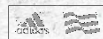


adidas[®]

GROUP



Q2 2015 Results

Analyst Presentation



MAKE A DIFFERENCE

Herzogenaurach, August 6, 2015

INTRODUCTION

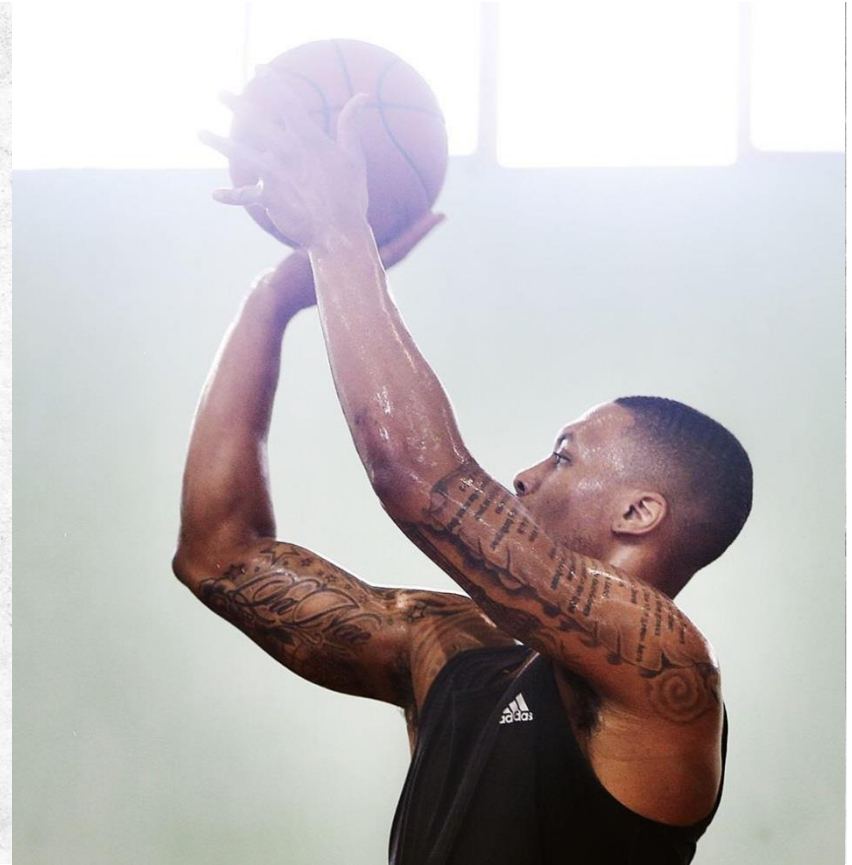
SEBASTIAN STEFFEN
VP INVESTOR RELATIONS

OPERATIONAL PERFORMANCE

HERBERT HAINER
ADIDAS GROUP CEO

MAJOR DEVELOPMENTS

- adidas and Reebok brands enjoying strong momentum
- Rockport divestiture completed
- Digital activities strengthened by acquisition of Runtastic
- Second tranche of share buyback programme finished
- Disappointing performance of TaylorMade-adidas Golf



TMaG

- Currency-neutral sales down 26% in Q2, due to declines in most categories
- Sell-through rates of new product launches below initial expectations
- Slower-than-expected golf market recovery contributes to TMaG weakness
- Engagement with investment bank to analyse future options for golf business, in particular Adams and Ashworth
- Major turnaround plan initiated



TMAG TURNAROUND PLAN

- Enhanced pricing, promotion and trade patterns
- Product cost and supply chain optimisation
- Re-prioritisation of global marketing investments
- Realisation of significant operating overhead savings





ROBUST GROWTH IN Q2

- Sales increase 5% currency-neutral or 15% in euro terms to € 3.9 billion
- adidas and Reebok grow 8% and 6% currency-neutral, respectively
- Gross margin down 0.9pp to 48.3%, partly due to lower margins at TMaG
- Operating margin down 0.4pp to 6.0%
- Net income from continuing operations grows 2% to € 146 million

