

adidas[®]
GROUP



Q1 2015 Results

Analyst Presentation



**MAKE A
DIFFERENCE**

Herzogenaurach, May 5, 2015

INTRODUCTION

SEBASTIAN STEFFEN
VP INVESTOR RELATIONS

OPERATIONAL HIGHLIGHTS

HERBERT HAINER
ADIDAS GROUP CEO

ROCKPORT DIVESTITURE

- Definitive agreement to sell the Rockport business for a total consideration of up to \$ 280 million
- Focus on core brands: adidas, Reebok and TaylorMade
- Transaction expected to be completed in the second half of 2015



SHARE BUYBACK PROGRAMME

1st tranche successfully completed:

- 4,889,142 shares repurchased at average price of € 61.36 per share

2nd tranche started:

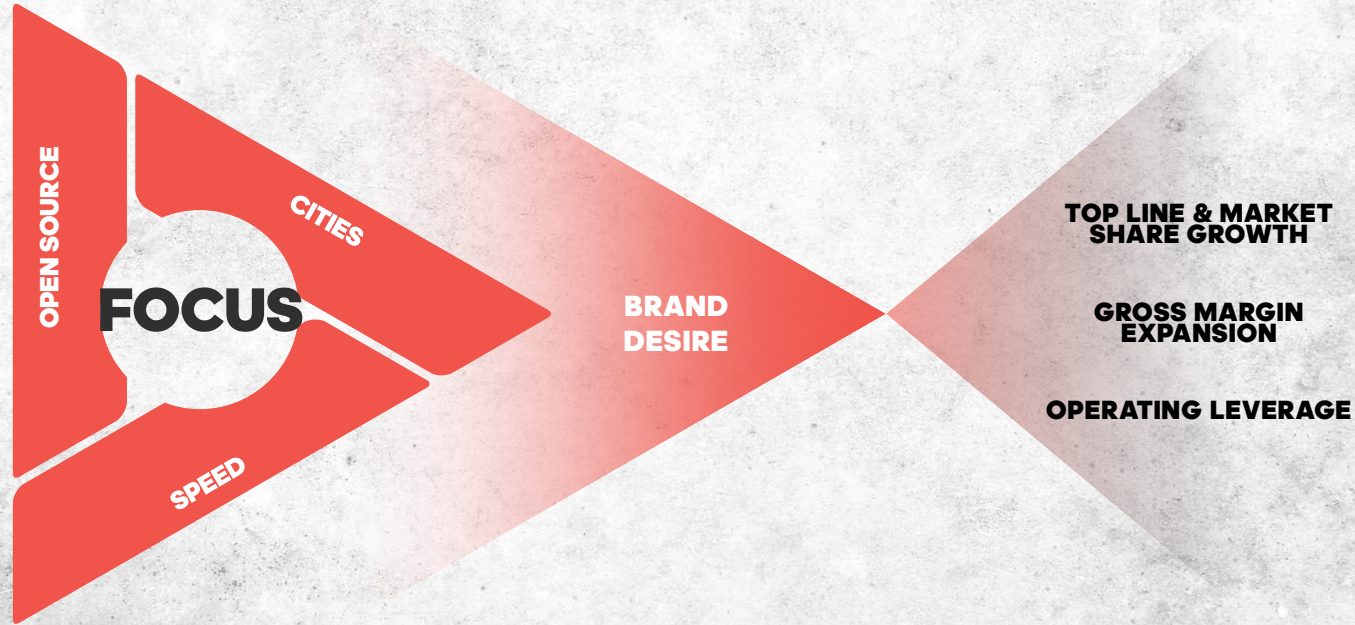
- Total volume up to € 300 million
- Starting March 6, 2015 and ending latest on July 3, 2015
- Currently, more than two million shares repurchased

The Adidas Group logo is displayed on the right side of the slide. It features the word "adidas" in a bold, lowercase, sans-serif font, with a registered trademark symbol (®) to its upper right. A horizontal line is positioned directly beneath "adidas". Below this line, the word "GROUP" is written in a larger, all-caps, sans-serif font, with significant letter spacing.



