

Herzogenaurach, March 5, 2014

adidas<sup>®</sup>  
GROUP



FOR THE LOVE OF SPORT



Analyst Presentation  
2013 FULL YEAR RESULTS





# INTRODUCTION

John Paul O'Meara

Vice President Investor Relations





# OPERATIONAL HIGHLIGHTS

Herbert Hainer

adidas Group CEO



# adidas Group Delivers Record Fourth Quarter




- Sales increase 12% on a currency-neutral basis
- Growth across all regions and brands
- Football sales up 35% driven by sell-in of 2014 FIFA World Cup products
- Record operating profit of € 98 million, up fourfold compared to the prior year<sup>1)</sup>

<sup>1)</sup> Excluding goodwill impairment losses.



# adidas Group Hits Full Year 2013 Guidance

- 
- Sales increase 3% currency-neutral to € 14.5 billion
  - Gross margin up 1.5pp to a new record level of 49.3%
  - Operating margin improves 0.7pp to 8.7%<sup>1)</sup>
  - Net income attributable to shareholders grows 6% to € 839 million<sup>1)</sup>
  - Net cash position of € 295 million

<sup>1)</sup> Excluding goodwill impairment losses.

# adidas Running Innovations Drive 31% Growth In Q4

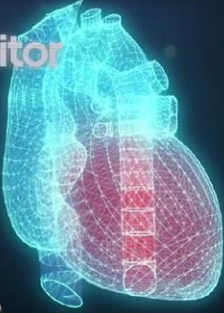


running

- Sales up 17% in the “Year of Running”
- Third consecutive year of double-digit growth for adidas Running
- Introduction of Boost, Springblade and miCoach Smart Run propels sales up 31% in Q4
- 1.5 million pairs of Boost sold in 2013

# The Smartest Running Coach – miCoach Smart Run

strapless  
heart rate monitor  
61 bpm



miCoach  
smart run

music player



perfect prescription  
night runner





# adidas Football Sambas Up For World Cup

football

- Football sales increase 35% in Q4 and 4% for FY 2013
- Successful launch of the Samba Pack, covering four boot ranges: adizero f50, Predator, Nitrocharge and 11Pro



samba pack

# Strong Federation Jersey And Official Match Ball Sales





# “All In Or Nothing” World Cup Campaign



all in or nothing

# adidas Originals & Sport Style Sales Accelerate In Q4



- adidas Originals & Sport Style sales increase 12% currency-neutral in Q4
- Revenues up 5% currency-neutral to € 3.2 billion



# adidas NEO Label Sales Up 22% In Q4



- Sales increase 22% currency-neutral in Q4
- Currency-neutral revenues up 14% to almost € 700 million
- Impressive four-year compound annual growth rate of almost 40%



NEO

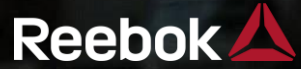


# adidas And Reebok Enjoy Solid 2013

		Q4 2013	Change	FY 2013	Change
	Net sales (€ in millions)	2,583	↑ +10% <sup>1)</sup>	11,060	↑ +2% <sup>1)</sup>
	Gross margin	46.8%	↑ +1.5pp	48.0%	↑ +2.0pp
	Net sales (€ in millions)	426	↑ +9% <sup>1)</sup>	1,599	↑ +2% <sup>1)</sup>
	Gross margin	39.3%	↑ +1.1pp	39.7%	↑ +4.0pp

<sup>1)</sup> Currency-neutral.

# Quality Of Reebok's Business Significantly Improves



- Reebok sales up 4% excluding NFL licence impact
- Sales improve significantly in Fitness Training, Classics and Studio
- Gross margin in touching distance of mid-term target of 40%



# Reebok FitHub Opens In Avenue De L'Opéra In Paris



- Concept already in 80 own-retail stores
- 158 franchise locations



# TMaG Finishes Year Strongly – Sales Up 25% In Q4

**SPEED INJECTED  
WITH SPEED**

INTRODUCING

**JET SPEED**



- TaylorMade-adidas Golf sales increase 3% in 2013
- Dominant market leader in metalwoods and irons
- SLDR the No. 1 driver on the PGA Tour for more than 22 consecutive weeks



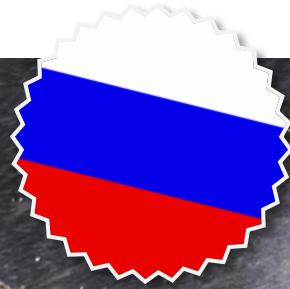
# SLDR And JetSpeed Bring Even More Distance To Golf



