

A high-contrast, black and white photograph of a person running up a wide set of stairs. The person is in mid-stride, wearing a light-colored hoodie and dark pants. The stairs have metal railings. The background is dark, and the lighting creates strong shadows. In the top left corner, the Adidas logo is displayed in white.

adidas

**FULL YEAR 2016
RESULTS PRESENTATION**

HERZOGENAURACH
MARCH 8, 2017



| OPERATIONAL HIGHLIGHTS 2016
| FINANCIAL HIGHLIGHTS 2016
| OUTLOOK 2017
| STRATEGY ACCELERATION
| SUMMARY

AGENDA

THANK YOU, ROBIN!

JOINED ADIDAS IN 1996

MORE THAN 16 SUCCESSFUL YEARS AS CFO

SALES HAVE MORE THAN TRIPLED

EARNINGS HAVE INCREASED MORE THAN FIVEFOLD

COMPANY VALUE HAS GROWN MORE THAN TENFOLD



OPERATIONAL HIGHLIGHTS 2016

KASPER RORSTED
CEO

CREATING THE NEW

FOCUS ON DRIVING BRAND DESIRABILITY



STRATEGIC CHOICES GAIN TRACTION

SIGNIFICANT PROGRESS ACROSS ALL THREE INITIATIVES

FULL-PRICE SHARE
OF SALES
10% HIGHER

SPEED RANGE
GENERATING 25% OF
SALES

MARKET ONBOARDING
CONTINUES WITH NORTH
AMERICA AND GREATER
CHINA

SPEED

MARKET SHARE GAINS
AS REVENUES GROW
MORE THAN 30%

ABSOLUTE AND
RELATIVE NPS
IMPROVEMENTS

DEVELOPMENT OF
CITIES ORGANISATIONS
LARGELY COMPLETED

CITIES

PARTNERSHIP WITH KANYE
WEST DRIVES COMMERCIAL
SUCCESS AND BRAND HEAT

ADIDAS X PARLEY
WITH COMMERCIAL
LAUNCH

ADIDAS FUTURECRAFT
SHOWS FIRST 100%
BIODEGRADABLE UPPER IN
FTW

OPEN SOURCE

STRENGTHS AND WEAKNESSES



IN 2016

BROAD-BASED

TOP-LINE MOMENTUM

MARKET SHARE AND NPS GAINS

IN KEY CATEGORIES AND MARKETS

MAJOR PROGRESS IN THE US,

THE LARGEST SPORTING GOODS MARKET

STRONG PROFITABILITY IMPROVEMENTS

DESPITE SEVERE FX HEADWINDS

NOT ALL PERFORMANCE CATEGORIES

EXPERIENCING SAME LEVEL OF GROWTH

REEBOK

STILL PERFORMING BELOW EXPECTATIONS

MARKET POSITION IN THE US

CONTINUES TO BE UNSATISFYING

MISSED OPPORTUNITIES DUE TO LIMITED

AVAILABILITY OF STRONG-SELLING PRODUCTS

MAJOR P&L DEVELOPMENTS



IN 2016

REVENUES INCREASE 18% CURRENCY-NEUTRAL

AND 14% IN EURO TERMS TO € 19.3 BILLION

GROSS MARGIN GROWS 30 BASIS POINTS TO 48.6%

REFLECTING IMPROVEMENTS IN THE PRICING, PRODUCT AND CHANNEL MIX
DESPITE SEVERE NEGATIVE FX EFFECTS

OPERATING MARGIN IMPROVES 1.3PP TO 7.7%

MAINLY DUE TO THE GROSS MARGIN INCREASE AND OPERATING LEVERAGE

UNDERLYING NET INCOME INCREASES 41%

TO € 1.019 BILLION

ADIDAS BRAND KEEPS UP MOMENTUM

PERFORMANCE AND LIFESTYLE BUSINESSES GROW AT DOUBLE-DIGIT RATES



+22%