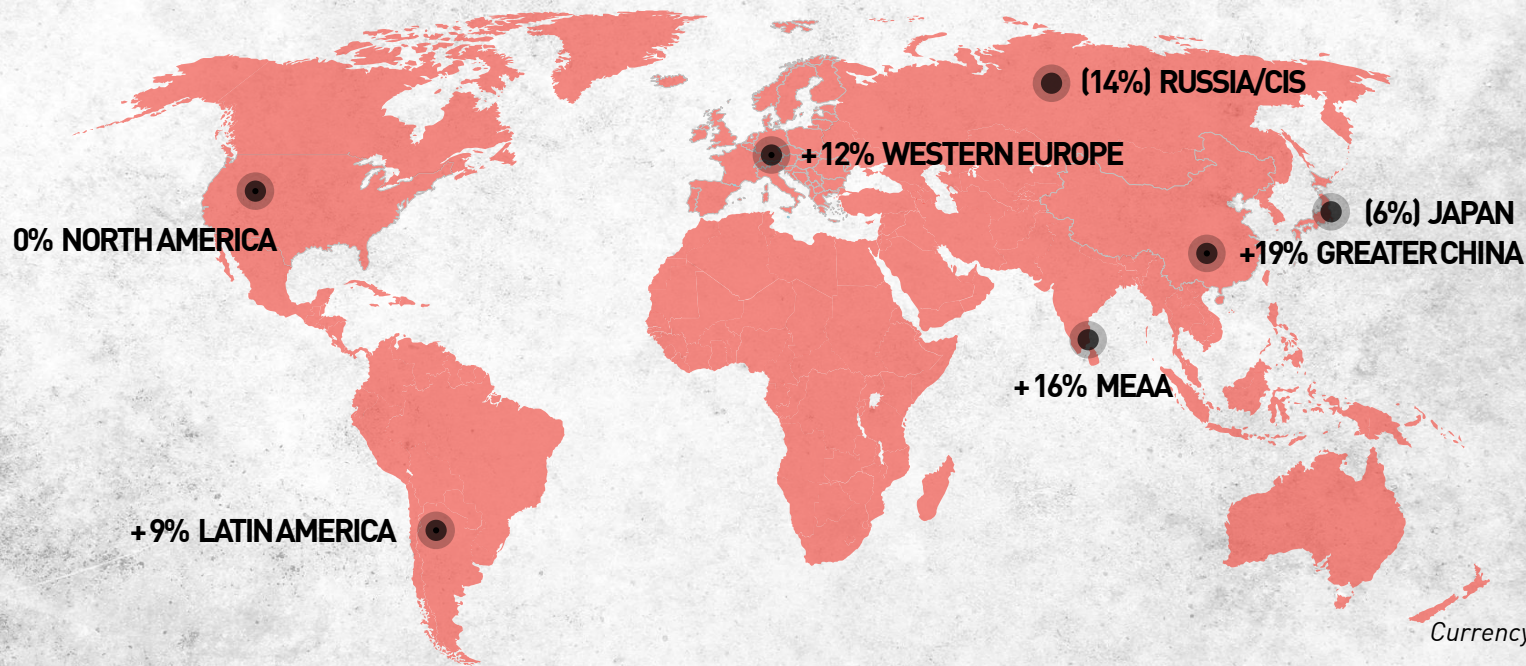


ADIDAS AND REEBOK WITH STRONG MOMENTUM

		Q2 2015	CHANGE	H1 2015	CHANGE
	NET SALES (€ IN MILLIONS)	3,180	↑ +8% ¹⁾	6,533	↑ +10% ¹⁾
	GROSS MARGIN	48.0%	↑ +0.7pp	48.0%	↑ +0.5pp
	NET SALES (€ IN MILLIONS)	408	↑ +6% ¹⁾	819	↑ +8% ¹⁾
	GROSS MARGIN	40.4%	↑ +1.9pp	39.6%	↑ +0.5pp

¹⁾ Currency-neutral.

SALES INCREASE IN MOST REGIONS IN Q2



Currency-neutral.

Figures reflect combined revenues of the adidas and Reebok businesses.

