

# HOW

## **Q1 2016 RESULTS PRESENTATION**

HERZOGENAURACH – MAY 4, 2016

# NEW

# WE CREATE THE

A man in a locker room, sitting on a bench, looking down. An Adidas basketball is on the floor next to him. The image has a blue tint.

# INTRODUCTION

SEBASTIAN STEFFEN  
VP INVESTOR RELATIONS



A man in athletic wear is sitting on a bench in a locker room. He is looking down at his hands. An Adidas basketball is on the floor next to him. The image has a blue tint.

# OPERATIONAL HIGHLIGHTS

HERBERT HAINER  
ADIDAS GROUP CEO



# MAJOR DEVELOPMENTS IN Q1

ADIDAS GROUP WITH STRONG TOP- AND BOTTOM-LINE IMPROVEMENT

## **GROUP REVENUES GROW 22% CURRENCY-NEUTRAL**

OR 17% IN EURO TERMS TO € 4.8 BILLION

## **ACCELERATING MOMENTUM AT ADIDAS (+26%) AND REEBOK (+6%)**

SUPPORTED BY BROAD TOP-LINE GROWTH

## **GROSS MARGIN RISES 30 BASIS POINTS TO 49.4%**

WITH BRAND STRENGTH OFFSETTING SEVERE FX HEADWINDS

## **OPERATING MARGIN GROWS 1.4PP TO 10.3%**

AS A RESULT OF THE GROSS MARGIN INCREASE AND OPERATING LEVERAGE

## **UNDERLYING NET INCOME INCREASES 38%**

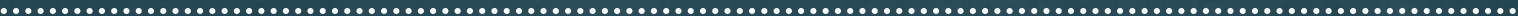
TO € 350 MILLION

# DOUBLE-DIGIT GROWTH IN KEY MARKETS AND KEY CATEGORIES

UNDERLINES BROAD-BASED TOP-LINE MOMENTUM

## KEY MARKETS

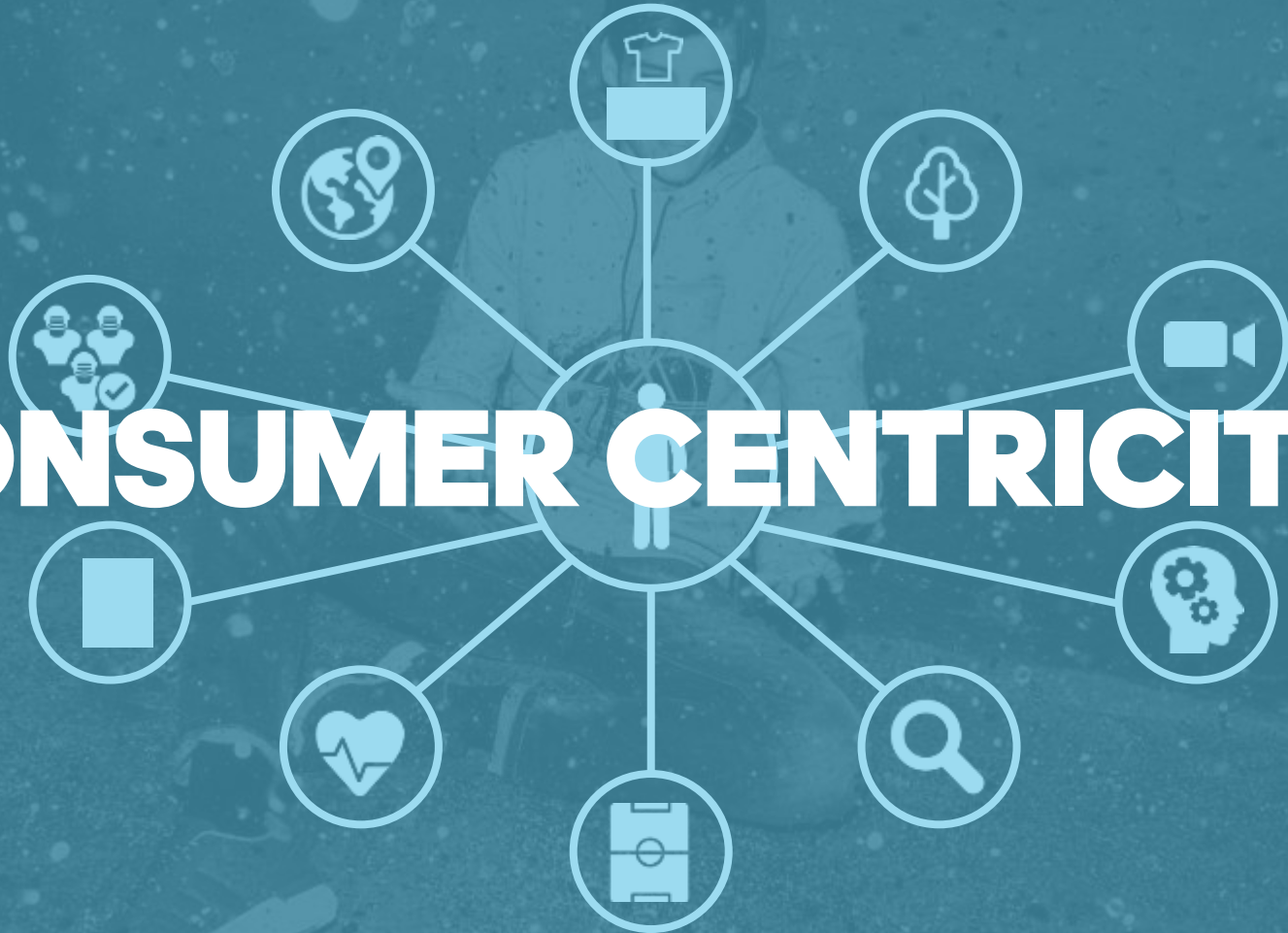
WESTERN EUROPE	(+25%)	GREATER CHINA	(+30%)
NORTH AMERICA	(+22%)	LATIN AMERICA	(+19%)



