.9%	39.2%	43.5%	39.8%	3.7pp		-	48.8%	
Operating expenses	116	132	114	126	85	132	(35%)		-	146	
Operating expenses in % of net sales	27.0%	29.0%	27.4%	28.6%	25.1%	26.3%	(1.2pp)		-	28.5%	
Operating profit	75	49	69	47	63	68	[8%]		-	103	
Operating margin	17.3%	10.9%	16.5%	10.6%	18.4%	13.6%	4.8pp		-	20.3%	
Emerging Markets											
Net sales	308	367	251	277	329	376	(13%)	(2%)	-	280	
adidas brand	275	330	223	240	291	329	(12%)	(1%)	-	254	
Reebok brand	33	37	29	37	38	47	(20%)	(11%)	-	27	
Gross profit	159	176	126	137	179	181	(1%)		-	146	
Gross margin	51.6%	47.9%	50.1%	49.6%	54.5%	48.1%	6.4pp		-	52.1%	
Operating expenses	71	79	66	77	66	71	[8%]		-	88	
Operating expenses in % of net sales	23.0%	21.4%	26.4%	27.8%	20.0%	18.9%	1.0pp		-	31.5%	
Operating profit	88	97	59	61	113	110	3%		-	58	
Operating margin	28.6%	26.5%	23.6%	21.9%	34.5%	29.2%	5.3pp		-	20.7%	
Russia/CIS											
Net sales	119	160	177	181	166	173	(4%)	7%	-	146	
adidas brand	85	116	138	135	127	125	1%	13%	-	103	
Reebok brand	34	44	40	46	39	48	(19%)	(10%)	-	44	
Gross profit	81	100	119	120	108	114	(6%)		-	95	
Gross margin	67.8%	62.3%	67.1%	66.4%	64.9%	65.8%	[0.8pp]		-	64.9%	
Operating expenses	62	86	70	75	60	67	[10%]		-	64	
Operating expenses in % of net sales	52.4%	54.0%	39.7%	41.6%	36.4%	38.6%	[2.1pp]		-	43.6%	
Operating profit	18	13	49	45	47	47	0%		-	31	
Operating margin	15.4%	8.2%	27.4%	24.8%	28.5%	27.2%	1.3pp		-	21.3%	

FINANCIAL HIGHLIGHTS BY SEGMENT

Financial Highlights by Segment € in millions

	First Quarter		Second Quarter		2018	Third Quarter		Change [c. n.]	Fourth Quarter	
	2018	2017	2018	2017		2017	Change		2018	2017
Other Businesses¹										
Net sales	190	197	188	198	230	192	20%	20%	–	152
Gross profit	78	82	89	79	131	68	94%		–	59
Gross margin	41.2%	41.9%	47.2%	39.9%	57.1%	35.2%	21.9pp		–	39.1%
Operating expenses	50	54	64	59	58	49	18%		–	63
Operating expenses in % of net sales	26.2%	27.2%	33.9%	29.9%	25.0%	25.4%	[0.3pp]		–	41.3%
Operating profit	30	30	26	20	75	20	279%		–	[2]
Operating margin	15.7%	15.4%	13.9%	10.3%	32.7%	10.3%	22.4pp		–	[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			Change [c. n.]	Fourth Quarter	
	2018	2017	2018	2017		2018	2017	Change		2018	2017
Net Sales by Brand											
adidas brand	5,000	4,842	4,772	4,497	5,343	5,091	5%	10%	-	4,562	
Reebok brand	440	492	387	431	436	485	[10%]	[5%]	-	435	
Total¹	5,548	5,447	5,261	5,038	5,873	5,677	3%	8%	-	5,056	
Gross Margin by Brand											
adidas brand	47.8%	47.2%	49.5%	48.0%	50.2%	47.1%	3.1pp		-	47.9%	
Reebok brand	41.8%	39.0%	44.9%	41.0%	45.3%	40.9%	4.4pp		-	42.3%	
Net Sales by Product Category											
Footwear¹	3,204	3,301	3,102	3,028	3,363	3,266	3%	8%	-	2,832	
Apparel¹	2,019	1,895	1,895	1,748	2,249	2,144	5%	9%	-	1,960	
Hardware¹	324	251	264	262	261	267	[2%]	3%	-	264	
Total¹	5,548	5,447	5,261	5,038	5,873	5,677	3%	8%	-	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	2018	2017	Change [c. n.]	2018	2017
Number of stores¹	2,464	2,686	2,430	2,658	2,398	2,634		–	2,588
Concept stores	1,448	1,657	1,397	1,632	1,367	1,605		–	1,557
Concession corners	133	147	135	145	121	136		–	136
Factory outlets	883	882	898	881	910	893		–	895
Stores by brand¹									
adidas brand	1,301	1,451	1,265	1,433	1,231	1,416		–	1,380
Reebok brand	280	353	267	344	257	325		–	313
Multibrand	883	882	898	881	910	893		–	895
Opening	38	60	57	75	42	61		–	68
Closing	162	185	91	103	74	85		–	114
Net opening/(net closing)	(124)	(125)	(34)	(28)	(32)	(24)		–	(46)
Net sales²	1,331	1,311	1,571	1,496	1,698	1,444	24%	–	1,706
adidas brand							28%		
Reebok brand							(4%)		
E-commerce							76%		
Comp							5%		
adidas brand comp							6%		
Reebok brand comp							1%		

¹ At quarter-end.

² € in millions.

OPERATING PROFIT

Operating Profit € in millions

	Nine Months	
	2018	2017
Operating profit for reportable segments	4,059	3,595
Operating profit for Other Businesses	129	97
Segmental operating profit	4,188	3,693
Reclassification to discontinued operations	3	(27)
HQ	(1,140)	(1,019)
Central expenditure for marketing investments	(677)	(584)
Consolidation	(135)	(126)
Operating profit	2,239	1,938
Financial income	35	35
Financial expenses	(30)	(75)
Income before taxes	2,244	1,899