STRONG GROWTH IN PERFORMANCE

DOUBLE-DIGIT INCREASES IN NEARLY ALL KEY SPORT PERFORMANCE CATEGORIES



+13%

WINNING IN LIFESTYLE

LIFESTYLE WITH 7 CONSECUTIVE QUARTERS OF +30% GROWTH



+45%

REEBOK SHARPENS BRAND IMAGE

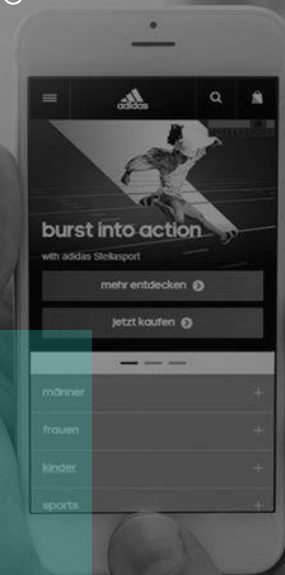
REVENUE GROWTH IN NEARLY ALL MARKET SEGMENTS

Reebok  +6%

OUTSTANDING ECOM GROWTH

E-COMMERCE REVENUES REACH € 1 BILLION IN 2016

+59%





FINANCIAL HIGHLIGHTS 2016

ROBIN J. STALKER
CFO

BROAD-BASED TOP-LINE GROWTH

DOUBLE-DIGIT SALES INCREASES ACROSS MOST REGIONS

NORTH AMERICA

+24%

WESTERN EUROPE

+20%

RUSSIA/CIS

+3%

JAPAN

+16%

GREATER CHINA

+28%

MEAA

+16%

LATIN AMERICA

+16%

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

ONGOING STRONG DEMAND FOR THE ADIDAS AND REEBOK BRANDS



**WESTERN
EUROPE**

CURRENCY-NEUTRAL SALES INCREASE 20% IN 2016
DOUBLE-DIGIT GROWTH ACROSS ALL KEY MARKETS

ADIDAS BRAND REVENUES UP 20%
ON TOP OF AN 18% INCREASE IN THE PRIOR YEAR

REEBOK SALES INCREASE 18%
DOUBLE-DIGIT GROWTH IN TRAINING AND CLASSICS

GROSS MARGIN DECLINES (-3.1PP)
DUE TO SEVERE FX HEADWINDS

OPERATING MARGIN DOWN (-2.1PP)
REFLECTING LOWER GROSS MARGIN

ACCELERATING MOMENTUM FOR THE ADIDAS BRAND

NORTH AMERICA

CURRENCY-NEUTRAL SALES INCREASE 24% IN 2016
STRONG DOUBLE-DIGIT GROWTH IN EVERY QUARTER

ACCELERATING MOMENTUM AT BRAND ADIDAS (+30%)
DOUBLE-DIGIT GROWTH IN PERFORMANCE AND STYLE

REEBOK SALES DOWN 1%
REFLECTING CHALLENGES IN US MARKET

GROSS MARGIN EXPANDS (+1.1PP)
DRIVEN BY AN INCREASE IN BRAND DESIRABILITY

OPERATING MARGIN IMPROVES (+3.8PP)
SUPPORTED BY OPERATING LEVERAGE



BRAND PRESENCE FUELS TOP- AND BOTTOM-LINE GROWTH

**GREATER
CHINA**

CURRENCY-NEUTRAL SALES GROW 28% IN 2016

SALES AT BRAND ADIDAS UP 28%
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND
LIFESTYLE CATEGORIES

REEBOK REVENUES UP 17%
DRIVEN BY TRAINING, RUNNING AND CLASSICS

GROSS MARGIN IMPROVES FURTHER (+0.4PP)
REFLECTING BETTER MIX EFFECTS

OPERATING MARGIN GROWS (+0.1PP)
DUE TO GROSS MARGIN AND OPEX IMPROVEMENTS



DOUBLE-DIGIT GROWTH DESPITE MACROECONOMIC CHALLENGES

LATIN AMERICA

CURRENCY-NEUTRAL SALES INCREASE 16% IN 2016
DOUBLE-DIGIT GROWTH IN NEARLY ALL MARKETS

REVENUES AT BRAND ADIDAS UP 19%
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND
LIFESTYLE CATEGORIES

REEBOK REVENUES UP 1%
REFLECTING THE CHANGE IN BUSINESS MODEL

GROSS MARGIN REMAINS STABLE
DESPITE SEVERE FX HEADWINDS

OPERATING MARGIN SLIGHTLY DOWN (-0.1PP)