## KEY CATEGORIES

FOOTBALL	(+25%)	ORIGINALS	(+45%)
RUNNING	(+19%)	NEO	(+60%)
TRAINING	(+15%)		

# CONSUMER CENTRICITY



# ACCELERATING MOMENTUM OF SPORT PERFORMANCE

DRIVEN BY DOUBLE-DIGIT INCREASES IN KEY CATEGORIES



+22%

## ACCELERATING MOMENTUM

FUELLED BY BOTH FOOTWEAR AND APPAREL

# FOOTBALL

CURRENCY-NEUTRAL REVENUES CLIMB 25% IN Q1  
WITH DOUBLE-DIGIT SALES INCREASES IN MOST  
MARKETS

REVENUES IN FOOTWEAR GROW AT A  
DOUBLE-DIGIT RATE, REFLECTING SUCCESSFUL  
PRODUCT INTRODUCTIONS

APPAREL SALES INCREASE AT A STRONG DOUBLE-  
DIGIT RATE, DRIVEN BY STRONG DEMAND FOR  
FEDERATION KITS

SUCCESSFUL LAUNCH OF 'BOSS EVERYONE'  
CAMPAIGN

PAUL POGBA JOINS THE ADIDAS FAMILY



## KEY FRANCHISES

DRIVE ROBUST TOP-LINE GROWTH

# RUNNING

CURRENCY-NEUTRAL REVENUES UP 19%

FOOTWEAR SALES INCREASE AT A DOUBLE-DIGIT RATE, REFLECTING THE STRONG SUCCESS AROUND BOOST

REVENUES IN APPAREL GROW AT A DOUBLE-DIGIT RATE, DRIVEN BY NEW PRODUCT INTRODUCTIONS

BOOST FRANCHISES NOW REPRESENT ONE-THIRD OF THE TOTAL RUNNING FOOTWEAR BUSINESS

80 MAJOR MARATHON WINS WITH BOOST



**STRONG GROWTH IN Q1**  
WITH FOCUS ON WOMEN

# TRAINING

CURRENCY-NEUTRAL REVENUES GROW 15% IN Q1

DOUBLE-DIGIT SALES GROWTH IN MOST MAJOR  
MARKETS

FOOTWEAR SALES INCREASE AT A DOUBLE-DIGIT  
RATE

'I AM HERE TO CREATE' CAMPAIGN RESONATING  
EXTREMELY WELL WITH THE FEMALE CONSUMER

STRONG MOMENTUM IN THE MEN'S BUSINESS  
FUELLED BY LATEST GENERATION OF TECHFIT



## OUTSTANDING BRAND HEAT

DRIVES ANOTHER STAGGERING PERFORMANCE

# ORIGINALS

CURRENCY-NEUTRAL SALES UP 45%

DOUBLE-DIGIT INCREASES IN ALL MARKETS  
EXCEPT RUSSIA/CIS

STRONG DOUBLE-DIGIT SALES GROWTH IN  
