

A black and white photograph of three female runners in motion on a rocky, coastal path. The runner in the foreground is wearing a long-sleeved athletic top and leggings, with her hair tied back. Two other runners are visible behind her to the left. The background shows a rugged coastline with waves crashing against the rocks under a cloudy sky.

adidas

Q1 2017 RESULTS PRESENTATION

HERZOGENAURACH
MAY 4, 2017



AGENDA

OPERATIONAL HIGHLIGHTS
FINANCIAL HIGHLIGHTS
OUTLOOK

A person with dark skin and long dark hair in a braid is wearing a white Adidas jacket. The jacket has black stripes on the sleeve and the Adidas logo. A semi-transparent teal rectangle is overlaid on the left side of the image, containing white text.

OPERATIONAL HIGHLIGHTS

KASPER RORSTED
CEO

STRENGTHS AND WEAKNESSES



IN Q1 2017

ACCELERATING MOMENTUM
IN GREATER CHINA AND NORTH AMERICA

EXCELLENT TOP-LINE GROWTH
IN RUNNING AND ORIGINALS

EXCEPTIONAL ECOM GROWTH
MOMENTUM CONTINUES

STRONG PROFITABILITY IMPROVEMENTS
DESPITE SEVERE FX HEADWINDS

PERFORMANCE IN RUSSIA/CIS
BELOW INITIAL EXPECTATIONS

SLOWER COMP STORE SALES GROWTH
DUE TO WESTERN EUROPE AND RUSSIA/CIS

SALES DECLINE IN FOOTBALL & BASKETBALL
REFLECTING CHALLENGING LICENSED BUSINESS

LIMITED OPERATING OVERHEAD LEVERAGE
DESPITE STRONG TOP-LINE GROWTH

MAJOR P&L DEVELOPMENTS

IN Q1 2017

REVENUES INCREASE 16% CURRENCY-NEUTRAL

AND 19% IN EURO TERMS TO € 5.7 BILLION

GROSS MARGIN DOWN 0.2PP TO 49.2%

DUE TO NEGATIVE FX EFFECTS

OPERATING MARGIN IMPROVES 0.9PP TO 11.1%

DUE TO DIFFERENT PHASING OF MARKETING INVESTMENTS

NET INCOME FROM CONTINUING OPERATIONS INCREASES 30%

TO € 455 MILLION

BASIC EPS FROM CONTINUING AND DISCONTINUED OPERATIONS UP 29%

TO € 2.26

TOP-LINE MOMENTUM CONTINUES

DOUBLE-DIGIT SALES GROWTH IN KEY REGIONS

NORTH AMERICA

+31%

WESTERN EUROPE

+10%

RUSSIA/CIS

(10%)