CREATING THE NEW

OUR STRATEGY FOR CREATING THE NEW



STRONG START INTO 2015

- Sales increase 9% currency-neutral or 17% in euro terms to € 4.1 billion
- adidas and Reebok grow 11% and 9% currency-neutral, respectively
- Gross margin stable at 49.2%
- Operating margin reaches 8.9%
- Net income from continuing operations grows 22% to € 255 million

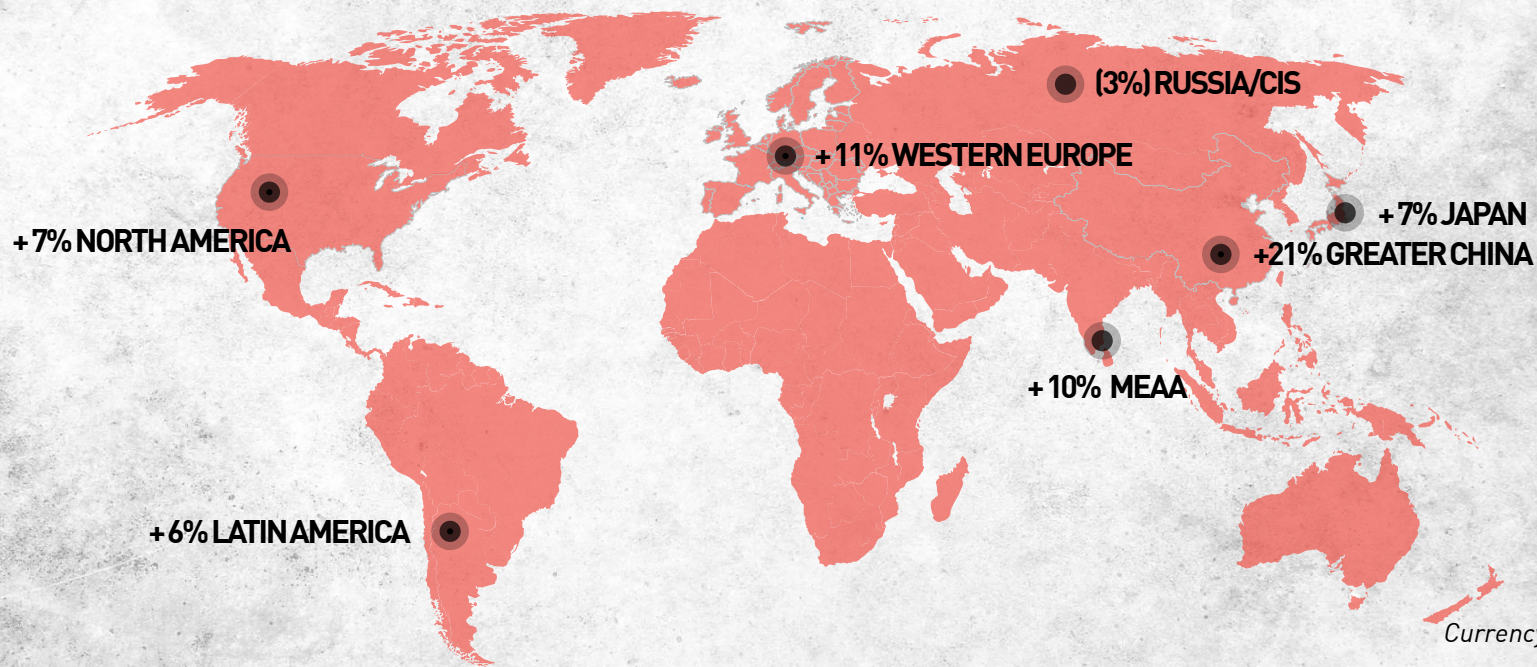


ADIDAS AND REEBOK WITH ROBUST MOMENTUM

		Q1 2015	CHANGE
	NET SALES (€ IN MILLIONS)	3,352	 +11% ¹⁾
	GROSS MARGIN	47.9%	 +0.4pp
	NET SALES (€ IN MILLIONS)	411	 +9% ¹⁾
	GROSS MARGIN	38.8%	 (0.8pp)

¹⁾ Currency-neutral.