BOTH FOOTWEAR AND APPAREL

ALL ESTABLISHED KEY FRANCHISES WITH  
STRONG DOUBLE-DIGIT SALES INCREASES

UNRIVALLED DEMAND AROUND NEW NMD  
FRANCHISE – MORE THAN 400K PAIRS SOLD  
DURING LAUNCH DAY



**12<sup>TH</sup> CONSECUTIVE QUARTER**  
OF GROWTH

**REEBOK**

CURRENCY-NEUTRAL SALES GROW 6% IN Q1

REVENUES IN WESTERN EUROPE, GREATER  
CHINA, JAPAN AND MEAA INCREASE AT A  
DOUBLE-DIGIT RATE EACH

ONGOING MOMENTUM IN CLASSICS WITH  
STRONG DOUBLE-DIGIT INCREASES IN Q1

GROSS MARGIN UP 40 BASIS POINTS,  
REFLECTING IMPROVEMENTS IN BRAND  
DESIRABILITY

INITIATIVES TO STREAMLINE REEBOK'S  
DISTRIBUTION FOOTPRINT IN THE US CONTINUE



# STRONG CONSUMER ENGAGEMENT PROPELS GROWTH MOMENTUM

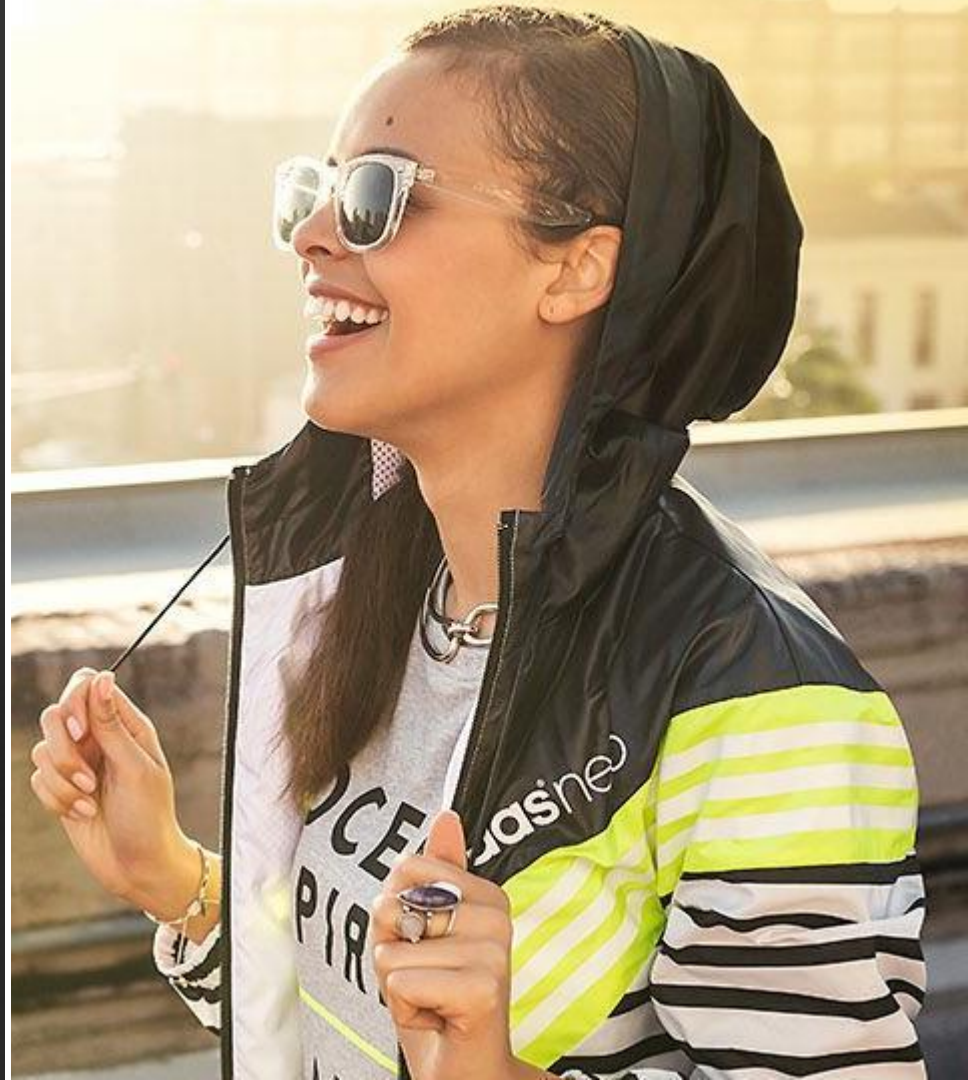
## NEO

CURRENCY-NEUTRAL SALES UP 60% WITH  
STRONG DOUBLE-DIGIT GROWTH IN ALL  
MARKETS EXCEPT RUSSIA/CIS

DOUBLE-DIGIT INCREASES IN BOTH  
FOOTWEAR AND APPAREL

EXCLUSIVE OFFERING OF NEO PRODUCTS AT  
KEY WHOLESALE PARTNERS IN WESTERN  
EUROPE GOING FORWARD

OWN-RETAIL NEO STORES TO BE CLOSED BY  
YEAR-END IN WESTERN EUROPE





## STRATEGIC REVIEW

OF GOLF BUSINESS COMPLETED

# TMAG

ADIDAS GROUP TO FOCUS EFFORTS IN GOLF ON  
ADIDAS GOLF ONLY GOING FORWARD

DIVESTITURE PROCESS AROUND THE TAYLORMADE,  
ADAMS AND ASHWORTH BRANDS ANNOUNCED  
AND ONGOING

RESTRUCTURING PLAN EXECUTED ON, RESULTING  
IN A MORE NIMBLE AND PROFITABLE ORGANISATION  
GOING FORWARD

STRONG PERCEPTION OF RECENT PRODUCT  
LAUNCHES SUCH AS M1 AND M2



A man in athletic wear is sitting on a bench in a locker room. He is looking down at his hands. A basketball is on the floor next to him. The image has a blue tint.