PROFITABILITY REMAINS UNDER PRESSURE

OTHER BUSINESSES

CURRENCY-NEUTRAL SALES INCREASE 1% IN 2016

SALES AT TMAG DECLINE 1%

GROWTH AT TAYLORMADE AND ADIDAS GOLF OFFSET
BY DECLINES AT ASHWORTH AND ADAMS GOLF

CCM HOCKEY SALES DOWN 13%

REFLECTING THE CHALLENGING US HOCKEY MARKET

GROSS MARGIN UP 3.6PP

DRIVEN BY HIGHER PRODUCT MARGINS AT TMAG

OPERATING MARGIN REMAINS NEGATIVE

REFLECTING CHALLENGING MARKET ENVIRONMENT
AND ONGOING RESTRUCTURING MEASURES

OPERATING MARGIN IMPROVES

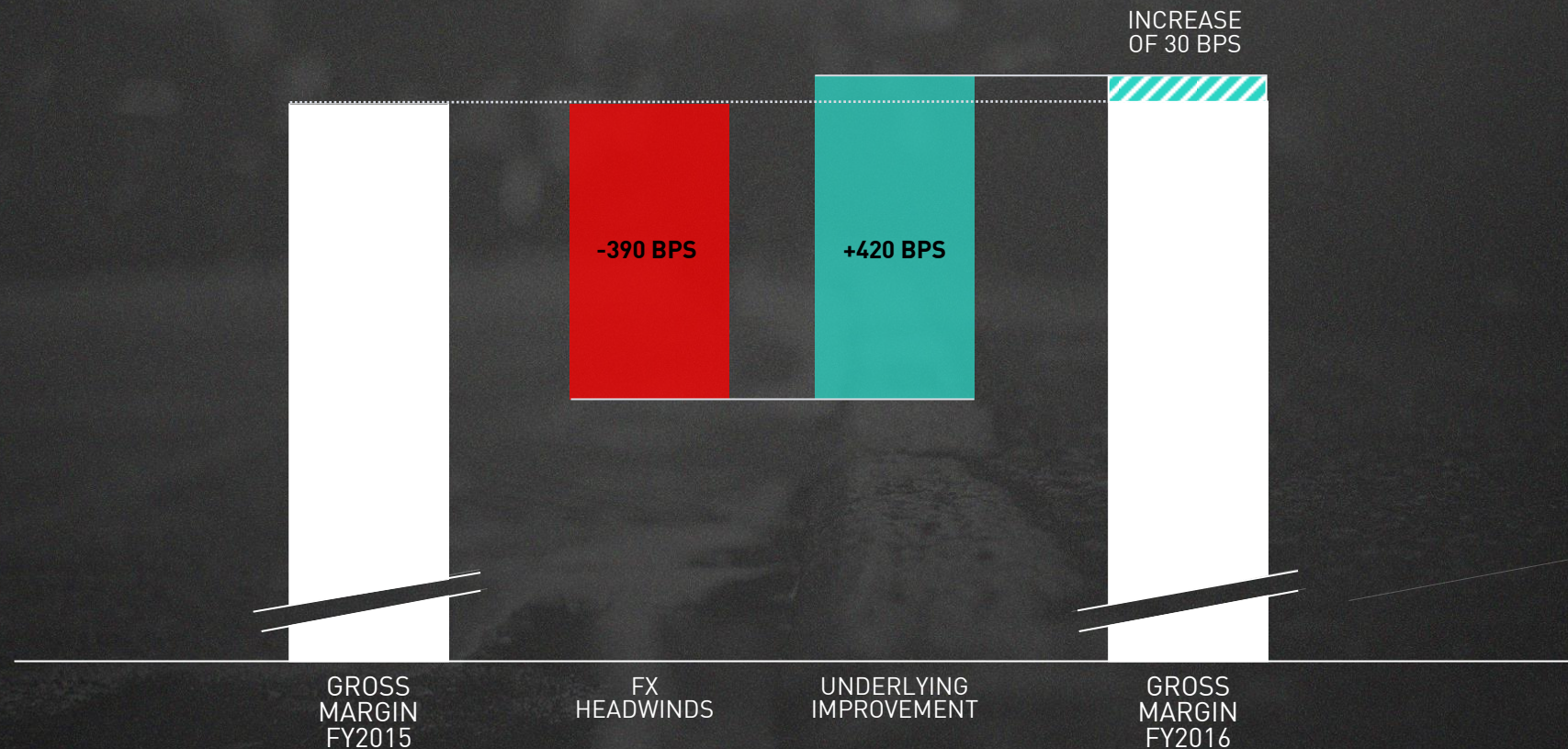
REFLECTING IMPROVEMENTS IN GROSS MARGIN AND LOWER OPEX IN % OF SALES

	Q4 2016		FY 2016	
GROSS MARGIN	+1.6PP	48.8%	+0.3PP	48.6%
OTHER OPERATING EXPENSES	+16%	€ 2,346 MILLION	+13%	€ 8,263 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	+1.5PP	50.1%	(0.3PP)	42.8%
OPERATING PROFIT	N/A	€ 23 MILLION	+36%	€ 1,491 MILLION
OPERATING MARGIN	+0.7PP	0.5%	+1.3PP	7.7%