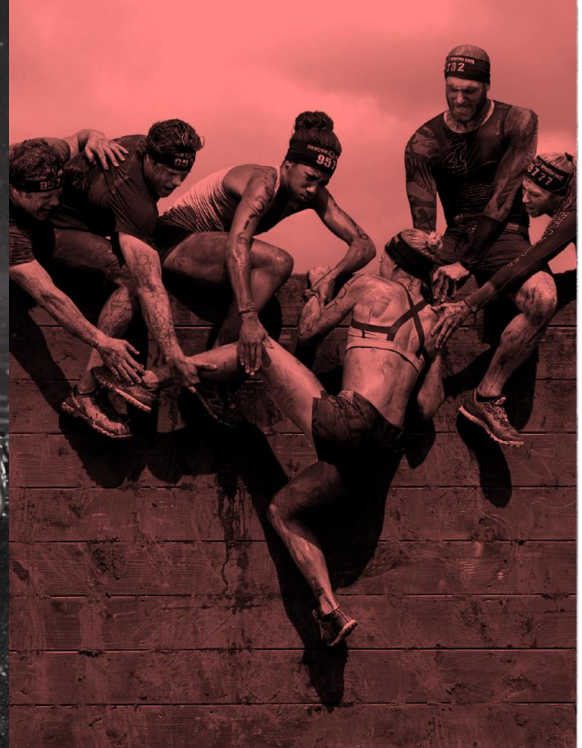
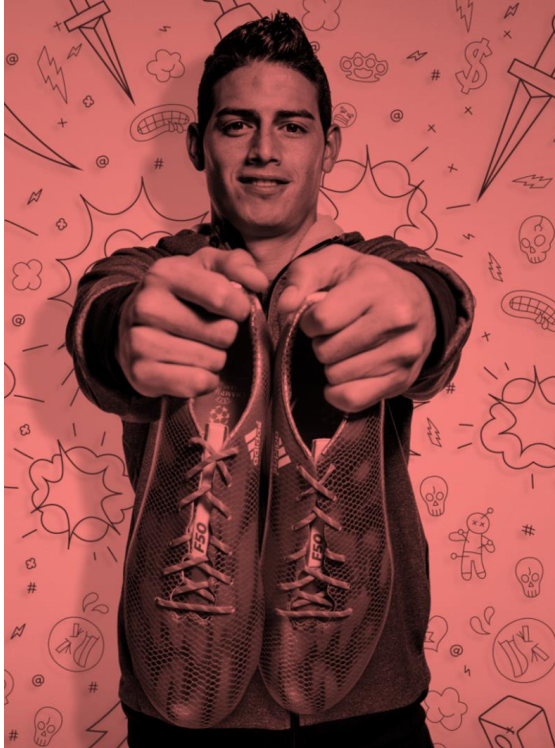
STRONG SALES GROWTH IN NEARLY ALL MARKETS



Currency-neutral.

Figures reflect combined revenues of the adidas and Reebok businesses.

MARKETING CAMPAIGNS CREATE BRAND DESIRE



RUNNING

- Currency-neutral Running sales increase 13%
- Double-digit sales increases in both footwear and apparel
- Double-digit sales growth in most markets
- Introducing the best running shoe ever: ULTRA BOOST



FOOTBALL

- Currency-neutral sales for Football footwear grow 16%
- Strong momentum in Western Europe as well as in North America
- Football sales in retail increase 7% on currency-neutral basis
- Successful launch of the 'THERE WILL BE HATERS' campaign



