

HOW

Q3 2016 RESULTS PRESENTATION

HERZOGENAURACH – NOVEMBER 3, 2016

NEW

WE CREATE THE



INTRODUCTION

SEBASTIAN STEFFEN
VP INVESTOR RELATIONS





GETTING STARTED

KASPER RORSTED
ADIDAS GROUP CEO





SUCCESSFUL HANDOVER

GAINING HOLISTIC PICTURE



EMPLOYEES

PARTNERS

CUSTOMERS



Q3 KEY TAKEAWAYS

BROAD-BASED MOMENTUM CONTINUES

FULL YEAR GUIDANCE CONFIRMED



CREATING THE NEW

A full-page background image of Lionel Messi in his Argentina national team jersey, celebrating a goal with his arms outstretched and mouth open. The image is slightly blurred to convey motion. A semi-transparent blue horizontal band is overlaid across the middle of the image, serving as a background for the text.

INITIAL PRIORITIES

ENSURE SUSTAINABLE GROWTH

INITIAL PRIORITIES

DRIVE DIGITAL TRANSFORMATION





INITIAL PRIORITIES

**CONTINUE
US TURNAROUND**



INITIAL PRIORITIES

**STRENGTHENING
REEBOK**

The background of the slide is a photograph of a gym. In the foreground, a man in a white t-shirt and black shorts is performing a squat with a heavy barbell. To his right, a woman in a white sports bra and black shorts is also squatting with a barbell. In the background, another man is visible, and there are various gym equipment like weights and racks. The Reebok logo is overlaid in the top left corner in a light blue color.

REEBOK

- | **CREATE GLOBAL TEAM FOCUSED ON REEBOK**

- | **MOVE AND STREAMLINE ORGANISATION**

- | **SALE OF CANTON PREMISES**

- | **STORE NETWORK OPTIMISATION**

A silhouette of a golfer in mid-swing, holding a golf club, stands against a bright sunset sky. A crowd of spectators is visible in the foreground, also silhouetted against the low sun. The scene is captured in a cinematic style with warm, golden light.

INITIAL PRIORITIES

**CONCLUDE DIVESTITURE
OF GOLF BRANDS**

2017 EXPECTATIONS



| **ROBUST TOP-LINE EXPANSION**

| **FURTHER MARGIN IMPROVEMENT**

| **INVESTING INTO THE BUSINESS**

MARCH
08

2017

FY 2016 RESULTS

MARCH
14

2017

STRATEGY UPDATE

A blue-tinted, close-up portrait of a man with a beard and long hair, wearing a white zip-up jacket. The image is partially obscured by the text overlay.

