FINANCIAL RESULTS PRESENTATION

Full Year 2015 Speech

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Good afternoon ladies and gentlemen and welcome to our 2015 full year financial results conference call. Our presenters today are Herbert Hainer, adidas Group CEO, and Robin Stalker, Group CFO.

Let me remind you that, as always, to allow for ease of comparison, all revenue-related growth rates will be discussed on a currency-neutral basis, unless otherwise specified. In addition, all figures will refer to the Group's continuing activities and be discussed excluding goodwill impairment losses unless otherwise stated.

It's been a busy year and we have a lot to cover. So, let's get started. Over to you, Herbert.

Thanks Sebastian and good afternoon ladies and gentlemen.

2015 was a very successful year for the adidas Group. We reached all of our major financial goals and even exceeded our initial top- and bottom-line targets. This was made possible because we reacted like true champions after the severe challenges we had been facing in 2014. We used our form crisis as an opportunity, analysed our weaknesses, realigned our business, rolled up our sleeves and took up the fight for gold. As a result, our 2015 performance is a picture-perfect example of a successful comeback in sport. And there is no doubt, as a Group, today we are stronger and in better shape than ever before.

- In 2015, Group sales increased 10%. In euro terms, revenues were up 16% or 2.4 billion euro to a new record of 16.9 billion euro.
- Our core brand adidas, by far our largest business, drove the Group's top-line expansion, growing 12% in 2015 and reaching sales of 13.9 billion euro, the highest level ever, with strong growth acceleration towards year-end. This was particularly visible in Western Europe and North America, where revenues grew 31% and 12% during the fourth quarter.

- While adidas Originals continued to be a major growth driver during the quarter, momentum in our Sport Performance business also increased, as revenues grew at a high-single-digit rate in Q4, with double-digit increases in Western Europe, North America, Greater China and MEAA.
- Reebok reported a 6% sales increase for the full year and now has eleven consecutive quarters of growth under its belt.
- Gross margin increased 60 basis points to 48.3%, which clearly reflects the strength of our brands as this was achieved despite negative currency effects and FOB increases.
- Our underlying net income grew 12% to 720 million euro, despite delivering on our promise to significantly step up marketing investments to spur revenue growth and drive long-term brand desire.

These financials provide clear evidence for the major progress the Group made in 2015. But our success goes way beyond financial figures.

With our new strategic business plan 'Creating the New', we have developed a new game plan aimed at accelerating our growth trajectory until 2020 by significantly increasing brand desirability. And while officially this plan only kicked in at the beginning of 2016, 'Creating the New' has already set free a lot of positive energy within our Group during the past year.

This is the result of a completely new mindset – brands first – which we are living internally and which is also reflected in the reorganisation of roles and responsibilities within our sales and marketing teams. Following the implementation of 'Brand Leadership', today our Global Brands organisation has a centralised role when it comes to key decision-making relating to the appearance of our brands and products around the globe. With this approach, we ensure that our product offering enjoys a high level of commonality worldwide, while at the same time we guarantee that major initiatives such as product launches and communication activities are managed centrally before they are executed locally by the markets.

I have absolutely no doubt that this new consumer-obsessed mindset and organisational structure spurred the success of our brands in 2015 as it helped us to be much more impactful vis-à-vis the consumer in many areas of our business. The stellar momentum we are seeing at our core brands, adidas and Reebok, ensured strong top-line growth throughout the year and, equally important, also resulted in major margin improvements, which is a clear testimony that both brands resonate extremely well with their respective target consumers.

A prime example of our consumer-obsessed mindset is our football category: 2015 saw a full reset of our football footwear business with the launch of 'Ace' and 'X'. These new football silos successfully replaced our iconic franchises f50, Predator, 11Pro and Nitrocharge. Focusing on the specific needs of two different types of football consumers was a bold decision that also came with some risk. But it proved to be right, as evidenced by the double-digit increase in football footwear revenues last year. In addition, we saw a strong presence of our new cleats in the world's top five football leagues, with almost 40% of players wearing 3-Stripes. As a result, we were able to significantly increase our market share last year, particularly in the important battleground Western Europe. This alone is great news.