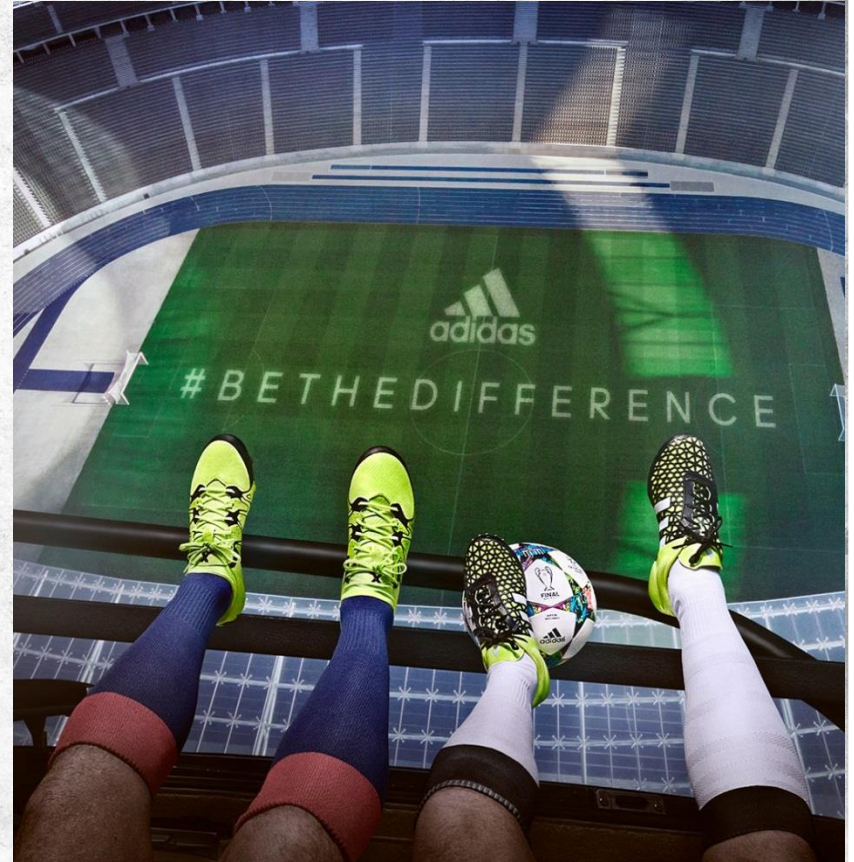
RUNNING

- Currency-neutral Running sales up 2% in Q2, supported by growth in most markets
- Double-digit sales increases in apparel
- More than 5 million Boost running shoes sold in 2015
- Great success with Ultra Boost – All White version sold out in three days
- 53 marathon wins with Boost and counting



FOOTBALL

- Football suffers revenue declines due to the anniversary of the 2014 FIFA World Cup
- Currency-neutral sales for Football footwear grow 17% in Q2
- Successful launch of 'ACE' and 'X'
- #BETHEDIFFERENCE Football Reset Campaign launched



TRAINING

- Currency-neutral Training sales increase 6% in Q2
- Growth driven by strong sales increases in apparel and hardware
- Double-digit growth in Greater China, Latin America and MEAA
- 50% sales increase for the ClimaChill product range



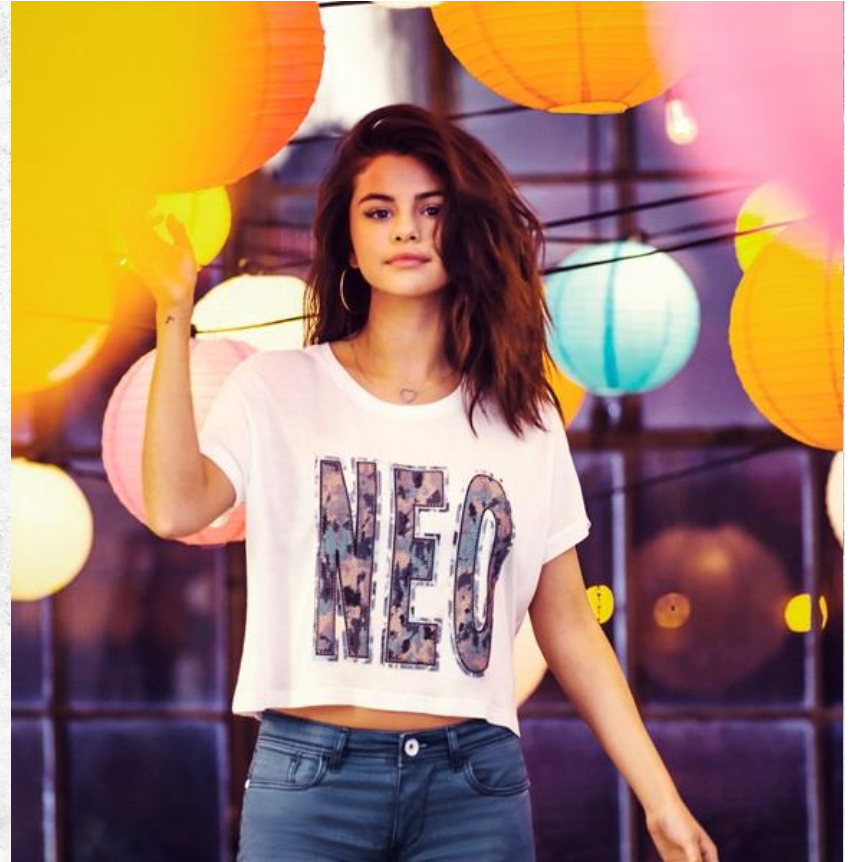
ORIGINALS

- Sales at adidas Originals increase 37% currency-neutral in Q2, driven by strong double-digit revenue increases in footwear
- Growth in footwear supported by strong franchises such as the Superstar, ZX Flux and Stan Smith
- Yeezy 350 Boost creates further hype
- Strong double-digit increase in all markets except Russia/CIS



NEO

- adidas NEO sales increase 43% currency-neutral in Q2
- Strong double-digit growth in both footwear and apparel
- Strong momentum across all markets except Russia/CIS
- Successful launch of the SS15 Selena Gomez Collection



REEBOK

- Currency-neutral Reebok revenues up 6% in Q2
- 9th consecutive quarter of growth
- Double-digit growth rates in the Training and Studio categories
- Strong momentum across most markets
- Revenues in North America negatively impacted by ongoing efforts to streamline the factory outlet business