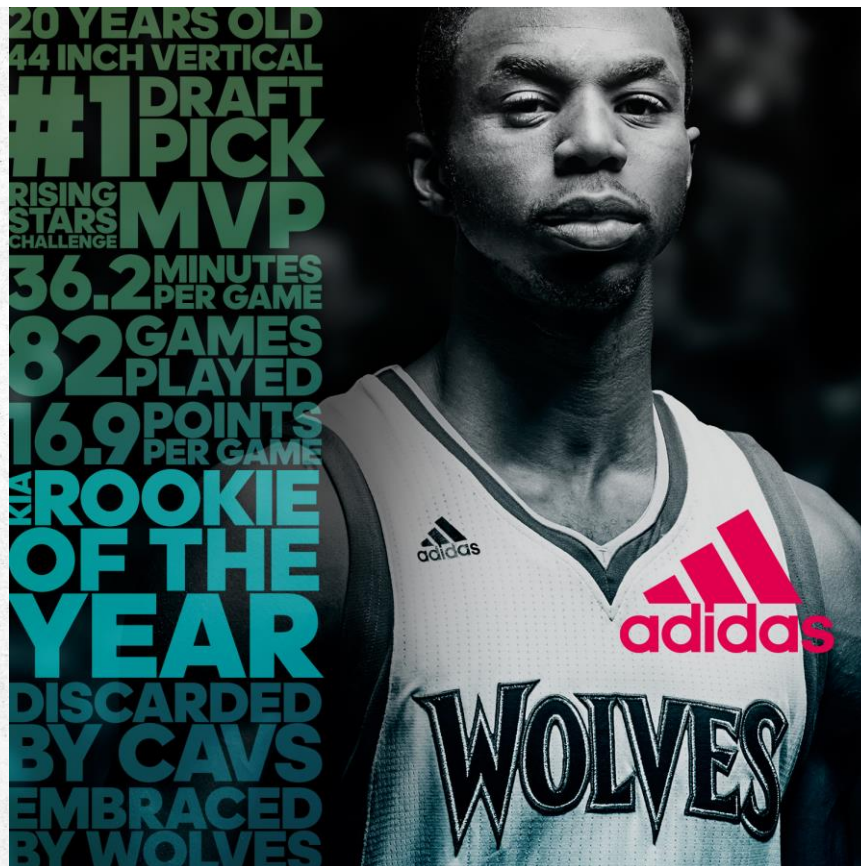
TRAINING

- Currency-neutral Training sales increase 8%
- Strong double-digit growth in Latin America, Greater China and MEAA
- Growth driven by double-digit sales increases in apparel
- adidas by Stella McCartney celebrates 10 years of being at the cutting edge of advanced athletic style



BASKETBALL

- Currency-neutral Basketball sales increase 1%
- Successful launch of the first Damian Lillard signature shoe
- Outstanding presence during the 2015 NBA All-Star Game in NYC
- Andrew Wiggins honoured as 'Rookie Of The Year'



ORIGINALS

- Sales at adidas Originals increase 29% currency-neutral
- Footwear sales at adidas Originals increase 44%, driven by strong silhouettes such as the Superstar, Tubular and ZX Flux
- Strong double-digit increase in most markets



NEO

- adidas NEO sales increase 18% currency-neutral
- Double-digit growth in both footwear and apparel
- adidas NEO enjoys strong momentum in most markets
- Successful launch of the spring 2015 Selena Gomez Collection



REEBOK

- Reebok revenues up 9% currency-neutral
- 8th consecutive quarter of growth
- Double-digit growth rates in the Training and Studio categories
- Successful introduction of the Reebok ZPump Fusion franchise



TMaG

- Currency-neutral sales down 9%, due to sales declines in metalwoods and irons
- R15 and AeroBurner successfully introduced to the market
- First stand-alone TMaG factory outlet opened during Q1
- Strong product pipeline and a cleaner market environment put TMaG up for growth going forward



FINANCIAL HIGHLIGHTS

ROBIN J. STALKER
ADIDAS GROUP CFO

NEW SEGMENTAL REPORTING STRUCTURE

adidas
GROUP

WESTERN EUROPE
NORTH AMERICA
GREATER CHINA
RUSSIA/CIS
LATIN AMERICA
JAPAN
MEAA

OTHER BUSINESSES



OTHER CENTRALLY
MANAGED BUSINESSES

WESTERN EUROPE

- Revenues up 11% currency-neutral
- Double-digit sales growth in most of the region's major markets
- Double-digit sales growth at both adidas (+11%) and Reebok (+16%)
- Growth at adidas supported by sales increases in Running, Football and at adidas Originals
- Marketing and sales working budget expenditure up at double-digit rates each