FINANCIAL HIGHLIGHTS

ROBIN J. STALKER
ADIDAS GROUP CFO



MAJOR DEVELOPMENTS IN Q3

ADIDAS GROUP WITH STRONG FINANCIAL PERFORMANCE

GROUP REVENUES GROW 17% CURRENCY-NEUTRAL

OR 14% IN EURO TERMS TO € 5.4 BILLION

ADIDAS BRAND UP 20% CURRENCY-NEUTRAL

WITH DOUBLE-DIGIT GROWTH ACROSS ALL KEY REGIONS

REEBOK REVENUES INCREASE 7% CURRENCY-NEUTRAL

AS A RESULT OF SALES IMPROVEMENTS IN ALL REGIONS

GROSS MARGIN DOWN 90 BASIS POINTS TO 47.6%

DUE TO SEVERE HEADWINDS FROM NEGATIVE CURRENCY EFFECTS

OPERATING MARGIN DECREASES 0.2PP TO 10.4%

REFLECTING THE DECLINE IN GROSS MARGIN

UNDERLYING NET INCOME INCREASES 15%

TO € 387 MILLION

STRONG MOMENTUM IN SPORT PERFORMANCE CONTINUES

DRIVEN BY DOUBLE-DIGIT INCREASES IN NEARLY ALL KEY CATEGORIES



+13%

LIFESTYLE BUSINESS WITH OUTSTANDING PERFORMANCE

6TH CONSECUTIVE QUARTER OF +30% GROWTH



adidas[®] neo

+42%

adidas neo

ROBUST TOP-LINE MOMENTUM AT REEBOK

GROWTH IN ALL MARKET SEGMENTS

Reebok  +7%

TOP-LINE RECOVERY AT TMAG CONTINUES

DOUBLE-DIGIT GROWTH IN THE METALWOODS AND PUTTERS CATEGORIES

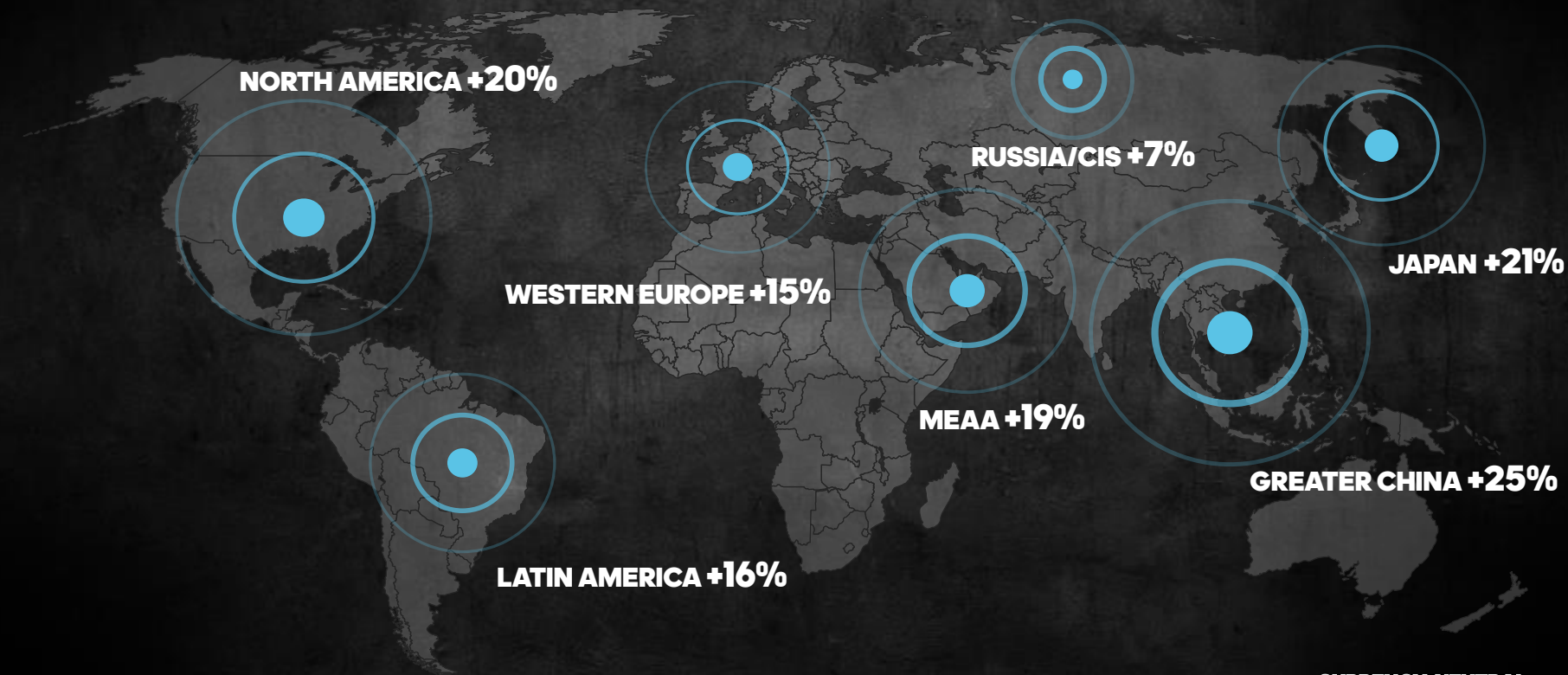
 **TaylorMade**



+6%

BROAD-BASED TOP-LINE GROWTH

DOUBLE-DIGIT SALES INCREASES ACROSS MOST REGIONS



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

The background of the slide is a grayscale photograph of the London skyline. On the left, the London Eye is prominent, with its spokes and capsules visible. In the center and right, the Big Ben clock tower and other buildings of the Houses of Parliament are visible. The sky is overcast with clouds.