**SLDR**



# Regaining Momentum In Russia/CIS



СТАНЬ ЧЕМПИОНОМ ЗИМЫ

- Currency-neutral sales up 8% in Q4
- adidas enjoys strong visibility at Winter Olympic Games in Sochi

# Latin America Fastest-Growing Region In 2013



- Currency-neutral sales up 19% in 2013
- Revenues grow 32% currency-neutral in Q4, fuelled by the rising anticipation and excitement ahead of the 2014 FIFA World Cup
- Training, Running and Football all up at strong double-digit rates in 2013



# Winning In China, Winning The Future



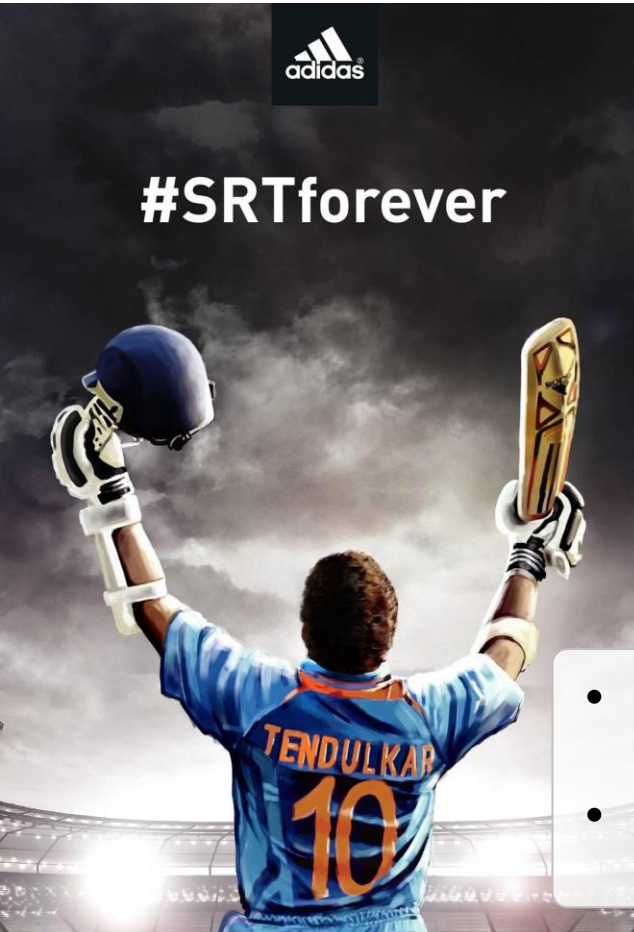
## all originals

2014年三叶草春夏新品上市

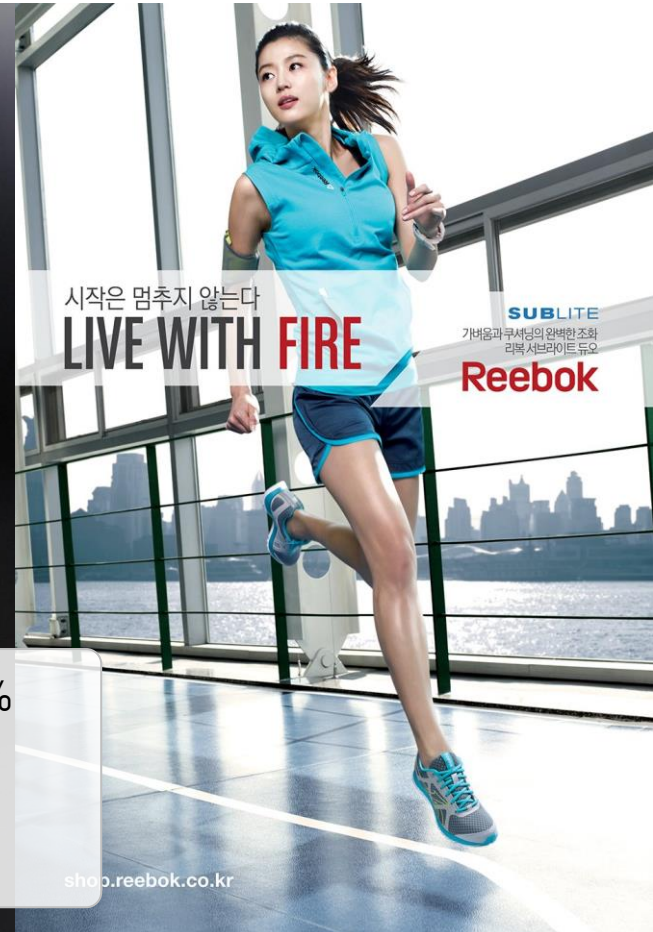
- Sales up 7% currency-neutral in 2013
- adidas Originals & Sport Style grow 18% in 2013
- Training and Running increase 12% and 23%, respectively