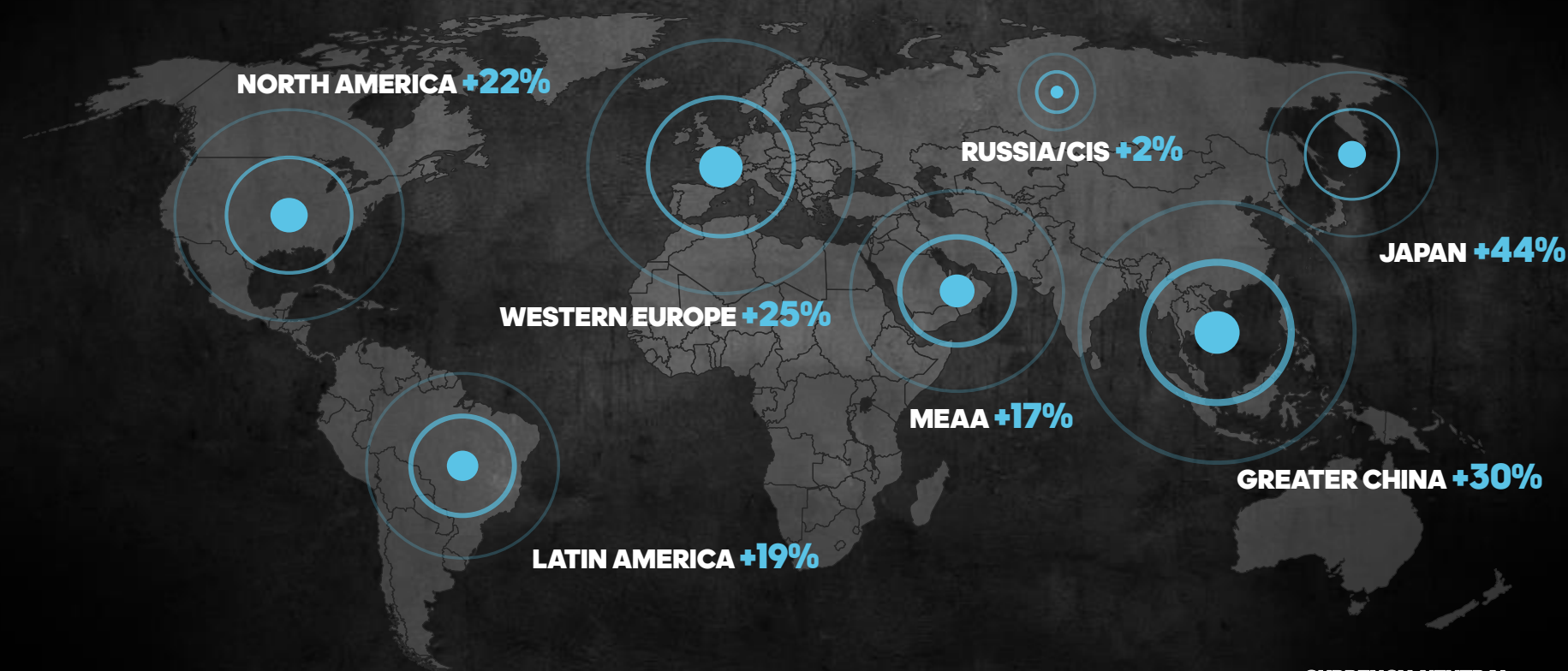
# FINANCIAL HIGHLIGHTS

ROBIN J. STALKER  
ADIDAS GROUP CFO



# BROAD-BASED TOP-LINE MOMENTUM

WITH STRONG DOUBLE-DIGIT SALES INCREASES ACROSS ALL REGIONS EXCEPT RUSSIA/CIS



CURRENCY-NEUTRAL  
FIGURES REFLECT COMBINED REVENUES OF THE ADIDAS AND REEBOK BUSINESSES.