But let's not forget our unrivalled partnership portfolio with the world's most influential football teams, which was expanded in 2015 by adding two of Europe's most iconic teams, Manchester United and Juventus Turin. This helped us to fully compensate for the non-recurrence of record World Cup related football sales we generated in the prior year period.

As a consequence, 2015 was by far the most successful football year in our history, with revenues reaching a new all-time high of more than 2.2 billion euro. So just imagine the potential we have this year, once the excitement around the two major football events – the UEFA EURO 2016 and the Copa America – kicks in!

In 2015, we also made a bold statement in another major performance category, running. Here, we launched UltraBOOST, which delivers unrivalled energy return, superior support and adaptive comfort to consumers. As we were so convinced of the performance attributes of this shoe, we called UltraBOOST 'the greatest running shoe ever' even before it hit the market at the beginning of 2015. Now, a year after its official launch, there is no better description for UltraBOOST than just that. Both the feedback we get from consumers as well as the sell-through rates we record leave no doubt that UltraBOOST was the 'Best Sneaker of 2015', as awarded by both running and lifestyle magazines several times throughout the year.

At the same time, the track record of Boost in the world's marathon scene speaks for itself. In total, Boost running shoes have been on the feet of the winners in 70 major marathon races since we brought the franchise to the market. In New York, Mary Keitany repeated her victory, becoming the first woman with back-to-back wins in New York in a long time. And her margin of victory of 67 seconds is just as impressive. And one thing is for sure: an outstanding performance like that can only be achieved if you have the best possible equipment.

And it is not only the professional runners who 'Boost' their run with our unique technology. In total, we sold more than ten million pairs of Boost running shoes in 2015. As a result, sales in our running category increased by 6% in 2015, with both footwear and apparel recording robust growth rates. And the momentum in this important category is clearly accelerating as we are experiencing double-digit backlog growth.

The tremendous success of our Originals business lies in our unique ability to recreate iconic sports moments and bring them to the street. This is exactly what made our famous footwear franchises Stan Smith and Superstar driving forces of sneaker culture in 2015. The Superstar on its own was sold more than 15 million times in 2015 and was by far the best-selling sneaker of the year. And while we are going to keep the momentum up for those two franchises in the coming year, we will carefully manage their life cycles to ensure longevity.

But it is not only the classic styles that adidas Originals is successful with.

- Our newly introduced NMD, a fusion of well-proven adidas DNA with breakthrough technology from today, has once again demonstrated the trendsetting capabilities and influence adidas Originals has on the streets. The initial volume was immediately sold out on the launch weekend.
- We also developed Tubular, which hadn't been as impactful initially as we had hoped, into a success story. Instead of abandoning the franchise after the first

disappointment, we remained committed to it as we strongly believe in its immense potential. And we were absolutely right: After having taken it out of distribution for a while, redesigning the product, sharpening the communication around it and launching it again, the refined Tubular hit the nerve of lifestyle consumers around the globe. In New York, people were lining up in front of stores for three blocks during the record winter blizzard to get their pair of the latest Tubular version.

- And not to forget the unprecedented demand around Yeezy Boost, which we have developed in collaboration with Kanye West and that is enjoying unparalleled popularity. All of the seven iterations released so far have not only sold out instantly but also played a major role in propelling adidas to the most popular sneaker brand on Instagram in 2015.

It is all of these products and the overwhelming response from the lifestyle consumer that drove an outstanding financial performance: adidas Originals grew a stunning 36% in 2015, with strong double-digit growth rates in each and every quarter. Momentum even accelerated towards the end of the year, as sales grew 45% during the fourth quarter.

In the context of 'Creating the New', winning the female consumer is an imperative for our Group and offers tremendous growth potential. Therefore, 2015 saw the complete reset of our Women's business, as we are now more focused on the female athlete than ever before. As a result, we have made significant changes to our global product and marketing approach to enable us to create products and consumer experiences that address the very needs of women.

As part of these efforts, adidas recently launched PureBOOST X, a 'high performance meets high fashion' running shoe exclusively designed and developed for women. And while the official launch of PureBOOST X only took place a couple of weeks back, I am encouraged by double-digit sell-through rates.

In addition, within the scope of our new Sport 16 campaign, the first chapter of films 'I'm Here to Create' is told through the lens of some of the world's finest female athletes, including tennis icon Caroline Wozniacki, supermodel Karlie Kloss as well as a large number of local influencers.