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

GROSS MARGIN INCREASES

DESPITE SEVERE FX HEADWINDS



OPERATING MARGIN IMPROVES

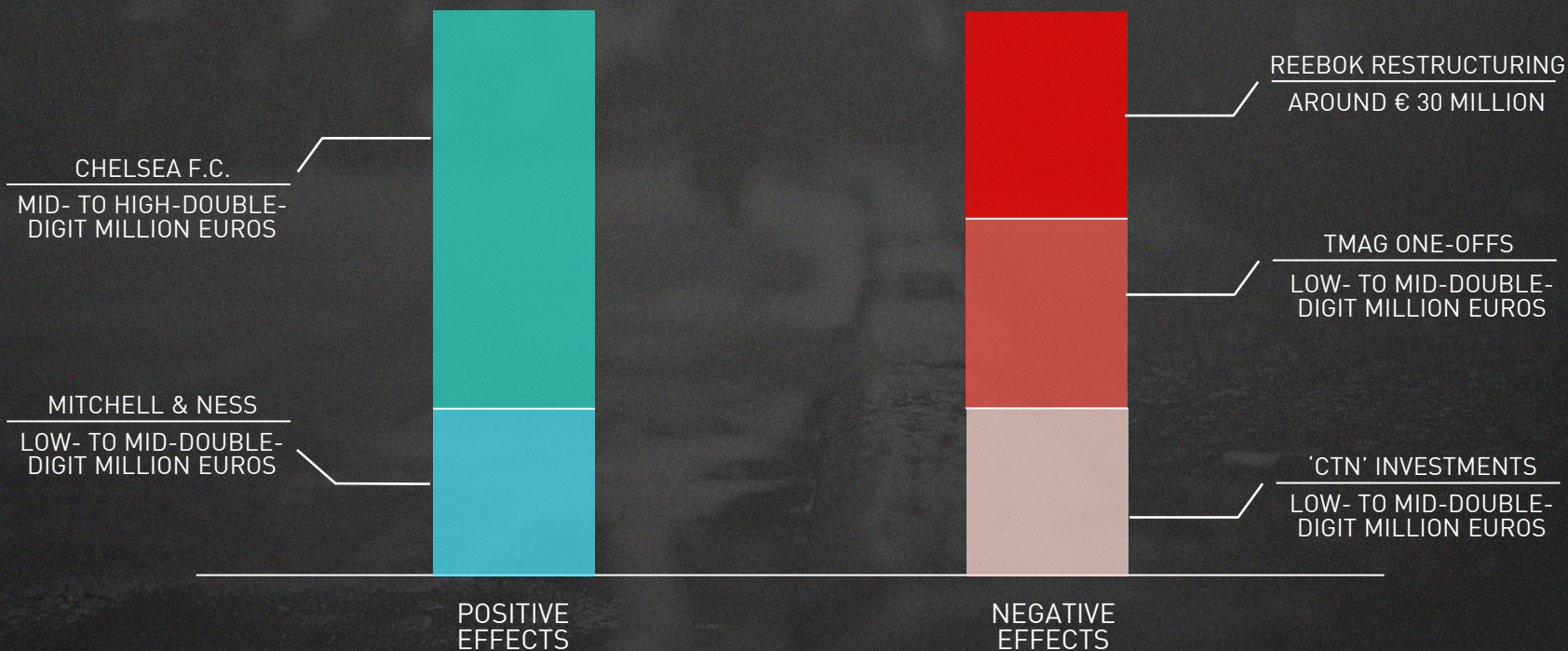
REFLECTING IMPROVEMENTS IN GROSS MARGIN AND LOWER OPEX IN % OF SALES

	Q4 2016		FY 2016	
GROSS MARGIN	+1.6PP	48.8%	+0.3PP	48.6%
OTHER OPERATING EXPENSES	+16%	€ 2,346 MILLION	+13%	€ 8,263 MILLION
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	+1.5PP	50.1%	(0.3PP)	42.8%
OPERATING PROFIT	N/A	€ 23 MILLION	+36%	€ 1,491 MILLION
OPERATING MARGIN	+0.7PP	0.5%	+1.3PP	7.7%

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

NON-RECURRING ITEMS

LARGELY OFFSET ONE ANOTHER IN 2016



UNDERLYING NET INCOME UP 41%

TO € 1,019 MILLION IN 2016

	Q4 2016		FY 2016	
FINANCIAL INCOME	(42%)	€ 8 MILLION	(40%)	€ 28 MILLION
FINANCIAL EXPENSES	+145%	€ 39 MILLION	+11%	€ 74 MILLION
INCOME BEFORE TAXES	+18%	(€ 8 MILLION)	+35%	€ 1,444 MILLION
NET INCOME FROM CONTINUING OPERATIONS	+48%	(€ 9 MILLION)	+41%	€ 1,019 MILLION
DILUTED EPS FROM CONTINUING OPERATIONS	+74%	(€ 0.02)	+41%	€ 4.99

Excluding goodwill impairment losses in 2015.