# Other Asian Markets Up 15% Currency-Neutral In Q4



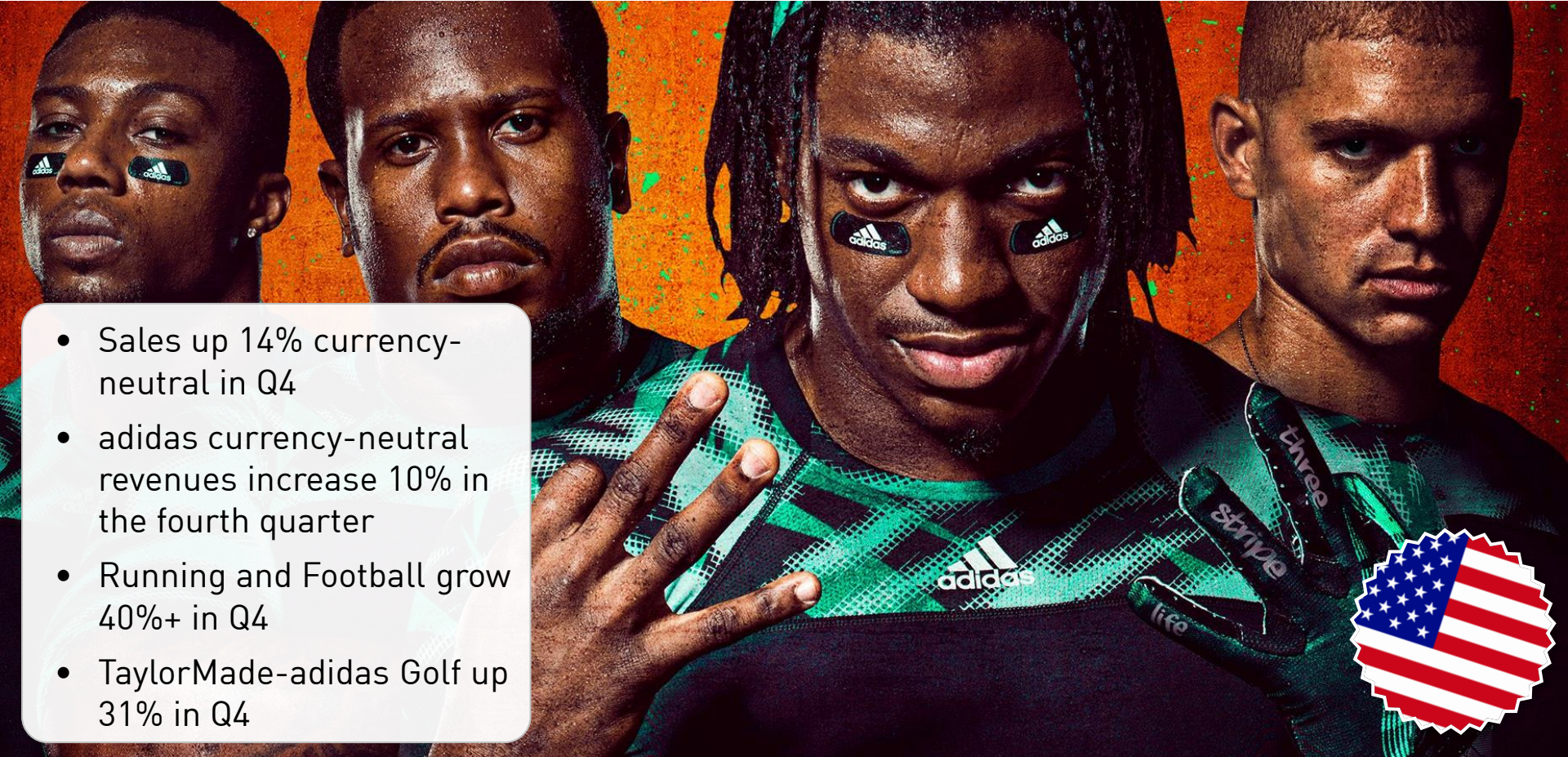
- Sales for the full year increase 5% currency-neutral
- Strong growth in South Korea, India and Australia






# North America Sales Increase 2% In 2013

- Sales up 14% currency-neutral in Q4
- adidas currency-neutral revenues increase 10% in the fourth quarter
- Running and Football grow 40%+ in Q4
- TaylorMade-adidas Golf up 31% in Q4





# Western Europe Sales Increase 3% In Q4

- 
- Strong year-end finish with sales up 3% currency-neutral in Q4
  - Retail sales grow 17% currency-neutral
  - Currency-neutral Reebok revenues up 26%

# 2013 Another Year Of Records For The adidas Group

- Group sales outperforms macroeconomic growth
- Sales increase across all channels and brands
- Record gross margin of 49.3%
- Operating margin increases in line with expectations<sup>1)</sup>
- Record earnings of € 839 million<sup>1)</sup>

<sup>1)</sup> Excluding goodwill impairment losses.