# ONGOING BRAND HEAT REFLECTED IN STRONG DEMAND FOR BOTH ADIDAS AND REEBOK

## WESTERN EUROPE

CURRENCY-NEUTRAL SALES CLIMB 25%, DRIVEN BY STRONG DOUBLE-DIGIT SALES GROWTH AT BOTH ADIDAS (+26%) AND REEBOK (+15%)

STRONG DOUBLE-DIGIT SALES GROWTH IN NEARLY ALL OF THE REGION'S MAJOR MARKETS

GROSS MARGIN DECLINE REFLECTS SEVERE FX HEADWINDS

RETAIL SALES GROW 25%, WITH COMP STORE SALES UP A STRONG 17%



# ACCELERATING MOMENTUM FOR ADIDAS IN Q1

## NORTH AMERICA

CURRENCY-NEUTRAL SALES GROW 22%

REVENUES AT ADIDAS UP 31%, FUELLED BY DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK SALES DECLINE 13%, DUE TO ONGOING EFFORTS TO STREAMLINE US DISTRIBUTION

GROSS MARGIN IMPROVEMENT (+1.2PP) DRIVEN BY IMPROVING BRAND STRENGTH

OPERATING MARGIN UP STRONGLY (+4.1PP), REFLECTING GROSS MARGIN EXPANSION AND OPERATING LEVERAGE

# ROBUST BRAND POSITIONING EXPANDS FURTHER

GREATER  
CHINA

CURRENCY-NEUTRAL SALES GROW 30%

8<sup>TH</sup> CONSECUTIVE QUARTER OF DOUBLE-DIGIT GROWTH

SALES AT ADIDAS SOAR 30%, FUELLED BY STRONG DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE CATEGORIES AS WELL AS AT ADIDAS ORIGINALS AND ADIDAS NEO

REEBOK REVENUES UP 22%, DRIVEN BY SALES GROWTH IN RUNNING, TRAINING AS WELL AS AT CLASSICS

GROSS MARGIN REACHES 57.2%, SUPPORTED BY A MORE FAVOURABLE PRODUCT AND PRICING MIX

OPERATING MARGIN UP 2.5PP TO 39.1%

# STRONG GROWTH IN LIGHT OF THE RIO 2016 OLYMPIC GAMES

## LATIN AMERICA

SALES UP 19% IN Q1, WITH DOUBLE-DIGIT GROWTH IN ALL THE REGION'S MAJOR MARKETS

REVENUES AT ADIDAS RISE 23%, DRIVEN BY DOUBLE-DIGIT SALES GROWTH IN KEY PERFORMANCE CATEGORIES AND AT ADIDAS ORIGINALS

REVENUES IN RETAIL GROW 30% CURRENCY-NEUTRAL, WITH COMP STORE SALES UP 14%

GROSS MARGIN IMPROVES (+2.8PP), SUPPORTED BY A MORE FAVOURABLE PRICING AND CHANNEL MIX

# SALES GROWTH IN Q1 DESPITE STRUCTURAL CHALLENGES

## OTHER BUSINESSES

CURRENCY-NEUTRAL SALES UP 6%

SALES AT TMAG DECLINE 1%, AS GROWTH AT TAYLORMADE AND ADIDAS GOLF WAS MORE THAN OFFSET BY DECLINES AT ADAMS AND ASHWORTH

REEBOK-CCM HOCKEY SALES DOWN 2%, AS GROWTH IN STICKS AND PROTECTIVE EQUIPMENT WAS MORE THAN OFFSET BY DECLINES IN LICENSED BUSINESS

OTHER CENTRALLY MANAGED BUSINESSES UP AT A STRONG DOUBLE-DIGIT RATE (+35%)

# GROUP GROSS MARGIN UP 0.3PP IN Q1

DESPITE SEVERE CURRENCY HEADWINDS

	Q1 2016	
GROSS MARGIN	+0.3pp	49.4%
OTHER OPERATING EXPENSES	+13%	€ 1,924 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	(1.3pp)	40.3%
OPERATING PROFIT	+35%	€ 490 MILLION
OPERATING MARGIN	+1.4pp	10.3%

*Excluding goodwill impairment losses.  
Figures reflect continuing operations as a result of the divestiture of the Rockport business.*

## UNDERLYING NET INCOME GROWS 38% TO € 350 MILLION

	Q1 2016	
FINANCIAL INCOME	+25%	€ 19 MILLION
FINANCIAL EXPENSES	(15%)	€ 13 MILLION
INCOME BEFORE TAXES	+37%	€ 497 MILLION
NET INCOME FROM CONTINUING OPERATIONS	+38%	€ 350 MILLION
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	+38%	€ 1.71

*Excluding goodwill impairment losses in 2015.  
Figures reflect continuing operations as a result of the divestiture of the Rockport business.*