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

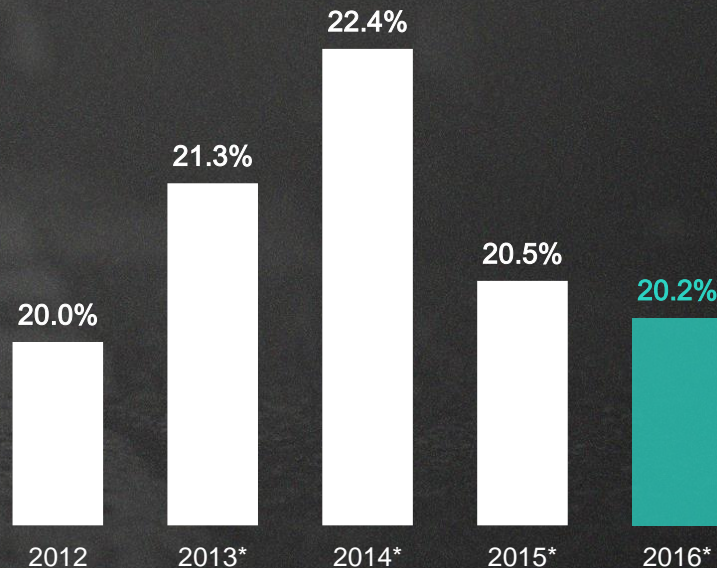
AVERAGE OWC IN % OF SALES

DOWN 0.3PP TO 20.2%

INVENTORIES GROW 19% (CURRENCY-NEUTRAL)
TO SUPPORT TOP-LINE MOMENTUM

RECEIVABLES UP 7% (CURRENCY-NEUTRAL)

PAYABLES GROW 23% (CURRENCY-NEUTRAL),
REFLECTING THE INCREASE IN INVENTORIES



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

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

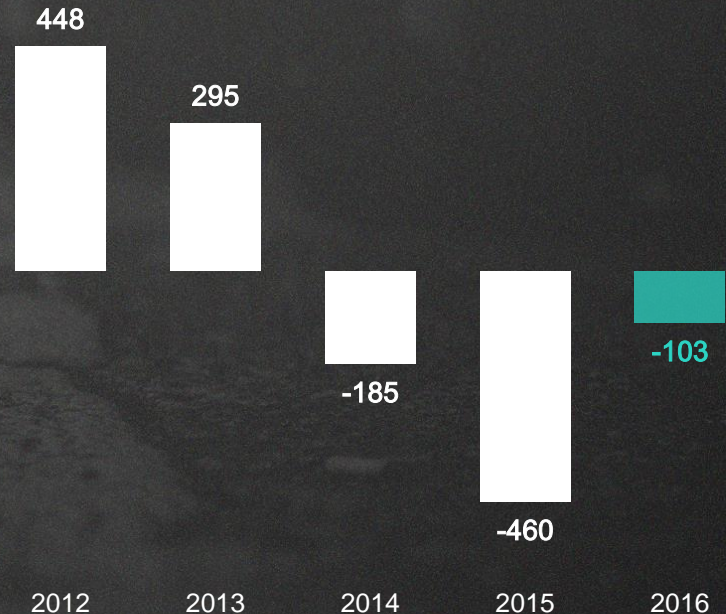
NET DEBT POSITION

IMPROVES SIGNIFICANTLY TO € 103 MILLION

DECREASE MAINLY DUE TO FIRST CONVERSIONS OF CONVERTIBLE BONDS INTO SHARES AS WELL AS AN INCREASE IN CASH GENERATED FROM OPERATING ACTIVITIES

RATIO OF NET DEBT/EBITDA AMOUNTS TO 0.1 (2015: 0.3)

EQUITY RATIO REMAINS AT A STRONG LEVEL OF 42.6% (2015: 42.5%)