# FINANCIAL HIGHLIGHTS

Robin J. Stalker

adidas Group CFO











# Group Gross Margin Improves 1.5pp In 2013



- Pricing and favourable product mix
- Overproportionate growth in emerging markets
- Larger share of higher-margin Retail sales















- Negative FX impact

	Q4 2013	FY 2013
Wholesale	 <b>40.7%</b> +1.6pp	 <b>42.7%</b> +2.4pp
Retail	 <b>61.0%</b> +0.3pp	 <b>62.2%</b> +1.3pp
Other Businesses	 <b>39.4%</b> +0.9pp	 <b>41.0%</b> (1.7pp)
<b>adidas</b> GROUP	 <b>47.5%<sup>1)</sup></b> (0.1pp)	 <b>49.3%<sup>1)</sup></b> +1.5pp

1) Total Group includes HQ/Consolidation.

# Group Operating Margin Increases 0.7pp To 8.7%

	Q4 2013 <sup>1)</sup>		FY 2013 <sup>1)</sup>	
Royalty and commission income	 (1%)	€ 26 million	 (1%)	€ 104 million
Other operating income	 (21%)	€ 36 million	 +13%	€ 143 million
Other operating expenses	 (2%)	€ 1,617 million	 (0%)	€ 6,133 million
Other operating expenses as a percentage of sales	 (2.5pp)	46.5%	 +1.0pp	42.3%
Operating profit	 +266%	€ 98 million	 +6%	€ 1,254 million
Operating margin	 +2.0pp	2.8%	 +0.7pp	8.7%

1) Excluding goodwill impairment losses.















# Retail Store Roll-Out Continues At Accelerated Pace

- 2,740 stores operated at year-end
- A net increase of 294 or 12% versus 2,446 in prior year
- 534 new stores opened, 240 stores closed, 127 stores remodelled
- 1,557 adidas and 404 Reebok branded; 779 factory outlets














# Retail Comp Store Sales Turn Positive In Q4

<b>Retail</b>	<b>Q4 2013</b>	<b>Change</b>	<b>FY 2013</b>	<b>Change</b>
Net sales (€ in millions)	<b>934</b>	 <b>+15%<sup>1)</sup></b>	<b>3,446</b>	 <b>+8%<sup>1)</sup></b>
adidas comp store sales		 <b>+3%<sup>1)</sup></b>		 <b>{0%}<sup>1)</sup></b>
Reebok comp store sales		 <b>{0%}<sup>1)</sup></b>		 <b>{3%}<sup>1)</sup></b>
Total comp store sales		 <b>+3%<sup>1)</sup></b>		 <b>{1%}<sup>1)</sup></b>
Gross margin	<b>61.0%</b>	 <b>+0.3pp</b>	<b>62.2%</b>	 <b>+1.3pp</b>
Segmental operating margin	<b>17.8%</b>	 <b>(3.4pp)</b>	<b>19.7%</b>	 <b>(1.8pp)</b>

<sup>1)</sup> Currency-neutral.