JAPAN

+21%

GREATER CHINA

+30%

MEAA

+15%

LATIN AMERICA

+9%

ADIDAS BRAND WITH STRONG GROWTH

ONGOING BRAND HEAT AROUND THE GLOBE



+18%

**DOUBLE-DIGIT SALES IMPROVEMENT
DESPITE HIGH COMPARISON**

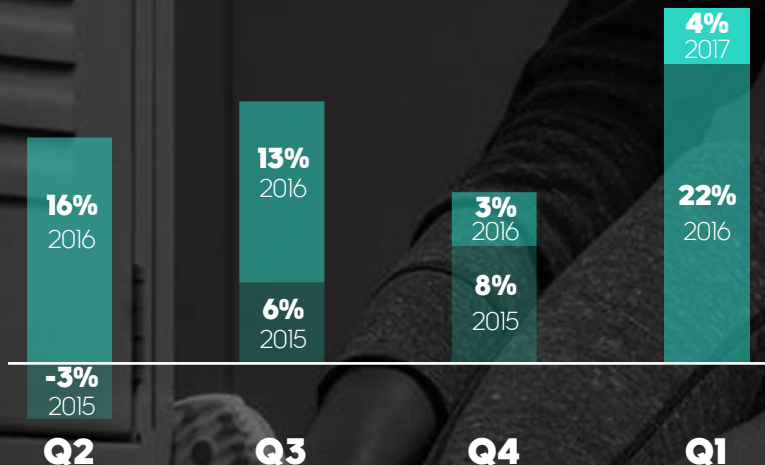
**EXCEPTIONAL GROWTH IN NORTH AMERICA
AND GREATER CHINA**

**WOMEN'S BUSINESS PERFORMING
PARTICULARLY WELL**

SPORT PERFORMANCE ACCELERATES

ROBUST GROWTH DESPITE 22% SALES INCREASE IN THE PRIOR YEAR

QUARTERLY REVENUE GROWTH (2-YEAR STACKS)



**SUCCESS ACROSS SEVERAL FRANCHISES
DRIVES RUNNING REVENUES UP ALMOST 30%**

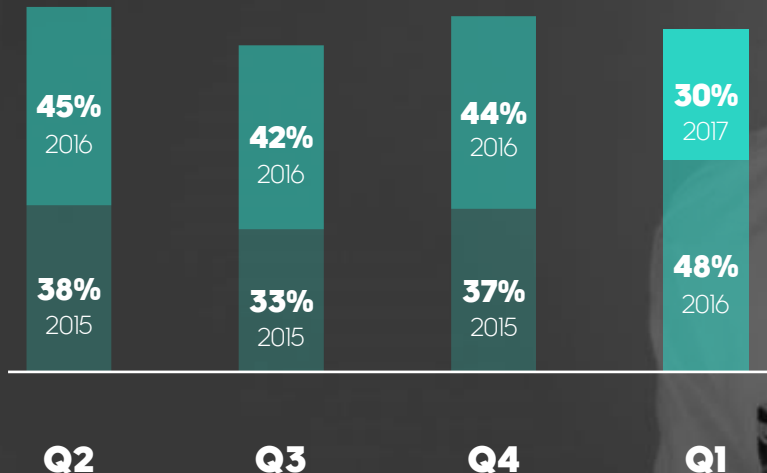
**TRAINING UP HIGH-SINGLE DIGITS REFLECTING
DOUBLE-DIGIT IMPROVEMENT IN APPAREL**

**FOOTBALL REVENUES DECLINE DUE TO HIGH
COMPS AND WEAK LICENSING BUSINESS**

EXCITEMENT IN ORIGINALS AND NEO

EXCELLENT GROWTH AT ADIDAS ORIGINALS AND NEO

QUARTERLY REVENUE GROWTH (2-YEAR STACKS)



GROWTH IN ORIGINALS DRIVEN BY ALMOST 50% INCREASE IN MODERN FOOTWEAR FRANCHISES (E.G. NMD, TUBULAR SHADOW, EQT)

MODERN FRANCHISES REPRESENTING ALMOST 50% OF OVERALL ORIGINALS BUSINESS

DOUBLE-DIGIT GROWTH IN ALL MARKETS EXCEPT RUSSIA/CIS

ACCELERATING MOMENTUM AT REEBOK

DOUBLE-DIGIT REVENUE GROWTH IN MOST MARKET SEGMENTS

Reebok 

+13%

SALES INCREASE DRIVEN BY STRONG DOUBLE-DIGIT GROWTH IN CLASSICS AND TRAINING

RETAIL EXPANSION IN CHINA AND DIFFERENT LAUNCH SCHEDULE SUPPORT SALES GROWTH

REVENUE DECLINE IN NORTH AMERICA REFLECTING ONGOING RETAIL CLEAN-UP

FOCUS AREAS TO DRIVE PROFITABILITY

REEBOK MUSCLE-UP STILL IN EARLY STAGES

NEW BUSINESS MODEL



US/GLOBAL INTEGRATION



RELOCATION TO BOSTON
(EXIT CANTON)