NORTH AMERICA

- Sales grow 7% currency-neutral
- Revenues at adidas up 9%, supported by double-digit increases in Football and at adidas Originals
- Reebok sales decrease 3%, due to ongoing efforts to streamline the brand's factory outlet business
- Significant investments in brand-building activities and point-of-sale activation



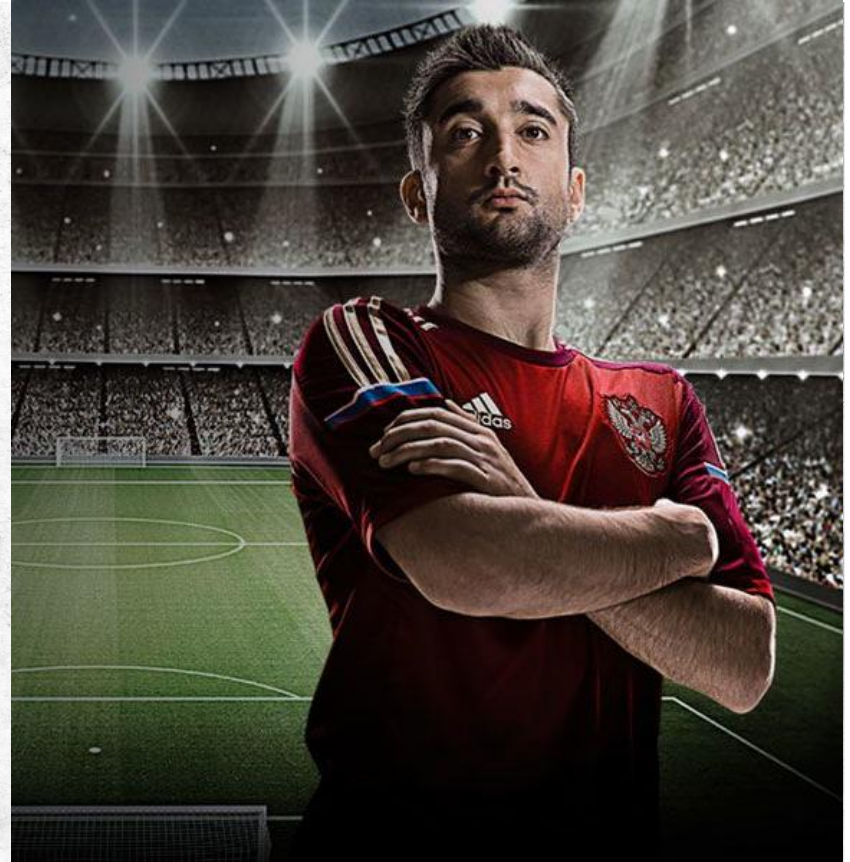
GREATER CHINA

- Currency-neutral sales grow 21%, with double-digit increases at both adidas and Reebok
- adidas up 21%, mainly due to strong double-digit sales increases in key performance categories such as Training and Running
- adidas Originals and adidas NEO continue to grow at double-digit rates



RUSSIA/CIS

- Currency-neutral sales down 3%
- Mid-single-digit growth at Reebok more than offset by sales declines at adidas
- Significant reduction of operating expenses, primarily due to lower sales expenditure
- Close to 30 net store closures during Q1 2015



LATIN AMERICA

- Sales grow 6% currency-neutral
- Double-digit increases in most markets, in particular Argentina
- Sales up 5% at adidas, fuelled by double-digit growth in Training, Running and at adidas Originals
- Reebok grows 16%, supported by double-digit sales increases in Running and Training
- Revenues in retail up 21%, driven by double-digit comp store sales increases