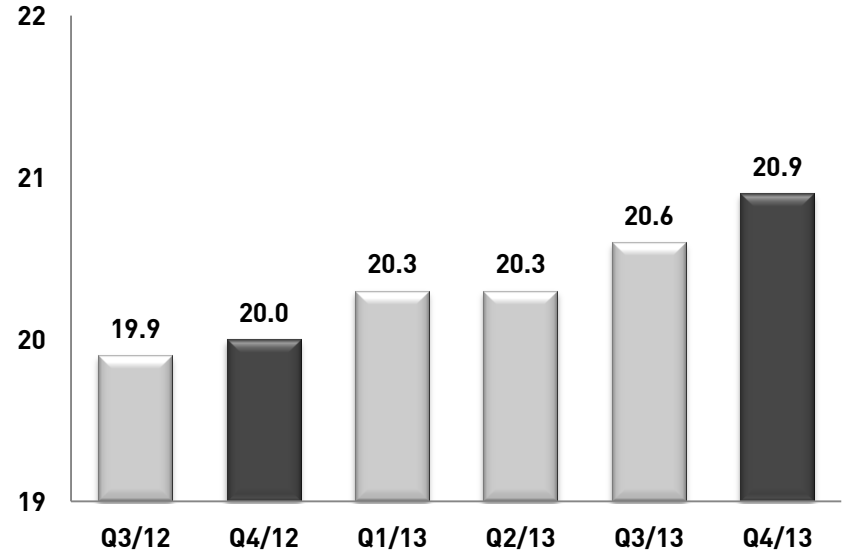
# Net Income Up 6% In 2013

		Q4 2013 <sup>1)</sup>		FY 2013 <sup>1)</sup>
Financial income	 +63%	€ 11 million	 (28%)	€ 26 million
Financial expenses	 +30%	€ 28 million	 (11%)	€ 94 million
Income before taxes	 +571%	€ 81 million	 +6%	€ 1,186 million
Income tax rate	 (117.7pp)	47.1%	 (0.3pp)	29.0%
Net income attributable to shareholders	 +696%	€ 42 million	 +6%	€ 839 million
Diluted earnings per share	 +696%	€ 0.20	 +6%	€ 4.01

1) Excluding goodwill impairment losses.

# Operating Working Capital Negatively Impacted By The Increase In Inventories And Receivables

- Inventories increase 13% on a currency-neutral basis
- Receivables up 17% on a currency-neutral basis
- Payables increase 5% on a currency-neutral basis



Average operating working capital as a % of net sales,  
at quarter-end.

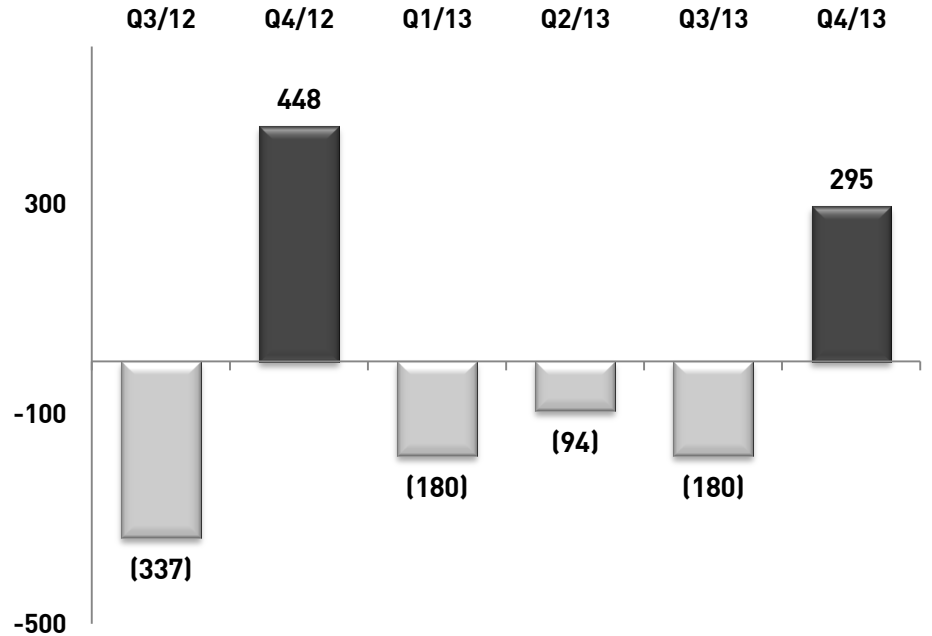
# Goodwill Impairment Of € 52 Million In 2013

- Non-cash in nature and not affecting the adidas Group's financial position
- Impairment of goodwill due to adjusted growth assumptions and an increase in the country-specific discount rates
- Reduction of goodwill on balance sheet by 6% to € 1.2 billion