NEW GOVERNANCE



DESIGN TO VALUE



IMPLEMENT CREATION
GUIDELINES



NEW CONSUMER
TOUCHPOINTS IN
CREATION PROCESS



MWB



FOCUS PARTNERSHIPS



PRIORITISE POS



GLOBAL CONCEPTS



US WHOLESALE



PRIORITISE ACCOUNTS



JOINT BUSINESS PLANNING



US RETAIL



CLOSE >50 DOORS



INCREASE PRODUCTIVITY



EFFICIENCY IMPROVEMENTS

MODEL REDUCTIONS



PROCESS SIMPLIFICATION



EXCEPTIONAL GROWTH IN ECOM

STRONG CONSUMER ENGAGEMENT PROPELS TOP-LINE IMPROVEMENTS

+53%



PROGRESS ON STRATEGIC INITIATIVES



COMPLEMENTING OPERATIONAL IMPROVEMENTS

PORTFOLIO INITIATIVES GAINING TRACTION

LEADERSHIP TEAMS ESTABLISHED

LONG-TERM INCENTIVE SCHEME DEFINED

A woman with dark hair in a braid is wearing a white Adidas jacket. She has her head bowed, and her hand is near her face. A semi-transparent teal rectangle is overlaid on the left side of the image, containing the title and name. The Adidas logo is visible on the sleeve of the jacket.

FINANCIAL HIGHLIGHTS

ROBIN J. STALKER
CFO

CONTINUED STRONG PERFORMANCE

WESTERN EUROPE

CURRENCY-NEUTRAL SALES INCREASE 10% IN Q1
GROWTH ACROSS ALL KEY MARKETS

ADIDAS BRAND REVENUES UP 8%
ON TOP OF A 26% INCREASE IN Q1 2016

REEBOK BRAND SALES INCREASE 25%
DOUBLE-DIGIT GROWTH IN TRAINING AND CLASSICS

GROSS MARGIN DECLINES (-1.6PP)
DUE TO SEVERE FX HEADWINDS

OPERATING MARGIN DOWN (-0.6PP)
REFLECTING THE DECLINE IN GROSS MARGIN

BRAND HEAT FOR ADIDAS BRAND CONTINUES

NORTH AMERICA

CURRENCY-NEUTRAL SALES INCREASE 31% IN Q1

ACCELERATING MOMENTUM AT ADIDAS BRAND (+36%)
ON TOP OF A 31% INCREASE IN Q1 2016

REEBOK BRAND SALES DOWN 2%
MAINLY DUE TO FACTORY OUTLET CLOSURES

GROSS MARGIN EXPANDS FURTHER (+0.4PP)
REFLECTING IMPROVEMENTS IN BRAND STRENGTH

OPERATING MARGIN GROWS SIGNIFICANTLY (+7.2PP)
SUPPORTED BY GROSS MARGIN EXPANSION AS WELL
AS LEVERAGE FROM MARKETING AND OVERHEAD
EXPENDITURE