# RETAIL PROFITABILITY IMPROVES STRONGLY

COMP STORE SALES EXCL. RUSSIA/CIS UP 16% IN Q1

**NET SALES**  
(€ IN MILLIONS)

**Q1 2016**

**1,034**

**CHANGE**

**↑ +22%<sup>1)</sup>**

**ADIDAS COMP STORE SALES**

**↑ +15%<sup>1)</sup>**

**REEBOK COMP STORE SALES**

**↑ +3%<sup>1)</sup>**

**TOTAL COMP STORE SALES**

**↑ +13%<sup>1)</sup>**

**GROSS  
MARGIN**

**61.2%**

**↑ +3.3pp**

**OPERATING  
MARGIN**

**19.6%**

**↑ +5.5pp**

<sup>1)</sup> CURRENCY-NEUTRAL

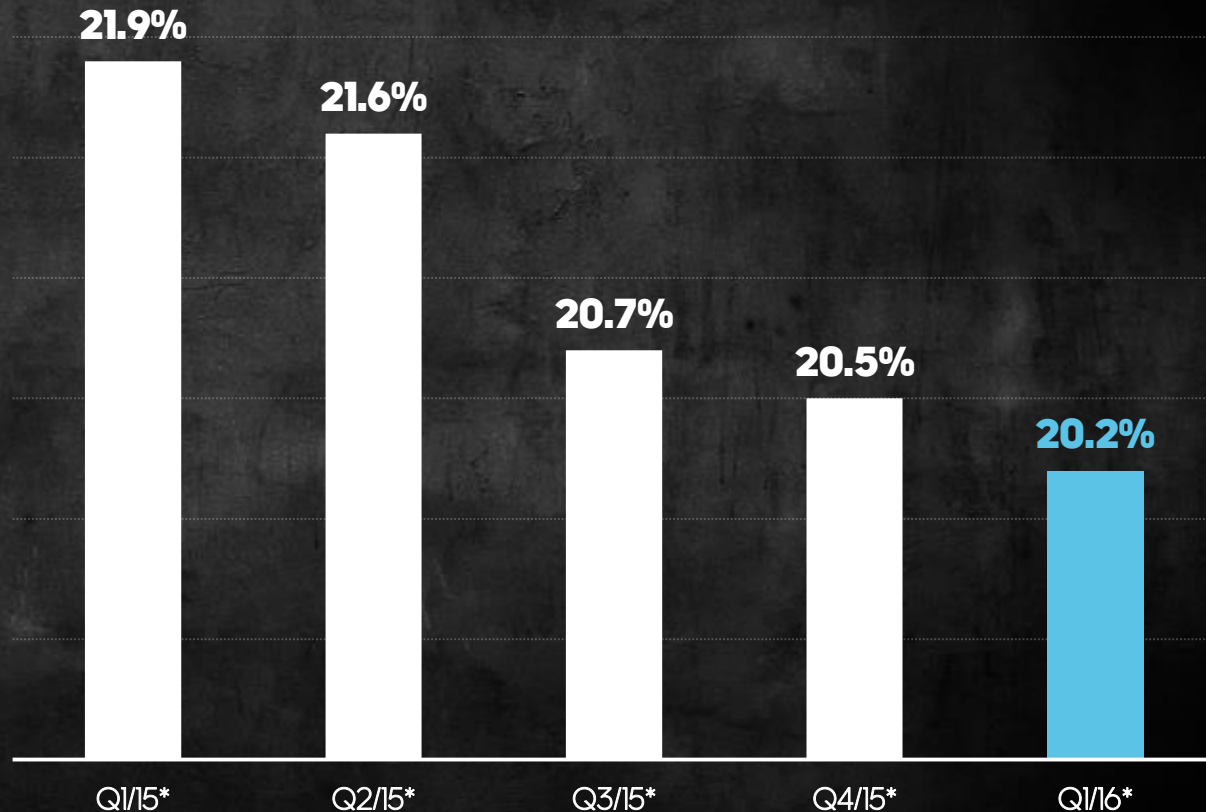
## AVERAGE OWC IN % OF SALES

IMPROVES 1.7PP TO 20.2%

INVENTORIES GROW 25% (CN)  
TO SUPPORT TOP-LINE  
MOMENTUM

RECEIVABLES UP 11% (CN)

PAYABLES GROW 11% (CN),  
REFLECTING THE INCREASE IN  
INVENTORIES



Average operating working capital in % of sales at quarter-end.