And I am sure you are just as excited as I am about our collaboration with former lululemon CEO Christine Day, who has been acting as a strategic adviser to our women's business for almost a year now. As an expert in building an athletic brand for women, Christine has been instrumental in sharpening our game plan, asking the right questions and helping us develop this important part of our business in the right way.

North America is another area where the adidas brand made major progress last year by moving closer to the consumer. One of our main priorities in 2015 was to gain credibility in those categories that are important to authenticate our brand towards the US athlete. And indeed, through grassroots events at the high school and college level, much higher visibility in all of the major US sports and highly engaging marketing campaigns, we have become much more relevant for the US consumer in only a short period of time.

- In American football, for example, our partnership with Denver Broncos' Von Miller, the most valuable player in Super Bowl 50, put the 3-Stripes right into the spotlight during the world's biggest single sports event.
- In baseball, the number of players wearing our products has more than doubled within less than twelve months and now includes standouts such as the 2015 Rookie of the Year Kris Bryant.
- And in basketball, we have teamed up with James Harden, one of the most charismatic players in the game, who has already created a lot of buzz for us as he took centre stage in the last episode of our Sport 15 campaign in December.

Speaking about Sport 15: This has been by far our loudest and most successful marketing initiative in the US ever. Not only was this the first time that we had four major brand campaigns out in only one year. In addition, each of the four episodes had a clear focus on the American athlete – from professionals down to the high school level – and created great excitement und unparalleled engagement amongst consumers. On YouTube alone, the four videos – which were launched around major US sporting highlights such as the NBA All-Star game and the start of the NFL season – reached more than 100 million viewers. The third episode, 'Create the new Speed', which was all about American football, has generated more re-tweets than any other adidas campaign before – including our highly successful World Cup campaigns. As promised, we will continue with this consistent marketing approach that is tailored to the American athlete and aimed at building strong ties with US consumers.

When talking about connecting with the US consumer, we must of course not forget our unrivalled presence in the lifestyle arena with all of the Yeezy Boost iterations writing one success story after another. The Yeezy Boost 350 even received the prestigious Footwear News 'Shoe of the Year' award. No question that the collaboration with Kanye West has significantly elevated the perception of our brand, not only but particularly in the US. And the impact goes far beyond the lifestyle part of our business.

I can tell you – the major progress we have made in connecting with the US consumer hasn't gone unnoticed by the country's most important retailers. They have become much more supportive of our products over the past twelve months, which is reflected in a significant increase in shelf space in their stores. In combination with the continued roll-out of our own-retail stores, this has also elevated the brand experience at the point of sale remarkably.

All of this resulted in accelerating brand momentum throughout the year, which culminated in a 12% revenue increase for brand adidas during the fourth quarter. We have clearly set the stage for the double-digit growth ambition we have for 2016.

Turning now to Reebok's performance in more detail: with growth of 5% in Q4, the brand now looks back on eleven consecutive quarters of growth. Without any doubt, this is proof positive of the successful repositioning of the brand and its rededication towards fitness. Clearly, the brand's bold shift from team sports to a focus on fitness is well accepted by consumers around the globe, with Reebok's international business growing at a double-digit rate on average over the last eleven quarters – that is almost three years!

At the same time, the brand continues to face challenges in its home market. To reset the brand in North America and deliver sustainable and profitable business growth going forward, we started to streamline Reebok's distribution footprint in North America during the course of 2015 by reducing the number of factory outlets. And while we will continue to pursue that path going forward, we will also ensure we increase retail visibility by significantly growing the amount of premium controlled space. 2016 will see shop-in-shop solutions expand into 100 Academy shops as well as Footaction, Champs and Lady Foot Locker stores across the entire nation. In addition, by opening showrooms to introduce the new Reebok to local communities and leveraging our relationship with highly influential brand ambassadors through grassroots activities, we will introduce new concepts to better connect with our target consumer in the US. I have absolutely no doubt that we will see major progress for the Reebok brand in the US this year, which will result in revenue growth in 2016. And I am convinced that, over time, the Reebok brand will become as successful in the US as it already is in all other parts of the world.

Let’s now move over to our golf business.