EXCELLENT MOMENTUM FOR BOTH ADIDAS AND REEBOK BRANDS

GREATER CHINA

CURRENCY-NEUTRAL SALES INCREASE 30% IN Q1

SALES AT ADIDAS BRAND UP 31%
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE
AND LIFESTYLE CATEGORIES

REEBOK BRAND REVENUES UP 19%
DOUBLE-DIGIT GROWTH IN ALL KEY CATEGORIES

GROSS MARGIN GROWS STRONGLY(+1.7PP)
REFLECTING MORE FAVOURABLE MIX EFFECTS
AND LOWER INPUT COSTS

OPERATING MARGIN IMPROVES (+0.9PP)
REFLECTING THE INCREASE IN GROSS MARGIN

SIGNIFICANT GROWTH DESPITE MACROECONOMIC CHALLENGES

LATIN AMERICA

CURRENCY-NEUTRAL SALES GROW 9% IN Q1
DESPITE DIFFICULT ENVIRONMENT IN ARGENTINA
AND BRAZIL

REVENUES AT ADIDAS BRAND UP 7%
DOUBLE-DIGIT GROWTH AT ADIDAS ORIGINALS
AND ADIDAS NEO

REEBOK BRAND REVENUES UP 25%
DOUBLE-DIGIT GROWTH IN TRAINING, RUNNING
AND CLASSICS

GROSS MARGIN DOWN (-5.3PP)
REFLECTING SEVERE FX HEADWINDS

OPERATING MARGIN DECREASES (-3.3PP)
DUE TO THE GROSS MARGIN DECLINE

STRONG PROFITABILITY IMPROVEMENTS IN Q1

OTHER BUSINESSES

CURRENCY-NEUTRAL SALES INCREASE 4% IN Q1

SALES AT TMAG UP 4%
DRIVEN BY DOUBLE-DIGIT GROWTH AT TAYLORMADE

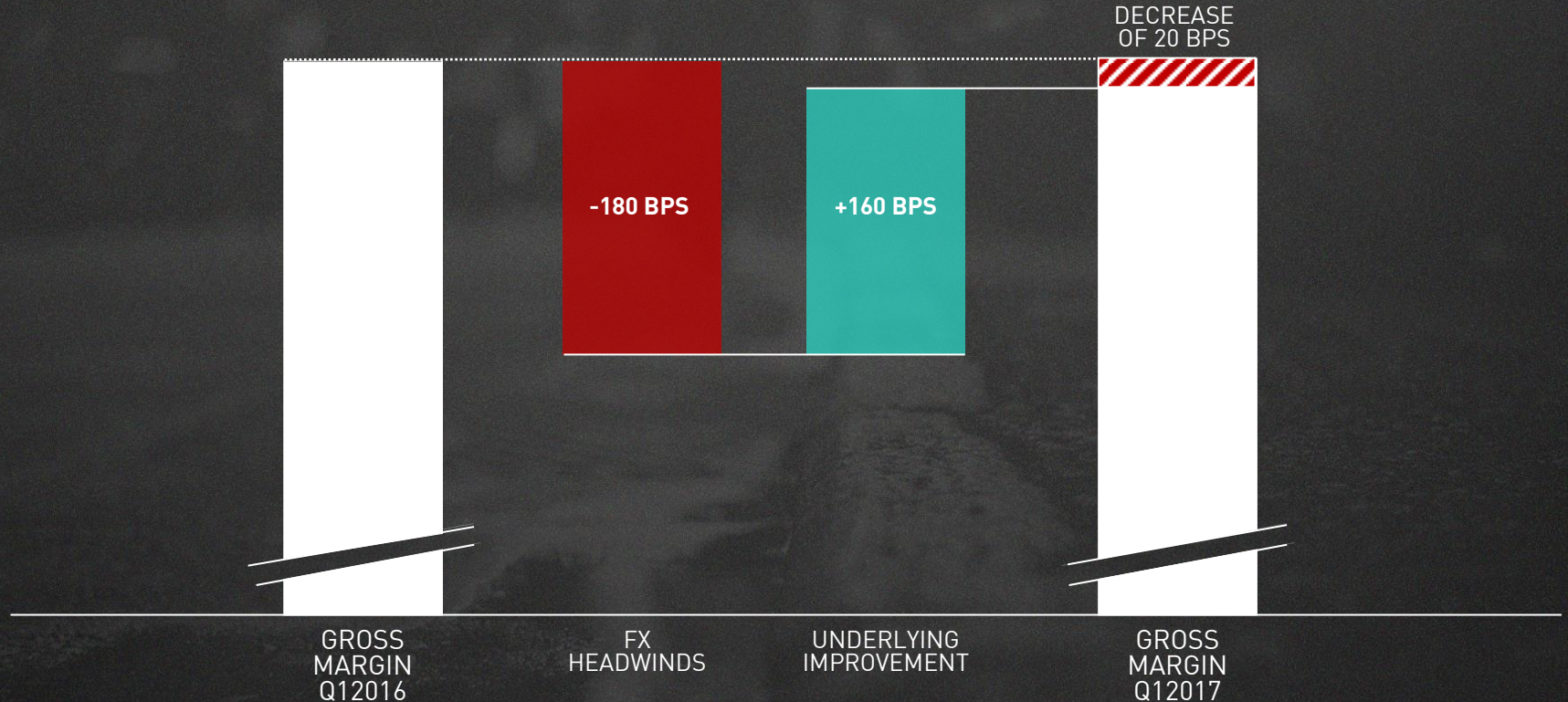
CCM HOCKEY SALES DOWN 11%
DUE TO THE TRANSITION OF THE NHL LICENCE
AGREEMENT TO THE ADIDAS BRAND AS WELL AS
LOWER REVENUES IN EQUIPMENT BUSINESS