JAPAN

- Currency-neutral sales up 7%, driven by growth at both adidas and Reebok
- adidas up 3%, mainly due to double-digit sales increases in Running and at adidas Originals
- Retail revenues grow at double-digit rate, supported by significant sales increases in eCom



MEAA

- Revenues in Q1 up 10% currency-neutral driven by double-digit growth at adidas
- United Arab Emirates, South Korea and Turkey are main contributors to the sales increase
- Double-digit sales growth at adidas (+10%), driven by increases in Training, Running and at adidas Originals



PROFITABILITY OF OTHER BUSINESSES IMPROVES

Other Businesses	Q1 2015	CHANGE
NET SALES	€ 377 million	↓ (1%) ¹⁾
GROSS MARGIN	37.5%	↓ (0.6pp)
OPERATING MARGIN	(1.4%)	↑ +4.9pp









¹⁾ Currency-neutral.

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

GROUP OPERATING MARGIN GROWS 0.1PP

Q1 2015







GROSS PROFIT	 +17%	€ 2,008 million
GROSS MARGIN	 +0.0pp	49.2%
OTHER OPERATING EXPENSES	 +15%	€ 1,700 million
OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES	 (0.8pp)	41.6%
OPERATING PROFIT	 +18%	€ 363 million
OPERATING MARGIN	 +0.1pp	8.9%

Excluding goodwill impairment of € 18 million.

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

NET INCOME GROWS 22%







Q1 2015

FINANCIAL INCOME	 +132%	€ 16 million
FINANCIAL EXPENSES	 [22%]	€ 16 million
INCOME BEFORE TAXES	 +24%	€ 363 million
INCOME TAX RATE	 +0.9pp	29.8%
NET INCOME FROM CONTINUING OPERATIONS	 +22%	€ 255 million
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS	 +27%	€ 1.24

Excluding goodwill impairment of € 18 million.

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

RETAIL PROFITABILITY IMPROVES STRONGLY

	Q1 2015	CHANGE
NET SALES	€ 895 million	 +14% ¹⁾
ADIDAS COMP STORE SALES		 +5% ¹⁾
REEBOK COMP STORE SALES		 (2%) ¹⁾
TOTAL COMP STORE SALES		 +4% ¹⁾
GROSS MARGIN	59.9%	 (0.1pp)
OPERATING MARGIN	16.0%	 +2.8pp

¹⁾ Currency-neutral.

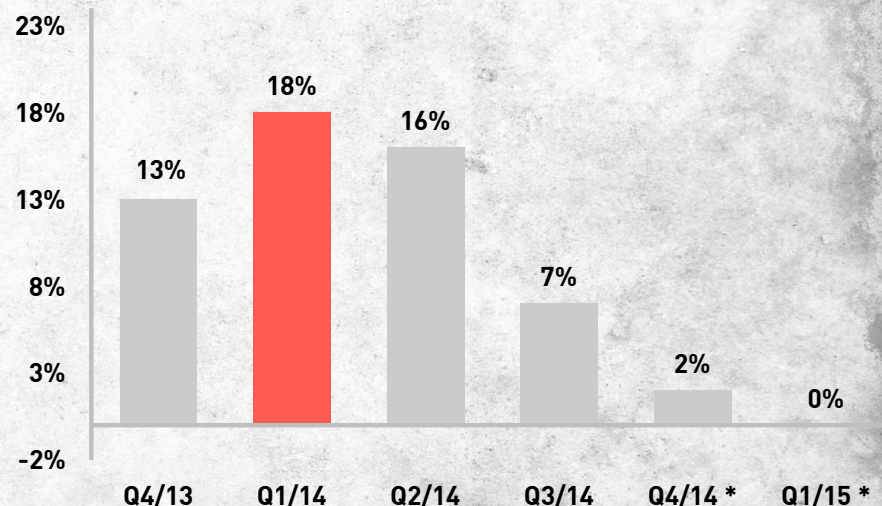
RETAIL STORE DEVELOPMENT

- 2,895 stores operated at quarter-end
- Net decrease of 18 stores versus 2,913 at the end of 2014
- 49 new stores opened, 67 stores closed, 23 stores remodelled
- 1,604 adidas and 436 Reebok branded; 855 factory outlets