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

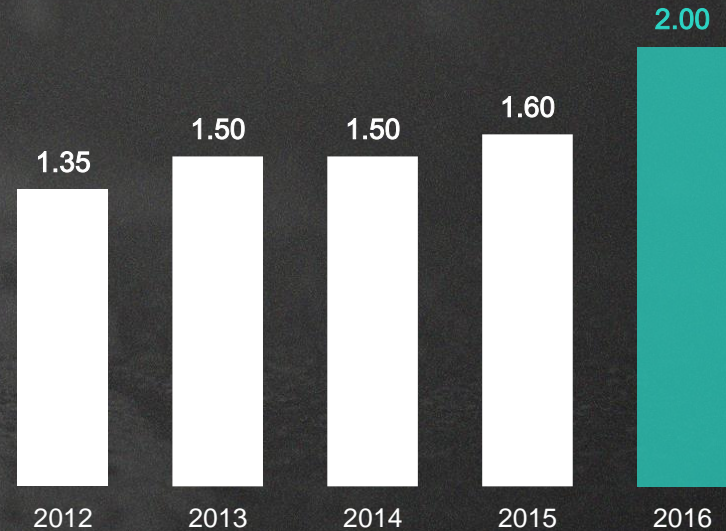
DIVIDEND PROPOSAL

OF € 2.00 PER SHARE

PROPOSED DIVIDEND OF € 2.00 PER SHARE,
UP 25% VERSUS THE PRIOR YEAR

PAYOUT RATIO OF 39.6% (2015: 47.9 %)

PAYOUT RATIO WITHIN TARGET RANGE
OF BETWEEN 30% AND 50%



*Dividend per share (in €),
2016 subject to Annual General Meeting approval.*



OUTLOOK 2017

KASPER RORSTED
CEO

BRAND MOMENTUM TO CONTINUE IN 2017

STRATEGIC GROWTH AREAS EXPECTED TO SPUR STRONG REVENUE IMPROVEMENT

A woman in athletic wear is running on a rocky, uneven terrain. The background is a dark, overcast sky. The image is used as a background for the text overlay.

**KEY PERFORMANCE AND LIFESTYLE
CATEGORIES TO DRIVE TOP-LINE EXPANSION**

**DOUBLE-DIGIT SALES INCREASES IN KEY
MARKETS**

BROAD-BASED CATEGORY STRENGTH

PRODUCT LINE-UP, MARKETING INITIATIVES AND SPORTING EVENTS TO DRIVE GROWTH

FOOTBALL

CEMENTING MARKET
LEADERSHIP

BENEFIT FROM
BUILD-UP TOWARDS
2018 FIFA WORLD CUP

AMPLIFY FROM
STADIUM TO STREET

RUNNING

FURTHER MARKET
SHARE GAINS

STRONG PRODUCT
FRANCHISES ACROSS
ALL PRICE POINTS

EXPANDING OUR
WOMEN'S BUSINESS

TRAINING

FOCUS ON APPAREL
FRANCHISES

GAINING FURTHER
TRACTION WITH
FEMALE ATHLETES

LEVERAGING
COLLABORATIONS
(E.G. KARLIE KLOSS,
JAMES HARDEN)

ORIGINALS

BRAND HEAT TO
CONTINUE

FURTHER ROLL-OUT
OF FRANCHISE
PORTFOLIO

NEXT CHAPTER OF
NOSTALGIA-DRIVEN
BOOST RUNNING
SHOES: INIKI

MOMENTUM ACROSS THE GLOBE

DOUBLE-DIGIT GROWTH EXPECTED FOR THREE LARGEST MARKETS

WESTERN EUROPE

STRENGTHEN MARKET-
LEADING POSITION

FURTHER PROCESS
HARMONISATION
THROUGHOUT THE
REGION

DOUBLE-DIGIT
SALES GROWTH

NORTH AMERICA

ENSURE CONTINUED
MOMENTUM

FOCUS ON
OPERATIONAL
EFFICIENCY

DOUBLE-DIGIT
SALES GROWTH

GREATER CHINA

FOCUS ON
FOOTWEAR TO
COMPLEMENT
LEADERSHIP IN
APPAREL

EXPAND BRAND-LED
RETAIL

DOUBLE-DIGIT
SALES GROWTH

LATIN AMERICA

ONGOING
MACROECONOMIC
UNCERTAINTIES

RESTRUCTURING THE
BUSINESS IN BRAZIL

HIGH-SINGLE-DIGIT
SALES GROWTH

OUTLOOK

STRONG TOP- AND BOTTOM-LINE IMPROVEMENTS EXPECTED

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

A black and white photograph of a woman with curly hair, wearing a light-colored tank top and boxing gloves, in a boxing stance. She is looking intently at a target. In the background, another person is visible, slightly out of focus. A teal-colored rectangular overlay is positioned on the left side of the image, containing white text.