GROSS MARGIN IMPROVES FURTHER (+3.8PP)
DRIVEN BY HIGHER PRODUCT MARGINS AT TMAG

OPERATING MARGIN TURNS POSITIVE (+8.1PP)
SUPPORTED BY STRONG IMPROVEMENTS AT TMAG

GROSS MARGIN DECLINES

REFLECTING SEVERE FX HEADWINDS DUE TO LESS FAVOURABLE HEDGING RATES



OPERATING MARGIN GROWS

AS A RESULT OF LOWER OPEX IN % OF SALES

	Q1 2017	
GROSS MARGIN	(0.2PP)	49.2%
OTHER OPERATING EXPENSES	+15%	€ 2,215 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	(1.3PP)	39.1%
OPERATING PROFIT	+29%	€ 632 MILLION
OPERATING MARGIN	+0.9PP	11.1%

UNDERLYING NET INCOME UP 30%

TO € 455 MILLION

	Q1 2017	
FINANCIAL INCOME	+44%	€ 28 MILLION
FINANCIAL EXPENSES	+49%	€ 20 MILLION
INCOME BEFORE TAXES	+29%	€ 640 MILLION
NET INCOME FROM CONTINUING OPERATIONS	+30%	€ 455 MILLION
DILUTED EPS FROM CONTINUING OPERATIONS	+31%	€ 2.23

RETAIL SALES IMPROVE STRONGLY

COMP STORE SALES NEGATIVELY IMPACTED BY RUSSIA/CIS



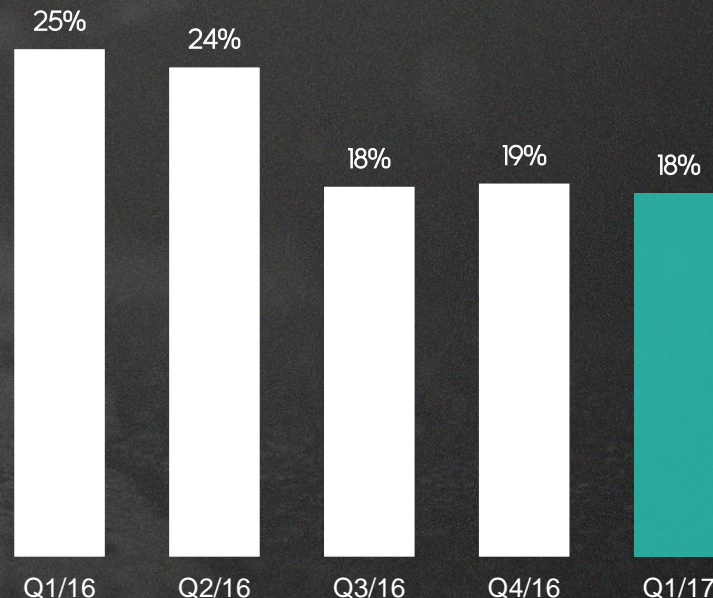
INVENTORIES GROW 18%

TO SUPPORT TOP-LINE MOMENTUM

RECEIVABLES UP 11% (CURRENCY-NEUTRAL)