FINANCIAL PERFORMANCE

ROBIN J. STALKER
ADIDAS GROUP CFO

WESTERN EUROPE

- Sales up 12% currency-neutral in Q2
- Double-digit sales growth in most of the region's major markets
- Strong sales growth at both adidas (+12%) and Reebok (+9%)
- Growth at adidas supported by double-digit sales increases at adidas Originals
- Retail sales grow +25% currency-neutral with comp sales up +6%



NORTH AMERICA

- Sales remain stable in Q2
- Revenues at adidas up 2%, supported by double-digit growth at adidas Originals
- Reebok sales decrease 9%, due to ongoing efforts to streamline the brand's factory outlet business
- Investments in brand-building activities and point-of-sale activation continue during the second quarter



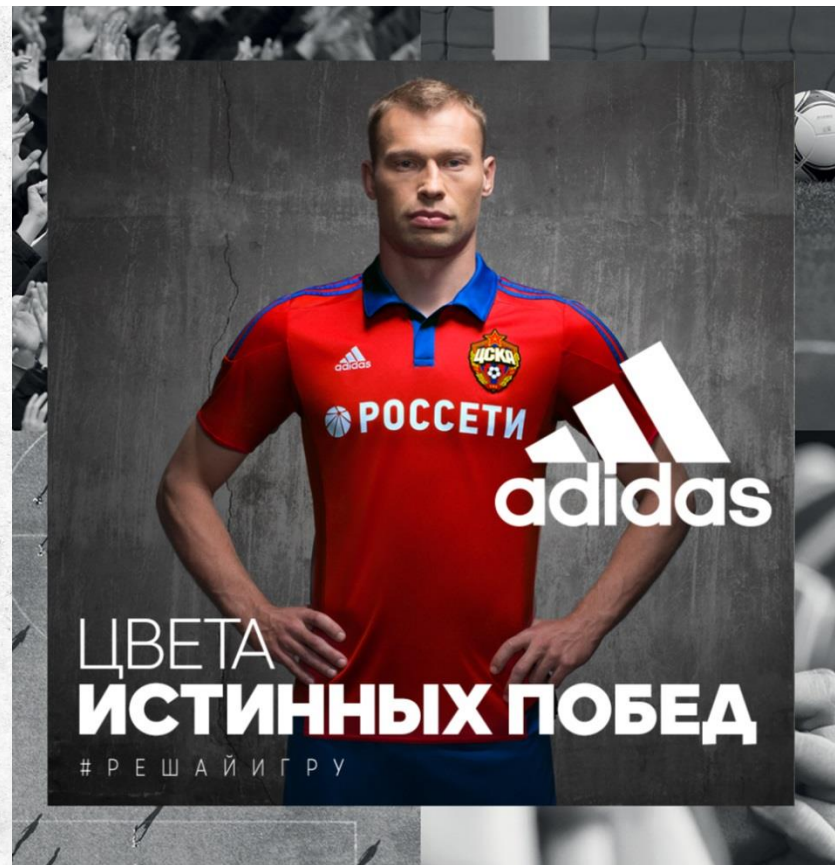
GREATER CHINA

- Currency-neutral sales grow 19% in Q2, with double-digit increases at both adidas (+19%) and Reebok (+57%)
- Growth at adidas driven by strong double-digit sales increases in key categories such as Training and Running as well as at adidas Originals and adidas NEO
- Sales increases at Reebok mainly due to significant growth in Classics



RUSSIA/CIS

- Sales down 14% currency-neutral in Q2
- Currency-neutral sales declines at both adidas (-16%) and Reebok (-8%)
- Further rationalisation of own-retail store network with 64 net store closures during Q2
- Significant reduction of operating expenses, primarily due to lower sales expenditure and rent leases



LATIN AMERICA

- Sales grow 9% currency-neutral in Q2 due to double-digit increases in Argentina, Chile and Peru
- Sales up 7% at adidas, driven by double-digit growth in Training, Basketball and adidas Originals
- Reebok grows 22%, supported by double-digit sales increases in Running, Training and Classics
- Revenues in retail up 11% currency-neutral