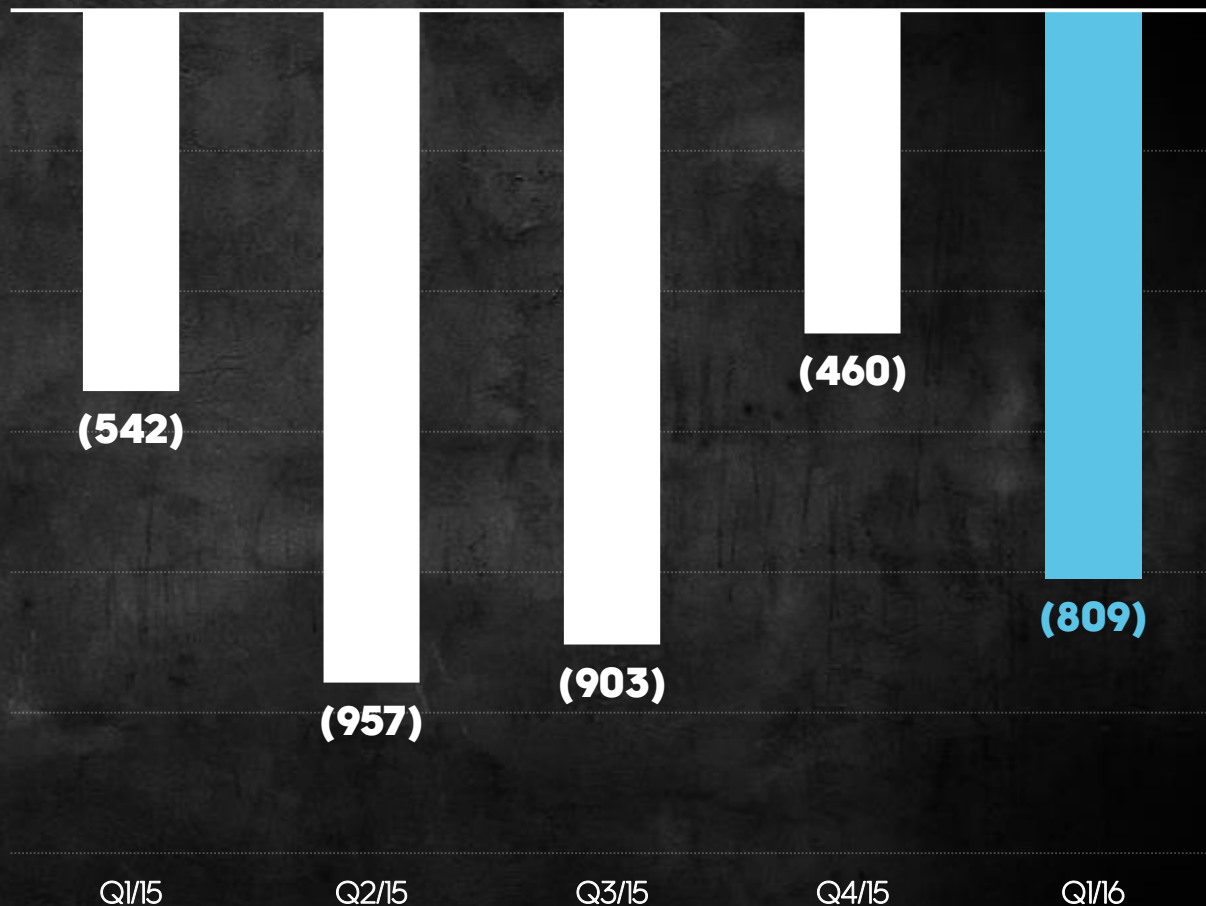
\*2016, 2015 reflect continuing operations as a result of the divestiture of the Rockport business.

## NET DEBT POSITION OF € 809 MILLION

INCREASE IN NET DEBT DUE TO  
UTILISATION OF CASH FOR THE  
PURCHASE OF FIXED ASSETS, THE  
ACQUISITION OF RUNTASTIC AND  
THE SHARE BUYBACK PROGRAMME

RATIO OF NET DEBT/EBITDA  
AMOUNTS TO 0.5 (2015: 0.4)

EQUITY RATIO REMAINS AT  
STRONG LEVEL OF 42.3%  
(2015: 46.7%)



*Net debt at quarter-end, € in millions.*



# OUTLOOK

HERBERT HAINER  
ADIDAS GROUP CEO



# COPA AMERICA

STRONG PORTFOLIO OF LEADING FEDERATIONS





# UEFA EURO 2016

ADIDAS OFFICIAL SPONSOR, OUTFITTER AND LICENSEE OF THE UEFA EURO



# RUNNING

KEY FOOTWEAR FRANCHISES  
TO PROPEL MOMENTUM



adidas

ENERGY UNCAGED

ULTRABOOST UNCAGED



B O U N C E  
ENERGIZED CUSHIONING

**RUNNING**

BOUNCE TO SUPPORT MOMENTUM  
IN NORTH AMERICA

# ORIGINALS

FOCUS ON KEY FRANCHISES





**ORIGINALS**

YOUR FUTURE IS NOT MINE

future

# NEO

INTRODUCING CLOUDFOAM



A woman with short grey hair is running through a forest at sunset. She is wearing a black Reebok tank top and black pants. The sun is low on the horizon, creating a warm glow. In the foreground, there are several Reebok Spartan Race banners. The background is filled with tall evergreen trees.