STRONG BRAND MOMENTUM CONTINUES

WESTERN EUROPE

CURRENCY-NEUTRAL SALES INCREASE 15% IN Q3, WITH DOUBLE-DIGIT GROWTH ACROSS ALL KEY MARKETS

ADIDAS REVENUES UP 15%, DRIVEN BY DOUBLE-DIGIT SALES INCREASES AT ADIDAS ORIGINALS AND ADIDAS NEO

REEBOK SALES INCREASE 15%, REFLECTING DOUBLE-DIGIT GROWTH IN TRAINING AND IN CLASSICS

RETAIL SALES GROW 26%, WITH COMP STORE SALES UP A STRONG 14%

GROSS MARGIN NEGATIVELY IMPACTED BY SEVERE FX HEADWINDS

ADIDAS GAINS FURTHER TRACTION AMONGST US CONSUMERS

NORTH AMERICA

CURRENCY-NEUTRAL SALES GROW 20% IN Q3, 3RD CONSECUTIVE QUARTER OF STRONG DOUBLE-DIGIT GROWTH

ADIDAS SALES UP 24%, REFLECTING DOUBLE-DIGIT GROWTH IN SPORT PERFORMANCE AS WELL AS AT ADIDAS ORIGINALS AND ADIDAS NEO

RETAIL SALES GROW 18%, WITH COMP STORE SALES UP 13%

OPERATING MARGIN UP 0.7PP, REFLECTING GROSS MARGIN EXPANSION AND OPERATING LEVERAGE



ONGOING BRAND HEAT AT ADIDAS AND REEBOK

**GREATER
CHINA**

CURRENCY-NEUTRAL SALES UP 25% IN Q3,
REPRESENTING 10TH CONSECUTIVE QUARTER OF
DOUBLE-DIGIT GROWTH

SALES AT ADIDAS GROW 25%, FUELLED BY STRONG
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND
LIFESTYLE CATEGORIES

REEBOK REVENUES UP 19%, DRIVEN BY DOUBLE-DIGIT
GROWTH IN TRAINING AS WELL AS MID-SINGLE-DIGIT
INCREASES IN RUNNING AND IN CLASSICS

SIGNIFICANT GROSS MARGIN IMPROVEMENTS (+1.5PP),
REFLECTING ONGOING BRAND STRENGTH

OPERATING MARGIN GROWS STRONGLY (+2.0PP),
DRIVEN BY GROSS MARGIN EXPANSION AND
OPERATING LEVERAGE

RIO 2016 OLYMPIC GAMES SPUR BRAND MOMENTUM

LATIN AMERICA

CURRENCY-NEUTRAL SALES GROW 16% IN Q3, SUPPORTED BY DOUBLE-DIGIT GROWTH IN ARGENTINA, PERU AND COLOMBIA

REVENUES AT ADIDAS UP 18%, DRIVEN BY DOUBLE-DIGIT SALES GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK SALES INCREASE 4%, SUPPORTED BY DOUBLE-DIGIT GROWTH IN TRAINING AS WELL AS IN CLASSICS