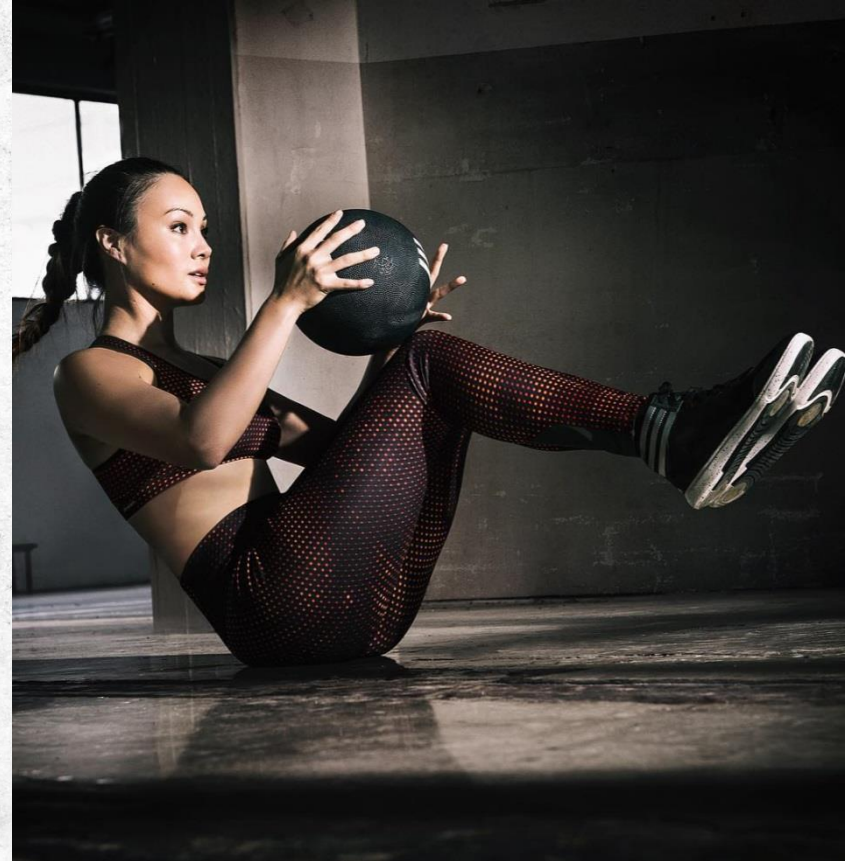
JAPAN

- Currency-neutral sales down 6% in Q2
- Growth at Reebok (+27%) more than offset by sales declines at adidas (-8%)
- Sales decline at adidas mainly due to double-digit decreases in the Training and Football categories
- Retail revenues up double-digits, supported by double-digit comp growth










MEAA

- Revenues in Q2 up 16% currency-neutral with double-digit increases in UAE, South Korea, Turkey and India
- adidas up 14%, driven by double-digit sales increases in Training and Running as well as at adidas Originals and NEO
- Reebok sales grow 23% mainly due to double-digit sales increases in the Training and Running categories
- Retail sales up at a high-single-digit rate, supported by 4% comp growth















PROFITABILITY OF OTHER BUSINESSES DECLINES

Other Businesses	Q2 2015	CHANGE	H1 2015	CHANGE
NET SALES	€ 365 million	↓ (14%) ¹⁾	€ 742 million	↓ (8%) ¹⁾
GROSS MARGIN	30.8%	↓ (5.9pp)	34.2%	↓ (3.2pp)
OPERATING MARGIN	(10.9%)	↓ (11.5pp)	(6.1%)	↓ (3.4pp)
      				

¹⁾ Currency-neutral.

Figures reflect continuing operations as a result of the divestiture of the Rockport business.













GROUP OPERATING PROFIT UP 14% IN H1

	Q2 2015	H1 2015
GROSS PROFIT	 +13% € 1,889 million	 +15% € 3,897 million
GROSS MARGIN	 (0.9pp) 48.3%	 (0.4pp) 48.8%
OTHER OPERATING EXPENSES	 +13% € 1,720 million	 +14% € 3,420 million
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	 (0.6pp) 44.0%	 (0.7pp) 42.8%
OPERATING PROFIT	 +8% € 234 million	 +14% € 596 million
OPERATING MARGIN	 (0.4pp) 6.0%	 (0.2pp) 7.5%

Excluding goodwill impairment of € 18 million in Q1 2015.

Figures reflect continuing operations as a result of the divestiture of the Rockport business.













NET INCOME GROWS 14% IN H1 2015

	Q2 2015		H1 2015	
FINANCIAL INCOME	 +64%	€ 8 million	 +102%	€ 24 million
FINANCIAL EXPENSES	 (14%)	€ 17 million	 (19%)	€ 32 million
INCOME BEFORE TAXES	 +11%	€ 225 million	 +18%	€ 588 million
INCOME TAX RATE	 +6.0pp	35.1%	 +2.9pp	31.8%
NET INCOME FROM CONTINUING OPERATIONS	 +2%	€ 146 million	 +14%	€ 401 million
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	 +6%	€ 0.72	 +17%	€ 1.96

Excluding goodwill impairment of € 18 million in Q1 2015.

Figures reflect continuing operations as a result of the divestiture of the Rockport business.

RETAIL PROFITABILITY IMPROVES STRONGLY

	Q2 2015	CHANGE	H1 2015	CHANGE
NET SALES	€ 1,057 million	 +8% ¹⁾	€ 1,952 million	 +11% ¹⁾
ADIDAS COMP STORE SALES		 {1%} ¹⁾		 +2% ¹⁾
REEBOK COMP STORE SALES		 {9%} ¹⁾		 {6%} ¹⁾
TOTAL COMP STORE SALES		 {2%} ¹⁾		 +1% ¹⁾
GROSS MARGIN	63.4%	 +2.9pp	61.8%	 +1.5pp
OPERATING MARGIN	23.3%	 +4.5pp	20.0%	 +3.7pp

¹⁾ Currency-neutral.