# REEBOK

25,915 DAYS CAMPAIGN





## IMPROVED OUTLOOK

ADIDAS GROUP INCREASES FY 2016 GUIDANCE

### GROUP SALES TO INCREASE

AT A RATE OF AROUND 15%

### GROSS MARGIN DECLINE TO BE LIMITED

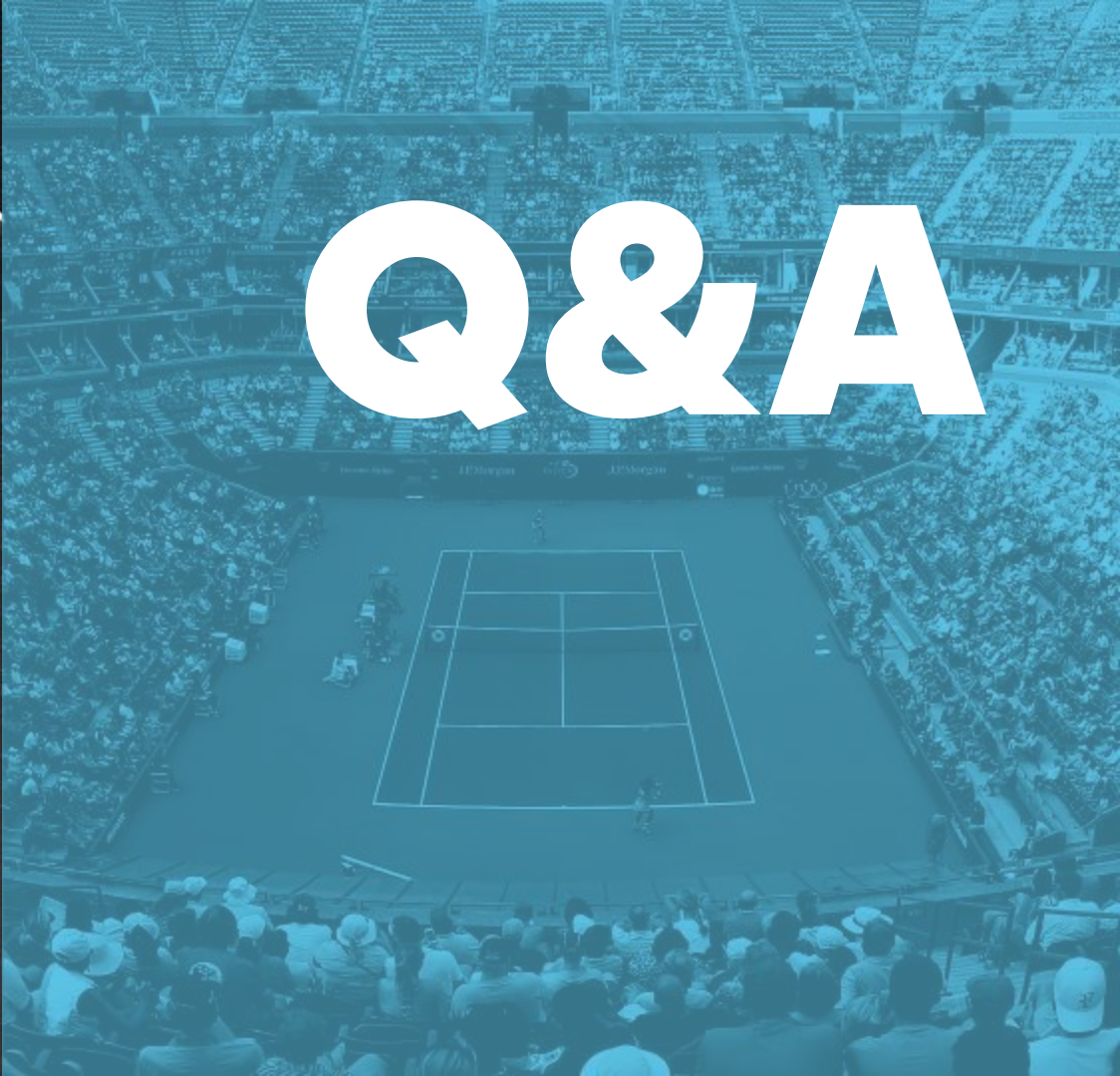
TO A MAXIMUM OF 50 BASIS POINTS

### OPERATING MARGIN TO INCREASE

BY UP TO 50 BASIS POINTS TO A LEVEL BETWEEN 6.6% AND 7.0%

### NET INCOME TO INCREASE

AT A RATE BETWEEN 15% AND 18%



## UPCOMING EVENTS

### DATE

### EVENT

MAY 12, 2016

ANNUAL GENERAL MEETING

JULY 18, 2016

3<sup>RD</sup> IR TUTORIAL WORKSHOP

AUGUST 4, 2016

FIRST HALF 2016 RESULTS

NOVEMBER 3, 2016

FIRST NINE MONTHS 2016 RESULTS