REVENUES IN RETAIL GROW 26%, WITH COMP STORE SALES UP A STRONG 15%

OPERATING MARGIN IMPROVES SIGNIFICANTLY (+2.0PP), REFLECTING STRONG OPERATING LEVERAGE

SIGNIFICANT TOP- AND BOTTOM-LINE IMPROVEMENTS IN Q3

OTHER BUSINESSES

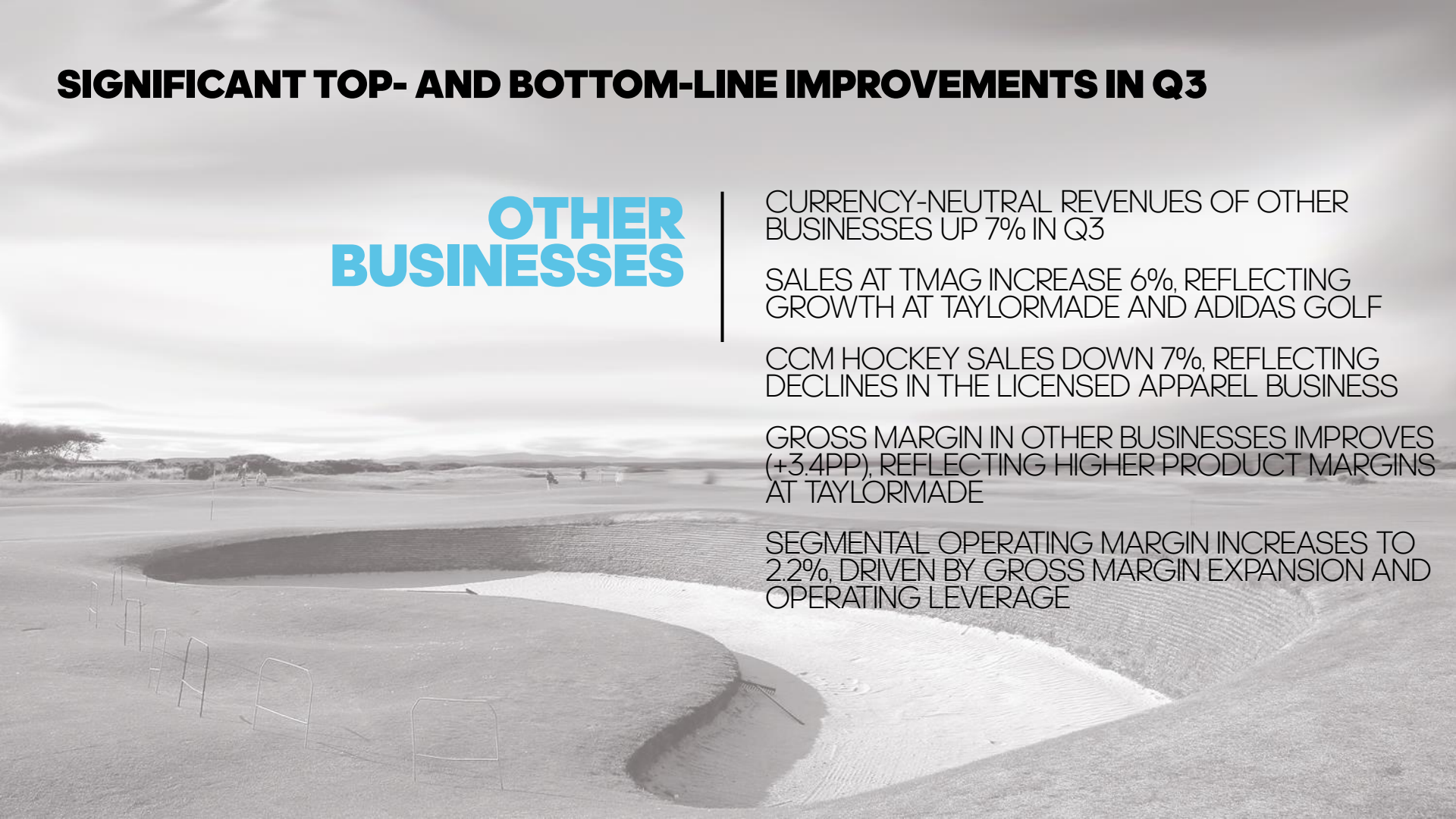
CURRENCY-NEUTRAL REVENUES OF OTHER BUSINESSES UP 7% IN Q3

SALES AT TMAG INCREASE 6%, REFLECTING GROWTH AT TAYLORMADE AND ADIDAS GOLF

CCM HOCKEY SALES DOWN 7%, REFLECTING DECLINES IN THE LICENSED APPAREL BUSINESS

GROSS MARGIN IN OTHER BUSINESSES IMPROVES (+3.4PP), REFLECTING HIGHER PRODUCT MARGINS AT TAYLORMADE

SEGMENTAL OPERATING MARGIN INCREASES TO 2.2%, DRIVEN BY GROSS MARGIN EXPANSION AND OPERATING LEVERAGE

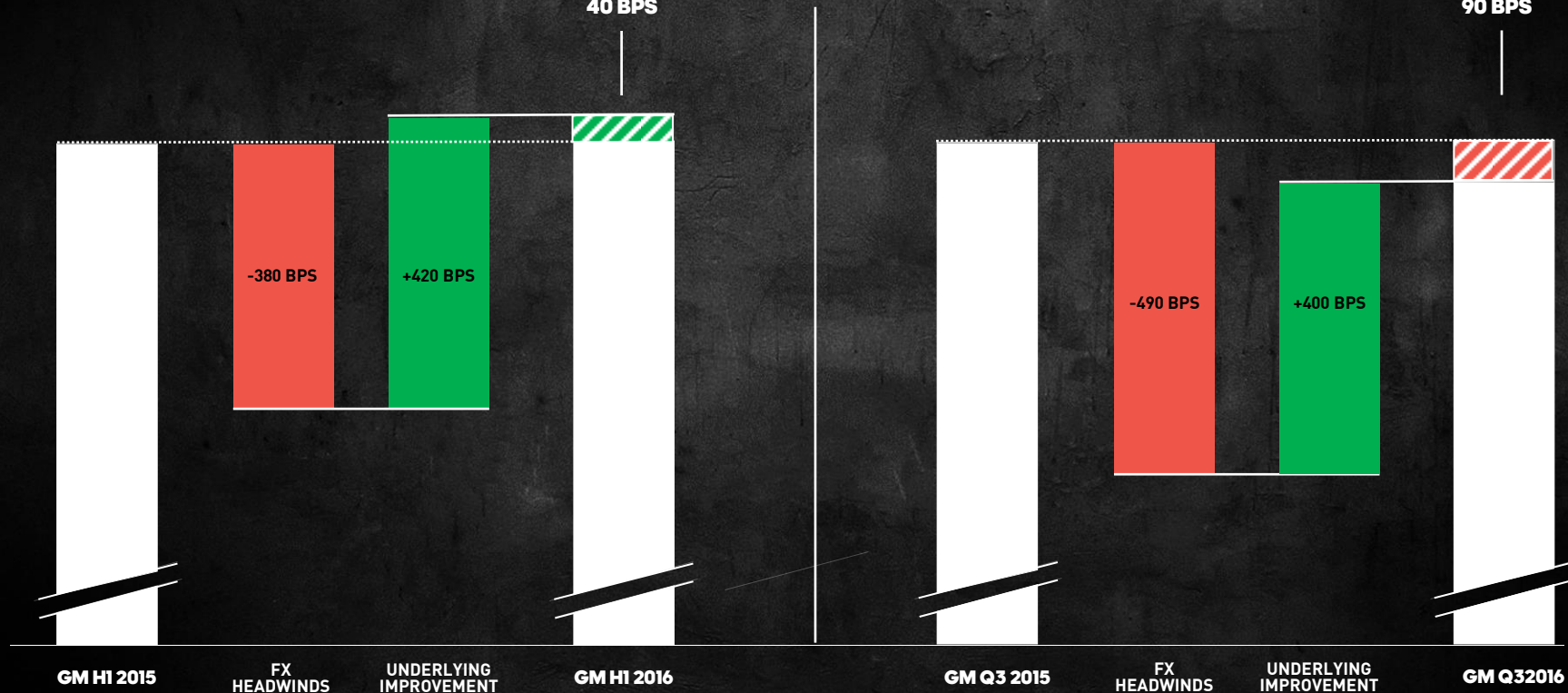


INCREASED FX HEADWINDS DRIVE GROSS MARGIN DECLINE

DESPITE STRONG UNDERLYING IMPROVEMENT

INCREASE OF
40 BPS

DECLINE OF
90 BPS



OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES DECREASE 0.8PP TO 38.0% IN Q3

	Q3 2016		9M 2016	
GROSS MARGIN	(0.9pp)	47.6%	(0.1pp)	48.6%
OTHER OPERATING EXPENSES	+12%	€ 2,058 MILLION	+12%	€ 5,916 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	(0.8pp)	38.0%	(0.8pp)	40.5%
OPERATING PROFIT	+11%	€ 563 MILLION	+33%	€ 1,468 MILLION
OPERATING MARGIN	(0.2pp)	10.4%	+1.4pp	10.0%

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

UNDERLYING NET INCOME UP 15% TO € 387 MILLION IN Q3

	Q3 2016		9M 2016	
FINANCIAL INCOME	(23%)	€ 6 MILLION	+10%	€ 35 MILLION
FINANCIAL EXPENSES	+30%	€ 24 MILLION	0%	€ 51 MILLION
INCOME BEFORE TAXES	+10%	€ 545 MILLION	+34%	€ 1,452 MILLION
NET INCOME FROM CONTINUING OPERATIONS	+15%	€ 387 MILLION	+39%	€ 1,028 MILLION
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	13%	€ 1.88	+38%	€ 5.01