Following a decade of strong and profitable growth, TaylorMade-adidas Golf experienced two very difficult years in 2014 and 2015, caused by a number of structural, commercial and operational issues. As a result, halfway through last year we started analysing future options for our golf business. We expect this strategic review to be concluded by the end of the first quarter of 2016. At the same time, we also initiated a major restructuring programme, with the main objective to create a more nimble and profitable organisation while at the same time delivering upon its mission to be the innovative leader in golf. The turnaround plan is in full execution as we speak and it is expected to deliver visible results and major operational and financial improvements in 2016.

In the meantime, we have seen extremely good response to our latest product launches. In its inaugural week, on both the PGA Tour and European Tour, TaylorMade’s M1 driver became the number one played model, bringing TaylorMade back to the top spot in golf’s most important category, metalwoods. A multitude of players made an immediate switch based on the impressive results they saw in testing – a true testament to the unrivalled performance of M1.

But the M1 was not only successful with our Tour staff. Due to the strong early demand and quick sell-through at retail, our launch quantities were sold out quickly after its launch and much faster than we had anticipated. But unlike in the past, we decided not to push further volumes into the market during the fourth quarter, in order to keep the product fresh and demand high for the next drop in the first quarter of 2016. The 15% revenue decline during the fourth quarter reflects this deliberate decision as well as our efforts to resize our golf business. Consequently, revenues at TaylorMade-adidas Golf decreased 13% in 2015.

Ladies and gentlemen this concludes my update about a successful year 2015 for the adidas Group. Let me now hand over to Robin to complete the picture for 2015 by looking at the financials in detail.

Thank you Herbert and good afternoon ladies and gentlemen.

As you have just heard, 2015 was a very successful year for our Group. From an operational perspective, we delivered a great performance, and I will highlight how this has played out throughout the financials of the Group.

Top of our robust financial performance is clearly the broad-based top-line momentum the Group witnessed throughout the entire year, with strong sales increases in most regions. Particular stand-out areas in 2015 were Greater China, Western Europe, MEAA and Latin America, where revenues grew at a double-digit rate each, much faster than initially expected.

Even more impressive, however, was our strong year-end finish, with accelerating sales momentum in most of our key regions, amongst others Western Europe and North America, where sales were up 30% and 8%, respectively, during the fourth quarter. Greater China, Latin America and MEAA also continued their growth path during the fourth quarter with double-digit increases each.

So let's dive deeper and have a more detailed look at the development of some of our major market segments.

Starting with Western Europe. After three already very successful quarters, with accelerating momentum in each and every quarter, we were able to end the year on a high. Currency-neutral sales grew at a blistering rate of 30% in the fourth quarter, with all key markets growing at double-digit rates, first and foremost the UK, Italy and Germany.

More importantly, however, we were able to translate the strong top-line performance during the year into an even stronger bottom-line performance. Operating profit in Western Europe increased 36% in 2015, translating into an operating margin of 20.0%, up 2.5 percentage points versus the prior year period.

Moving over to North America, Herbert has already mentioned that we are successfully increasing our visibility in this all-important market. I am encouraged to see that our efforts are already bearing fruit when looking at our top-line development in 2015. Currency-neutral sales growth saw a further acceleration towards year-end, reaching 8% in the fourth quarter, adding up to a 5% increase for the full year.

This development was due to a strong 12% increase at adidas in Q4, the strongest growth we saw throughout 2015, confirming our improving success in authenticating our brand towards the US consumer. Reebok revenues declined 5% in Q4, reflecting the brand's continued efforts to further streamline Reebok's factory outlet business in North America.

As already mentioned, in 2015 we significantly increased our marketing investments by more than 50% to support the company's growth in the region. Consequently, operating expenses were up 39% to 977 million euro. This in turn weighed on our profitability in North America, which decreased 2.9 percentage points to 2.5%.

Let's move over to Greater China, where we were able to maintain our strong momentum at both adidas and Reebok, with currency-neutral sales up 16% in Q4, representing the 7th consecutive quarter of double-digit growth.

At adidas, where revenues increased 14% in the fourth quarter, growth was driven by double-digit improvements in both our performance and our lifestyle business. So, while we are still leveraging the strong successes of Originals and NEO, we also continue to take increasing advantage of the structural trend towards a healthier lifestyle.