Unit	Amount (€ in millions)
Wholesale Iberia	23
Retail North America	29
Total	52

# Net Cash Position Negatively Impacted By Increased Working Capital

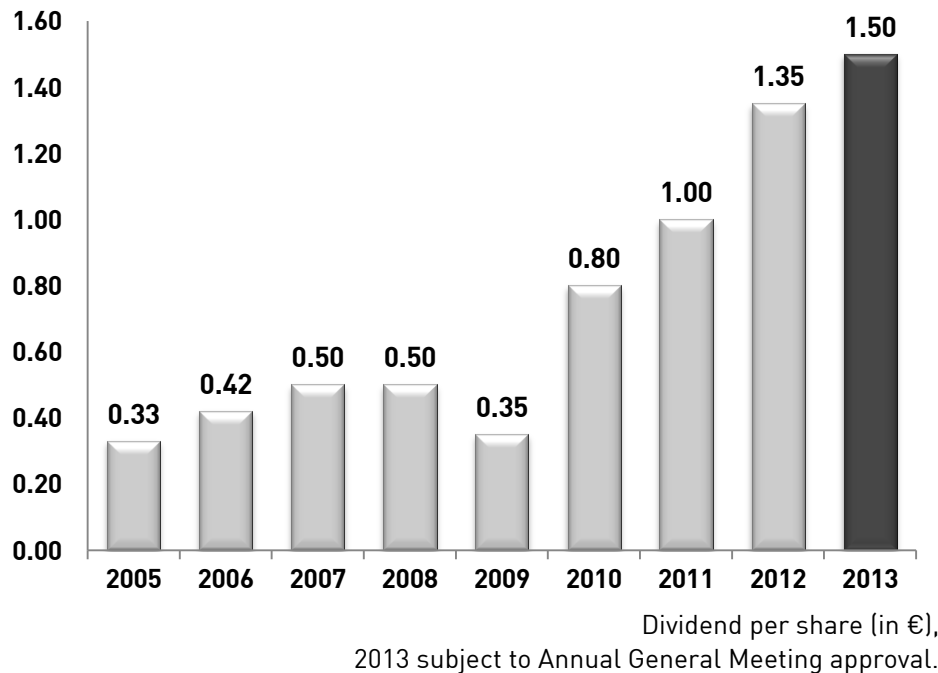
- Net cash decreases € 153 million to € 295 million
- Ratio of net borrowings/EBITDA increases to -0.2 from -0.3 in 2012
- Equity ratio improves to 47.3% (2012: 45.5%)



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

# 11% Higher Dividend To Be Proposed

- adidas Group highly cash generative
- Proposed dividend of € 1.50 per share, reflecting an 11% increase versus prior year
- Payout ratio increases to 37.4% (2012: 35.7%) excluding goodwill impairment losses
- In line with dividend policy of a 20% to 40% payout



# Currencies Considerably Impact Reported Results

Currency effects on  
Group net sales (€ in millions)

15,256



14,492

- Devaluation of major currencies with significant negative impact on top-line result
- Negative currency translation effect of around € 750 million in 2013
- Translation negative of around a mid-single-digit percentage point expected for 2014





# STRATEGIC INITIATIVES AND OUTLOOK

Herbert Hainer

adidas Group CEO





# adidas Brand To Take Centre-Stage At World Cup



# adidas Football Launches First Knitted Boot





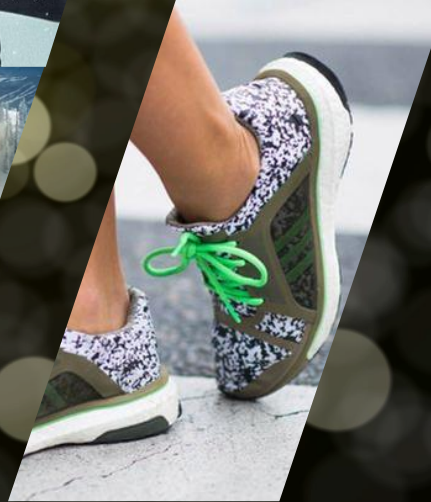
# adidas Running To Expand Boost Significantly

**> 8 million pairs  
in 2014**



**boost**

# Boost To Be Expanded Into New Categories



**boost**

# Stan Smith Is Back





# ZX Rules 2014





# adidas Originals To Ignite Several New Partnerships

the cool kids line up for  
**nigo**



**kanye is all-in!**



all girls will want  
**rita ora**

# adidas Originals To Ignite Several New Partnerships



farm



urban  
outfitters



topshop



# NEO Extends Into Poland And Czech Republic



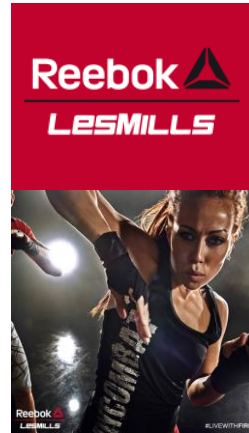
- 6 new stores in Poland
- 6 new stores in Czech Republic
- 5 new stores in Germany