PAYABLES GROW 21% (CURRENCY-NEUTRAL),
REFLECTING THE INCREASE IN INVENTORIES

AVERAGE OWC IN % OF SALES DOWN
0.1PP TO 20.1%



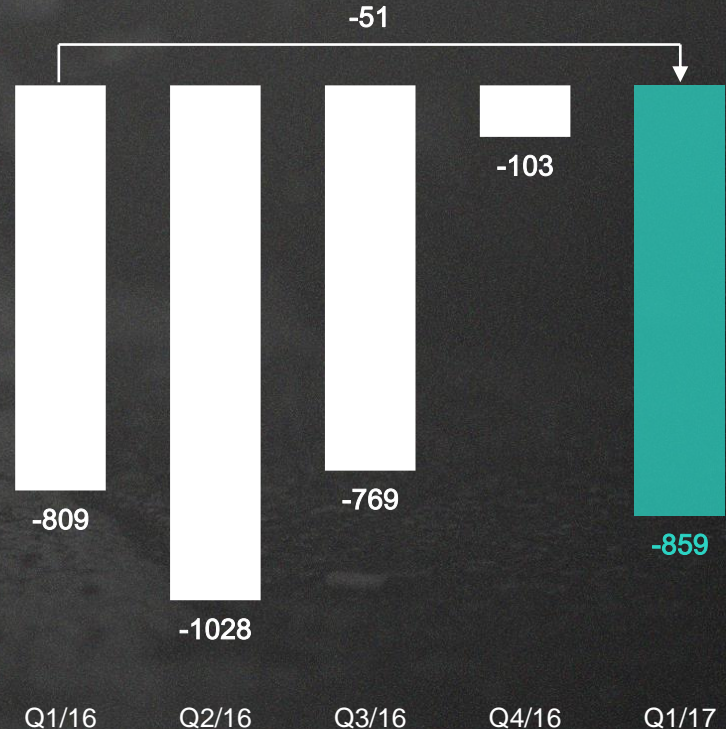
NET DEBT POSITION

INCREASES TO € 859 MILLION

YEAR-OVER-YEAR INCREASE MAINLY DUE TO UTILISATION OF CASH FOR THE PURCHASE OF FIXED ASSETS AS WELL AS THE CONTINUED REPURCHASE OF ADIDAS AG SHARES

RATIO OF NET DEBT/EBITDA AMOUNTS TO 0.4 (2016: 0.5)

EQUITY RATIO REMAINS AT A STRONG LEVEL OF 42.8% (2016: 42.3%)



Net debt at quarter-end, € in millions.

A person with long dark hair in a braid is wearing a white Adidas jacket. A teal rectangular overlay is positioned on the left side of the image, containing the text 'OUTLOOK' in large white letters, and 'KASPER RORSTED' and 'CEO' in smaller white letters below it. The Adidas logo is visible on the sleeve of the jacket.

OUTLOOK

KASPER RORSTED
CEO

MOMENTUM TO CONTINUE IN 2017

STRATEGIC GROWTH AREAS TO ENSURE ONGOING STRONG TOP- AND BOTTOM-LINE IMPROVEMENTS

SUSTAIN BRAND HEAT

THROUGH BRAND ACTIVATION AND MAJOR PRODUCT LAUNCHES

LEVERAGE TOP-LINE GROWTH

THROUGH ACCELERATED OPERATING OVERHEAD EFFICIENCY

DRIVE PORTFOLIO INITIATIVES

BY ACTIVELY MANAGING BRANDS, CHANNELS AND MARKETS

OUTLOOK

GUIDANCE RECONFIRMED

SALES TO INCREASE

AT A RATE BETWEEN 11% AND 13%

GROSS MARGIN TO IMPROVE

UP TO 0.5PP TO A LEVEL OF UP TO 49.1%

OPERATING MARGIN TO GROW

BY BETWEEN 0.6PP AND 0.8PP TO A LEVEL BETWEEN 8.3% AND 8.5%

NET INCOME FROM CONTINUING OPERATIONS TO INCREASE

AT A RATE BETWEEN 18% AND 20% TO A LEVEL BETWEEN € 1.200 BILLION AND € 1.225 BILLION

STRONG START INTO THE YEAR

Q1 2017 KEY TAKEAWAYS

ONGOING MOMENTUM IN KEY GROWTH AREAS

PROFITABILITY IMPROVEMENTS DESPITE SEVERE FX HEADWINDS

PORTFOLIO INITIATIVES GAINING TRACTION

LEADERSHIP TEAMS ESTABLISHED AND INCENTIVE SCHEME DEFINED

RELENTLESS FOCUS ON EXECUTING CREATING THE NEW