In 2015, Greater China was both our fastest-growing market, with currency-neutral sales up 18%, and the most profitable market with an operating margin of 35.1%, up another 50 basis points versus the prior year. Supported by the ongoing robust demand for sporting goods as well as increased sports participation, we have every confidence that we will be able to keep the double-digit growth momentum going into 2016.

Let's now have a look at Latin America, where we were able to record another year of double-digit growth in 2015. This is even more impressive considering the tough comparisons we were exposed to resulting from the non-recurrence of prior-year World Cup related sales. Revenues increased 12% during both the quarter and the full year, reflecting double-digit growth at adidas and Reebok.

Supported by the strong brand momentum, we recorded a gross margin improvement of 2.2 percentage points to 42.4% in 2015. As a result, despite an increase in operating expenses, operating margin increased 80 basis points to 13.2%.

A market that had to deal with major economic challenges in 2015 was Russia/CIS, where consumer sentiment and spending were heavily impacted throughout the year.

Against this background, we recorded a sales decline of 11% in Russia/CIS in 2015. The sales development in the region was significantly impacted by the rationalisation of our store network, resulting in 167 net store closures during the year.

In light of the significant rouble devaluation as well as higher input costs, gross margin in Russia/CIS decreased 2.6 percentage points to 56.0% in 2015. To compensate for the gross margin decline, we carefully managed our cost base, resulting in a 30% operating expense reduction. As a percentage of sales, however, operating expenses increased 1.6 percentage points to 44.6%.

Despite the gross margin decline and higher operating expenses as a percentage of sales, our operations in Russia/CIS remained profitable in each and every quarter in 2015, with an operating profit of 85 million euro and an operating margin of 11.4%. This is a great achievement on the part of our local management team, highlighting our ability to manoeuvre our market organisations through difficult times.

To finish our detailed view on our operating segments, let's have a quick look at Other Businesses, which declined 3% in the fourth quarter of 2015. This development is mainly due to the 15% decline at TaylorMade-adidas Golf Herbert already mentioned. While revenues at Reebok-CCM Hockey declined 1%, sales in Other centrally managed businesses increased at a double-digit rate in Q4.

For the full year, sales in Other Businesses decreased 3% as a result of the 13% decrease at Taylor-Made-adidas Golf, which more than offset increases at Reebok-CCM Hockey and in Other centrally managed businesses.

Gross margin in Other Businesses decreased 80 basis points to 33.9% in 2015, reflecting gross margin declines at TaylorMade-adidas Golf.

Due to the gross margin decline and ongoing restructuring efforts at TaylorMade-adidas Golf, Other Businesses recorded an operating loss of 89 million euro in 2015, compared to a loss of 57 million euro in the prior year period.

Let's now have a closer look at the Group's other P&L items, starting with the development of our gross margin.

Despite ongoing pressure from unfavourable foreign exchange trends and higher input costs, the positive effects from a more favourable pricing, channel and product mix strongly supported our Group gross margin, which expanded by 2.3 percentage points to 47.2% in the fourth quarter. As a result, we ended the full year 2015 with a gross margin of 48.3% and thus 60 basis points above the prior year level – a strong achievement considering the fact that negative currency effects and higher input costs together wiped out close to 200 basis points of gross margin.

Our operating expenses recorded an increase of 23% in the fourth quarter. As already mentioned during our nine months results conference call, we made a deliberate decision to further increase our marketing investments in the fourth quarter to leverage the strong brand momentum at adidas and Reebok. As a result, marketing investments increased 31% in Q4 compared to the prior year. Additionally, higher operating overhead costs, partly due to the restructuring programme at TaylorMade-adidas Golf, contributed to this development.

From a full year perspective, operating expenses increased 18% or 40 basis points as a percentage of sales. This development was, once again, due to the Group's planned efforts to further strengthen brand desirability, by stepping up brand-building investments, which grew 22% or 60 basis points to 13.9% of sales in 2015. Against the background of our strong top-line development, we were able to leverage operating overhead costs, which as a percentage of sales were down 20 basis points during the year.

As you saw earlier today, the 2015 financial year was impacted by non-operational goodwill impairment losses totalling 34 million euro, mainly related to the Group's Russia/CIS and Latin America cash-generating units. Of this total, 18 million euro occurred in the first quarter and 16 million euro occurred in the fourth quarter. The impairment losses were non-cash in nature and do not affect the adidas Group's liquidity.