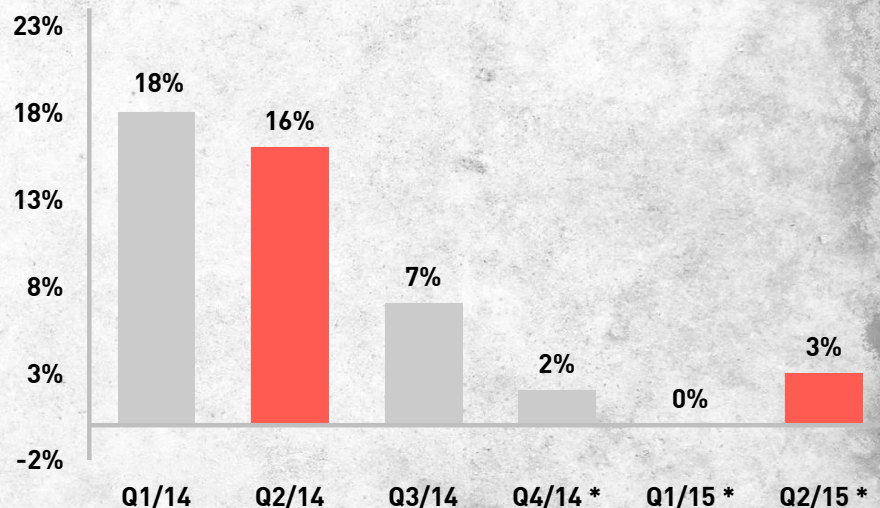
RETAIL STORE DEVELOPMENT

- 2,846 stores operated at quarter-end
- Net decrease of 67 stores versus 2,913 at the end of 2014
- 112 new stores opened, 179 stores closed, 39 stores remodelled
- 1,582 adidas and 422 Reebok branded; 842 factory outlets



INVENTORIES REMAIN AT HEALTHY LEVELS

- Inventories from continuing operations increase 3% (c.n.)
- Receivables from continuing operations up 3% (c.n.)
- Payables from continuing operations decrease 3% (c.n.)
- Average OWC in % of sales decreases 0.4pp to 21.6%



** Development of currency-neutral inventories from continuing operations in % at quarter-end.*

SHARE BUYBACK PROGRAMME

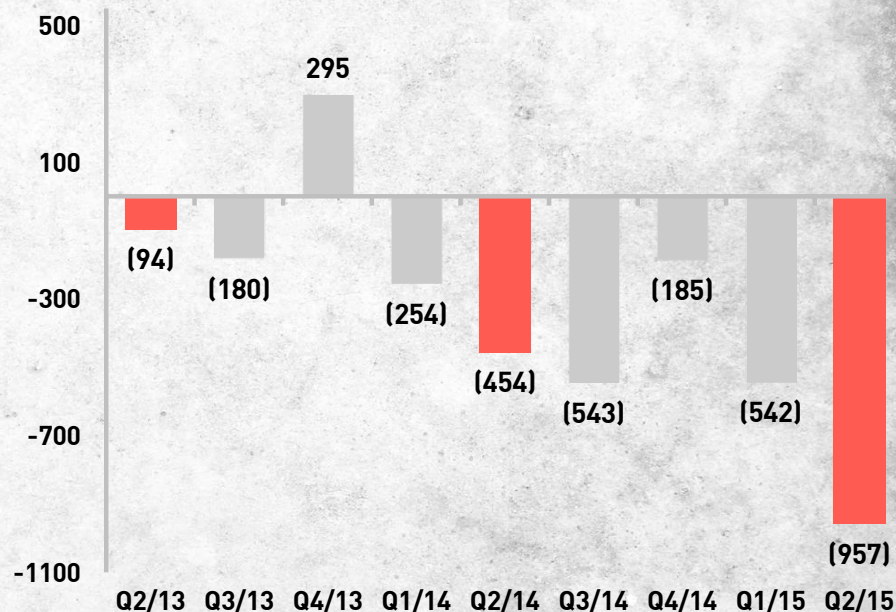
2nd tranche successfully completed:

- 2nd tranche:
 - 4,129,627 shares repurchased at average price of € 72.65 per share
- 1st tranche & 2nd tranche:
 - 9,018,769 shares repurchased, corresponding to 4.31% of nominal capital

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GROUP

NET DEBT GROWS TO € 957 MILLION

- Net borrowings increase to € 957 million (2014: € 454 million), due to the utilisation of cash for the share buyback programme
- Ratio of net borrowings/EBITDA amounts to 0.6 (2014: 0.4)
- Equity ratio decreases to 43.5% (2014: 46.4%)



Net cash/(net borrowings) at quarter-end, € in millions.