# Reebok To Drive Visibility By Leveraging Partnerships

## TRAINING



## STUDIO



## RUNNING



## WALKING

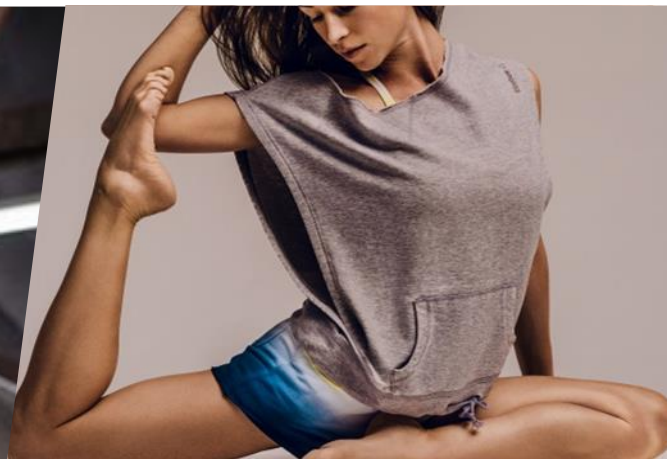


## CLASSICS





# Reebok's Footwear And Apparel Product Pipeline Full



# Reebok Launches Skyscape With Miranda Kerr



# Reebok Iconic Insta Pump Fury Returns 20 Years On





# TMaG To Focus On Quality Growth In 2014



light is energy  
light is power  
light is adizero one

 **taylorMade®**

PROJECT

(a)



# Leveraging And Magnifying Brand Messages With Digital

my style,  
mi adidas.