STRONG FOCUS ON INVENTORY MANAGEMENT

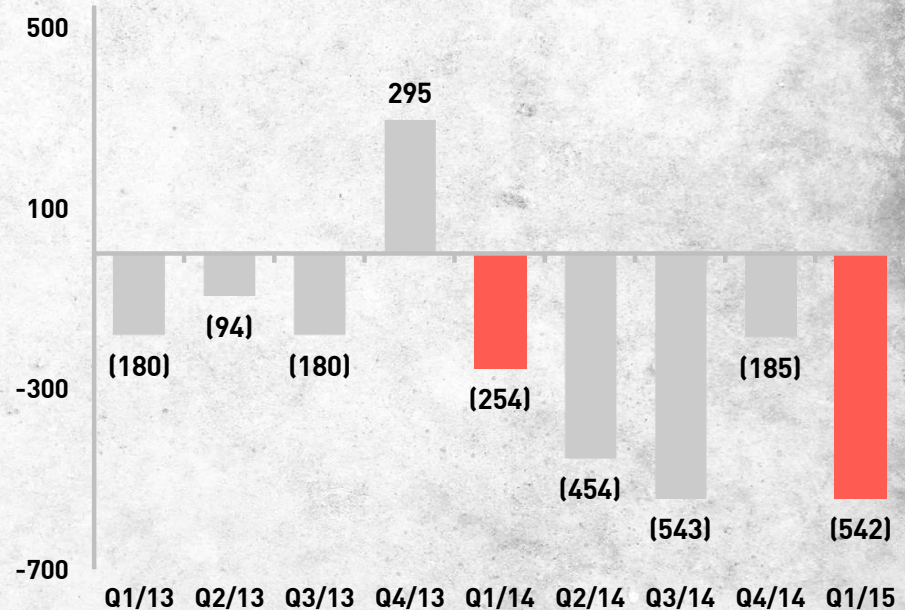
- Inventories from continuing operations remain stable (c.n.)
- Receivables from continuing operations up 2% (c.n.)
- Payables from continuing operations increase 1% (c.n.)
- Average OWC in % of sales increases 0.3pp to 21.9%



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

NET DEBT OF € 542 MILLION

- Net borrowings increase to € 542 million (2014: € 254 million), mainly as a result of the utilisation of cash for the share buyback programme
- Ratio of net borrowings/EBITDA amounts to 0.4 (2014: 0.2)
- Equity ratio decreases to 46.7% (2014: 48.8%)



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 planned divestiture of the Rockport business.

STRATEGIC INITIATIVES AND OUTLOOK

HERBERT HAINER
ADIDAS GROUP CEO

SPORT 15 CONTINUES TO DEMONSTRATE OUR DNA



ANDREW WIGGINS: ROOKIE OF THE YEAR



ADIDAS INCREASES VISIBILITY IN US SPORTS



CLIMACHILL CAMPAIGN LAUNCHED



INTRODUCING ROLAND GARROS COLLECTION BY Y-3

adidas

Y-3



NEW FOOTBALL SILOS TO BE INTRODUCED



GAMECHANGER



PLAYMAKER

ORIGINALS CREATES MORE EXCITEMENT



REEBOK LAUNCHES CROSSFIT NANO 5.0



2015 AEROBURNER LINE-UP



ADIDAS AND SPOTIFY TO LAUNCH ADIDAS GO

let the music
listen to you



music by  Spotify

Available on the
App Store



QUESTIONS & ANSWERS

UPCOMING EVENTS

MAY 7, 2015

ANNUAL GENERAL MEETING

MAY 8, 2015

DIVIDEND PAYMENT¹⁾

JUNE 24, 2015

IR TUTORIAL WORKSHOP

AUGUST 6, 2015

FIRST HALF 2015 RESULTS

NOVEMBER 5, 2015

NINE MONTHS 2015 RESULTS

¹⁾ Subject to Annual General Meeting Approval.