ADIDAS GROUP CONFIRMS FY 2015 OUTLOOK

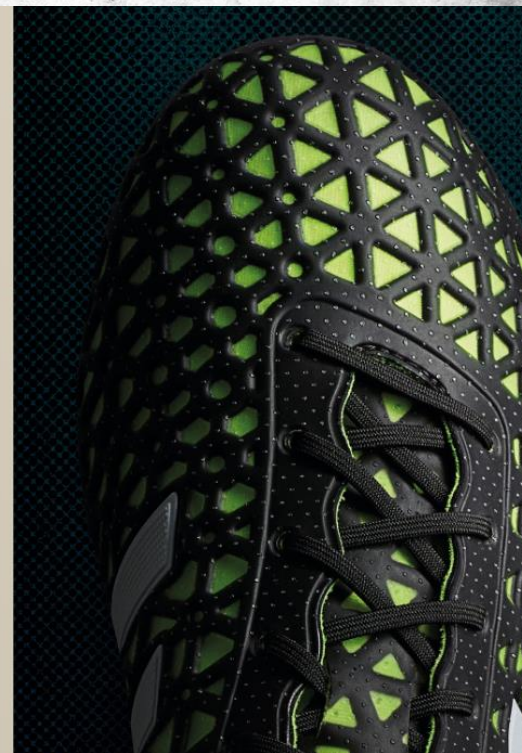
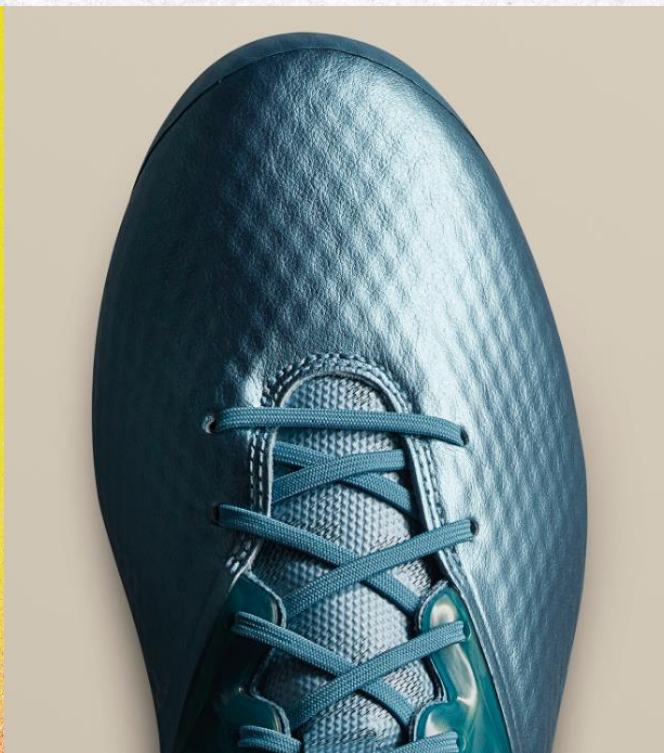
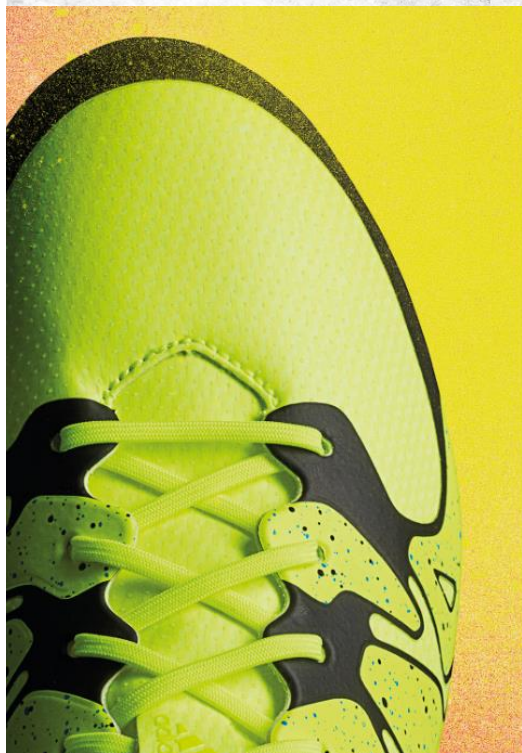
GROUP SALES (CURRENCY-NEUTRAL)	MID-SINGLE-DIGIT INCREASE
GROSS MARGIN	47.5% TO 48.5%
OTHER OPERATING EXPENSES (IN % OF SALES)	AROUND PRIOR YEAR LEVEL
OPERATING MARGIN¹⁾	BETWEEN 6.5% AND 7.0%
NET INCOME FROM CONTINUING OPERATIONS¹⁾	TO INCREASE AT A RATE OF 7% TO 10%

¹⁾ Excluding goodwill impairment losses.
Figures reflect continuing operations as a result of the divestiture of the Rockport business.