Digital





# Deepening Engagement With The Fitness Generation

Reebok 



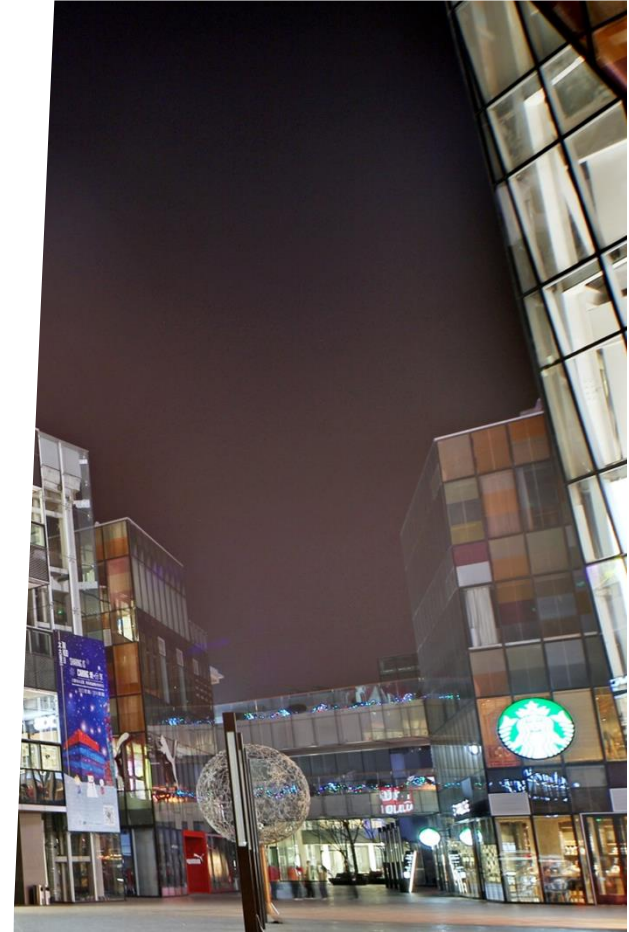


# Excellence In Retail Both Online And In-Store



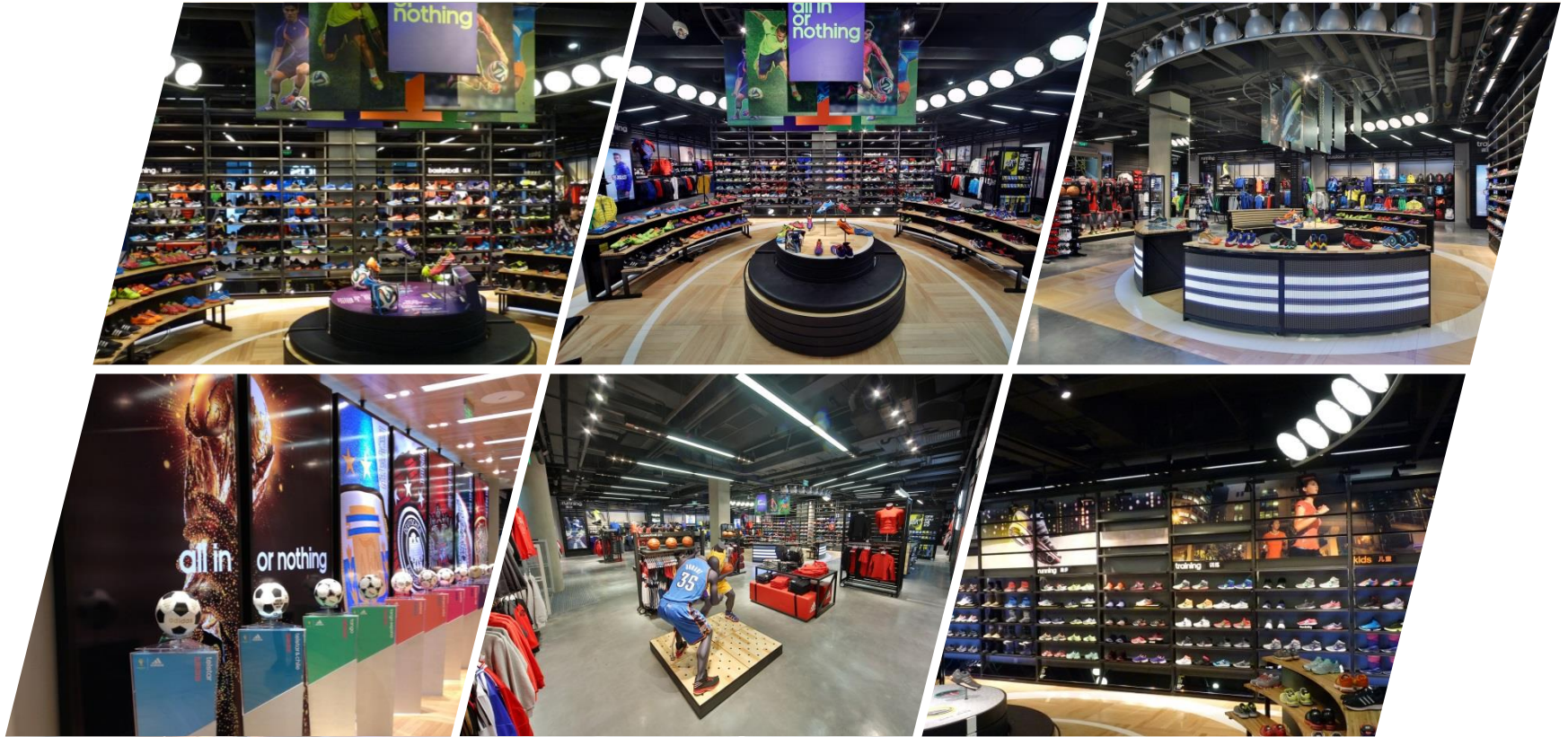


# Pioneering New Store Concepts To Be Introduced





# HomeCourt – Bringing The Energy Of Sport To Retail





# Originals To Introduce New Neighbourhood Format



# Outlook: High-Single-Digit Currency-Neutral Growth

<b>Group sales (currency-neutral)</b>	<b>high-single-digit increase</b>
Wholesale sales (currency-neutral)	mid-single-digit increase
Retail sales (currency-neutral)	high-single- to low-double-digit increase
Other Businesses sales (currency-neutral)	low- to mid-single-digit increase
<b>Gross margin</b>	<b>49.5% to 49.8%</b>
<b>Operating margin</b>	<b>between 8.5% and 9.0%</b>
<b>Net income attributable to shareholders</b>	<b>€ 830 million to € 930 million</b>

# Leadership Changes On Executive Board



Erich Stamminger  
Executive Board Member  
Global Brands\*



Eric Liedtke  
Executive Board Member  
Global Brands\*

\* As of March 6, 2014



# Strong Operational Momentum But Currencies Add Significant Risks

- Currency-neutral sales to increase at a high-single-digit rate
- Net income attributable to shareholders to be between € 830 and € 930 million
- Devaluation of major currencies adds significant risk to the achievement of 2014 goals



**winning  
never quits**



**adidas<sup>®</sup>**

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G R O U P

QUESTIONS & ANSWERS



# Upcoming Event Dates

May 6, 2014	First Quarter 2014 Results
May 8, 2014	Annual General Meeting
May 9, 2014	Dividend Payment <sup>1)</sup>
Aug 7, 2014	First Half 2014 Results
Nov 6, 2014	Nine Months 2014 Results

<sup>1)</sup> Subject to Annual General Meeting Approval.