STRATEGY ACCELERATION

KASPER RORSTED
CEO

CREATING THE NEW IS OUR STRATEGY





OUR CORE BELIEF

THROUGH **SPORT**, WE HAVE

**THE POWER
TO CHANGE
LIVES**

CULTURE

BUILDING ON OUR PEOPLE'S UNIQUE PASSION FOR SPORTS AND FOR OUR BRANDS

DRIVE DIVERSITY WITHIN THE COMPANY

IMPROVE TALENT MANAGEMENT

FOSTER PERFORMANCE CULTURE

IMPLEMENT EQUITY-BASED
COMPENSATION

REFINE LEADERSHIP STRUCTURE



ACCELERATION PLAN

FOUR PILLARS TO DRIVE FASTER GROWTH

PORTFOLIO

STREAMLINE THE
PORTFOLIO

ACTIVELY MANAGE
BRANDS, COUNTRIES
AND CATEGORIES

NAM, WESTERN
EUROPE AND CHINA
TO CONTRIBUTE
ABOVE AVERAGE TO
NEW AMBITION

ADIDAS NORTH AMERICA

STRONGLY DEVELOP
BUSINESS IN NORTH
AMERICA

INVEST IN PEOPLE,
INFRASTRUCTURE
AND MARKETING

STEP UP BRAND
REPRESENTATION IN
DIGITAL AND KEY
ACCOUNTS

ONE ADIDAS

IMPROVE
EFFECTIVENESS AND
INCREASE
EFFICIENCY

STANDARDISATION
AND HARMONISATION
OF PROCESSES

FOCUS ON
EXECUTION

DIGITAL

DRIVE DIGITAL
TRANSFORMATION
ALONG ENTIRE VALUE
CHAIN

3-D CREATION AND
PRODUCTION

AGGRESSIVELY DRIVE
E-COM CAPABILITIES
AND SALES

STREAMLINING THE PORTFOLIO

FOCUS ON CORE COMPETENCIES IN FOOTWEAR AND APPAREL



DIVESTITURE DUE TO

- LIMITED GROWTH OF GOLF MARKET
- EQUIPMENT NON-CORE

EXIT



DIVESTITURE DUE TO

- LIMITED GROWTH OF HOCKEY MARKET
- EQUIPMENT NON-CORE

EXIT



INTEGRATION INTO ADIDAS OUTDOOR TO

- USE BRAND TO AUTHENTICATE OUTDOOR
- GAIN EFFICIENCY

INTEGRATION



REINTEGRATION INTO ADIDAS TO

- INCREASE OVERALL FOCUS ON ADIDAS BRAND

REINTEGRATION



TURNAROUND PLAN TO

- ACCELERATE GROWTH
- DRIVE SUBSTANTIAL PROFITABILITY IMPROVEMENTS

RESTRUCTURING

UPDATED FINANCIAL AMBITION 2020

REFLECTING ACCELERATION PLAN

TARGET KPIS	INITIAL AMBITION 2020	UPDATED AMBITION 2020
SALES GROWTH CAGR 2015-2020; currency-neutral	HIGH-SINGLE-DIGIT	10%-12%
NET INCOME CAGR 2015-2020	~15%	20%-22%
NET SALES € in billions	~22	25-27
ECOMMERCE € in billions	2	4
OPERATING MARGIN	~9.9%	11%

SUMMARY

WE ARE IN A HIGHLY ATTRACTIVE INDUSTRY

CREATING THE NEW IS THE RIGHT STRATEGY

EXCEPTIONAL RESULTS ACHIEVED IN 2016

STRONG TOP- AND BOTTOM-LINE GROWTH EXPECTED IN 2017

**ACCELERATION PLAN TO GROW REVENUES AND PROFITS
EVEN FASTER THAN INITIALLY PROJECTED**