STRATEGIC INITIATIVES AND OUTLOOK

HERBERT HAINER
ADIDAS GROUP CEO

ACE AND X HIT RETAIL IN Q3



ADIDAS AND MANCHESTER UNITED REUNITE



SPORT 15 CAMPAIGN CONTINUES



ADIDAS CONTINUES TO FOCUS ON US SPORTS



INCREASING FOCUS ON THE MLB



ADIDAS AND PAC-12 ANNOUNCE PARTNERSHIP



INTRODUCING BOOST EXPERIENCE BY ADIDAS



FIRST 'SPORTSWEAR COLLECTIVE' STORE IN CHINA



SUPERSHELL SUPERSTAR BY PHARRELL WILLIAMS



REEBOK LAUNCHES CROSSFIT NANO 5.0



REEBOK UNVEILS FIRST-EVER UFC FIGHT KIT

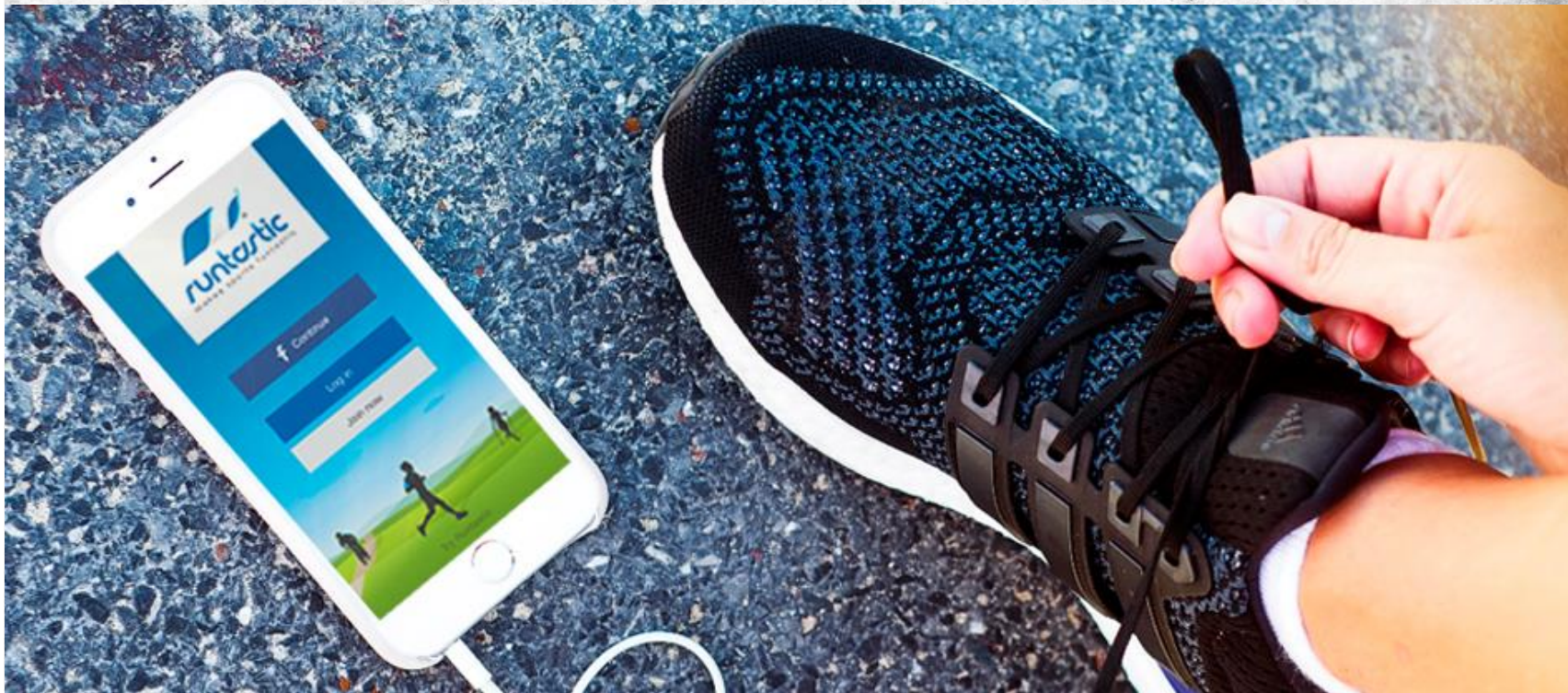
EARNED THROUGH GREATNESS. WORN WITH PRIDE.



TMAG READY FOR UPCOMING PRODUCT LAUNCHES



RUNTASTIC ACQUISITION COMPLETED



TREMENDOUS GROWTH STORY

70M

REGISTERED USERS

140M

APP DOWNLOADS

COMPLETING THE DIGITAL ECOSYSTEM



DIGITAL EXPERIENCE



QUESTIONS & ANSWERS