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

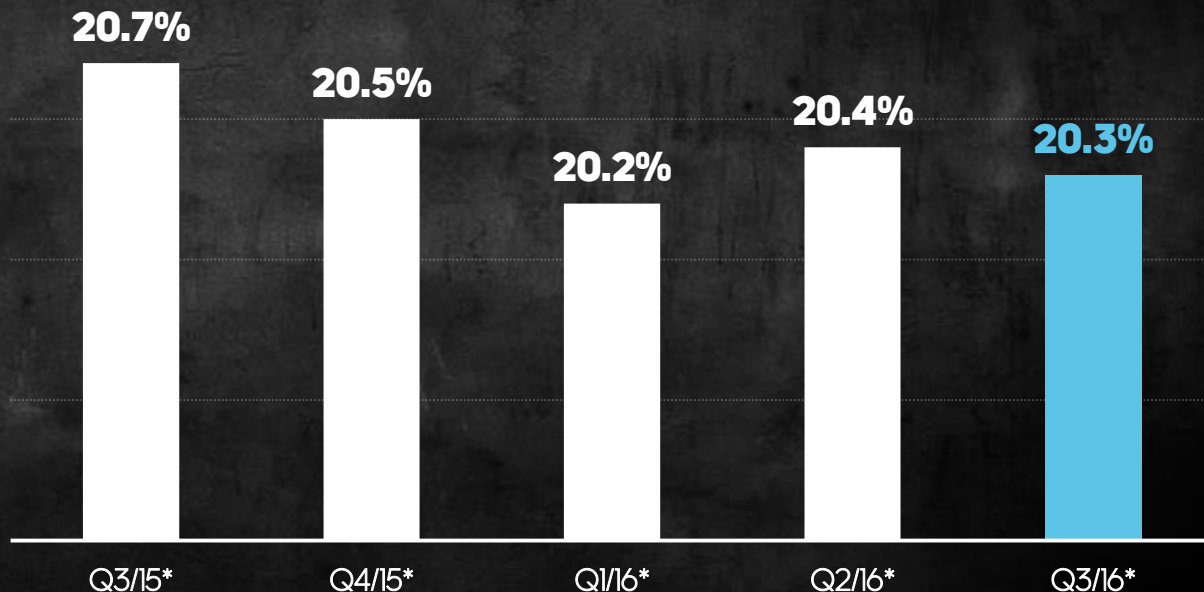
AVERAGE OWC IN % OF SALES

DOWN 0.4PP TO 20.3%

INVENTORIES GROW 18% (CN)
TO SUPPORT TOP-LINE
MOMENTUM

RECEIVABLES UP 9% (CN)

PAYABLES GROW 15% (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.*

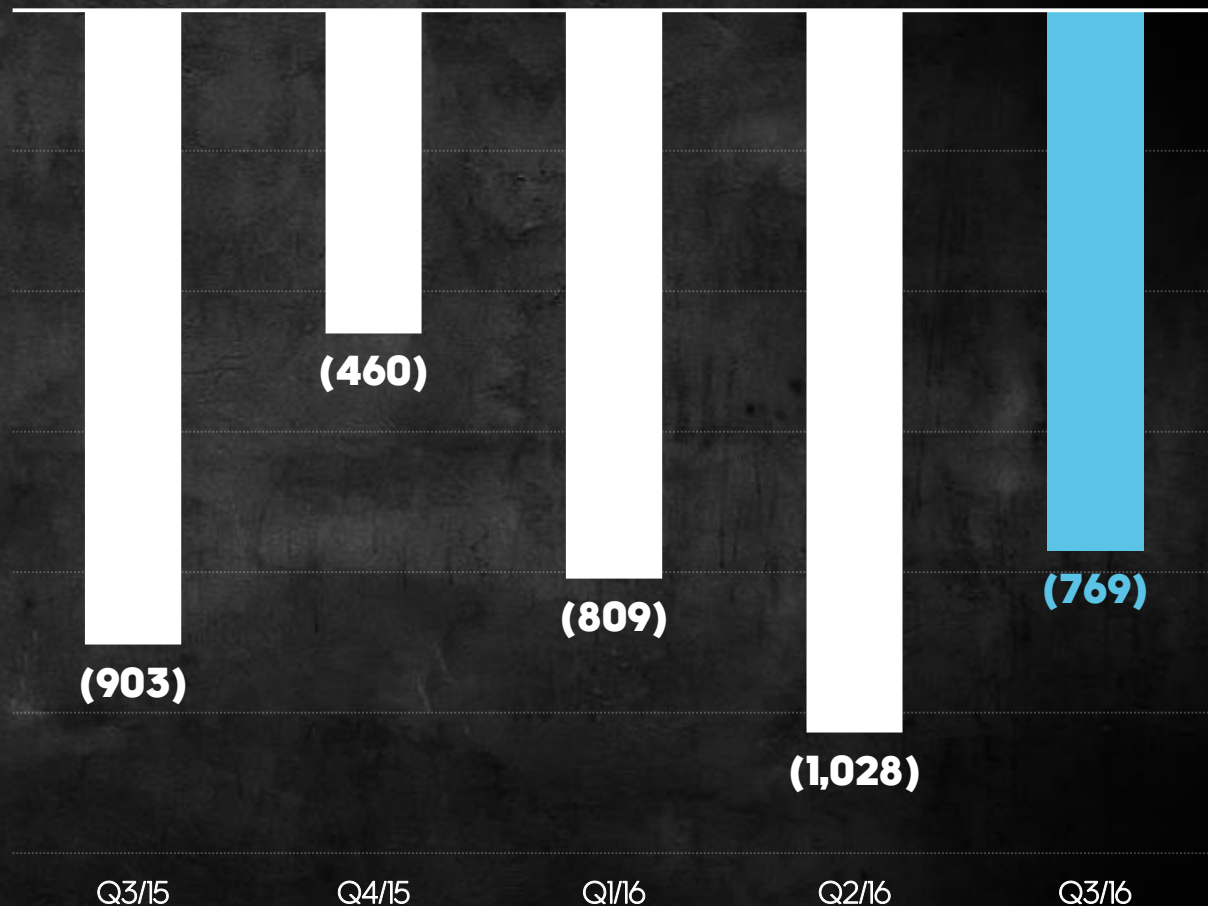
NET DEBT POSITION

OF € 769 MILLION

DECREASE DUE TO AN
INCREASE IN CASH GENERATED
FROM OPERATING ACTIVITIES

RATIO OF NET DEBT/EBITDA
AMOUNTS TO 0.4 (2015: 0.6)

EQUITY RATIO REMAINS AT
STRONG LEVEL OF 43.0%
(2015: 44.0%)



Net debt at quarter-end, € in millions.



OUTLOOK

ROBIN J. STALKER
ADIDAS GROUP CFO



FOOTBALL NEEDS CREATORS

LATEST CHAPTER OF THE ADIDAS SPORT 16 CAMPAIGN



FOOTBALL

STELLAR PACK – MOON LANDING FOR ACE & X



RUNNING

REFLECTIVE PACK TO CREATE HYPE AROUND KEY RUNNING FRANCHISES





TRAINING

INTRODUCING THE ATHLETICS FRANCHISE



BASKETBALL

WAKING THE GAME UP WITH HARDEN VOL. 1

ORIGINALS

ACCELERATION OF FRANCHISE STRATEGY



A close-up, high-contrast photograph of Gigi Hadid in a boxing stance. She is wearing black boxing gloves with red accents and the Reebok logo. Her face is partially obscured by the glove, and she has a focused, intense expression. The background is dark and out of focus.

REEBOK

JOINING FORCES WITH GLOBAL STYLE ICON GIGI HADID



REEBOK

INTRODUCING THE NEW LIQUID FACTORY



ONE WAY

5 AV

ST

POINT OF SALE

NYC FLAGSHIP OPENING ON DEC 1

OUTLOOK

ADIDAS GROUP CONFIRMS FULL YEAR GUIDANCE

GROUP SALES TO INCREASE

AT A RATE IN THE HIGH TEENS

GROSS MARGIN TO BE BETWEEN

48.0% AND 48.3%

OPERATING MARGIN TO INCREASE

TO A LEVEL OF UP TO 7.5%

UNDERLYING NET INCOME TO INCREASE

AT A RATE OF BETWEEN 35% AND 39% TO A LEVEL BETWEEN € 975 MILLION AND € 1.0 BILLION





Q&A



UPCOMING EVENTS

DATE	EVENT
MARCH 08, 2017	FULL YEAR 2016 RESULTS
MARCH 14, 2017	STRATEGY UPDATE
MAY 04, 2017	FIRST QUARTER 2017 RESULTS
MAY 11, 2017	ANNUAL GENERAL MEETING
AUGUST 03, 2017	FIRST HALF 2017 RESULTS