Excluding these goodwill impairment losses, the Group's operating profit increased 14% to 1.1 billion euro in 2015. The Group's operating margin decreased 10 basis points to 6.5% for the full year, reflecting the increase in marketing investments, which more than offset the gross margin improvement.

As already flagged with the release of our nine months results, we generated a slight operating loss during the fourth quarter as we decided to take advantage of the dynamic top-line development by further investing into our brands.

Turning now to non-operating items of the P&L: Full year net financial expenses decreased to 21 million euro versus 48 million euro in the prior year, driven by positive exchange rate effects as well as the non-recurrence of negative exchange rate variances from the prior year.

Due to the non-recognition of deferred tax assets, the full year effective tax rate increased 3.2 percentage points to 32.9%. This is well above historic levels and we expect to return to a more normalised level of around 30% in 2016.

Despite the fact that the effective tax rate for 2015 was higher than expected, we were able to exceed our bottom-line target. Net income increased 12% – well above the initially projected 7 to 10% improvement – to 720 million euro in 2015. This translates into basic and diluted earnings per share for the full year of 3 euro 54 cents, up 16% compared to the prior year.

Looking at the performance of the retail part of our business, both the fourth quarter and the full year showed strong improvements, with revenues for the fourth quarter up 13% and full year sales increasing 11%. The development in both periods was driven by double-digit growth at adidas.

Comparable store sales were up 5% in Q4 with double-digit growth in most of the regions. Excluding Russia/CIS, comparable store sales even increased 10%. For the full year, comparable store sales were up 3%, growing in every market except Russia/CIS.

Our eCommerce business continued to grow strongly and posted an increase of 42% in the full year. As a result, revenues generated through our own e-com platforms grew to over 600 million euro, more than 100 million euro above our 2015 target.

In addition, our retail business continues to see significant profitability improvements. While gross margin increased a strong 2.5 percentage points to 61.6% in Q4, operating margin climbed 1.2 percentage points to 18.6%. As a result, our retail operations ended the full year with a 61.8% gross margin, up 2.4 percentage points compared to the prior year. The operating margin reached a level of 20.3% reflecting a 2.8 percentage points improvement year-over-year.

Last but certainly not least, ladies and gentlemen, let me give you some insight into our balance sheet and cash flow development.

While inventories and accounts payable on a currency-neutral basis increased 25% and 22%, respectively, reflecting higher stock levels to support the Group's top-line momentum in early 2016, average operating working capital as a percentage of sales decreased a strong 1.9 percentage points to 20.5% at year-end.

In 2015, we ended the year with net borrowings of 460 million euro, an increase of 275 million euro versus last year. This development is mainly a result of the utilisation of cash for the share buyback programme in an amount of 301 million euro.

With the great operational performance in 2015, the Group's strong financial position as well as our confidence in the Group's long-term growth aspirations, we will propose a dividend of 1 euro and 60 cents at our Annual General Meeting in May. This would reflect a payout ratio of 47.9%, which is at the upper end of the increased target range of between 30% and 50% as defined in our dividend policy.

Now this concludes my review of our 2015 financial year. Let me now hand over to Herbert who will share with you some very exciting news on upcoming product launches and events that will spur our growth in 2016. Thank you for your attention and back to you Herbert.

Thanks, Robin.

So ladies and gentlemen, let me now spend a few minutes to showcase what you can expect from the adidas Group in 2016. And I am excited to share with you some of our upcoming product launches and major initiatives that will fuel our growth this year.

Without doubt, innovation will remain at the heart of everything we do. Therefore, in 2016 we will continue to drive the 'New' – be it in product, concepts or processes.

We're looking at new ways of how we design our product, using 3D technology to create shoes the world hasn't seen before. In this context, I am proud that with our Futurecraft series, we are once again demonstrating our leadership on the innovation side. Futurecraft is a forward-looking initiative to drive innovation across all elements of the production process. Back in October, we presented the first groundbreaking innovations of this series: Futurecraft 3D and Futurecraft Leather.

The newest chapter of our Futurecraft series is Futurecraft Tailored Fibre. While originally launched in the automotive and aerospace sector, Futurecraft Tailored Fibre will enable unique footwear designs that can be modified to the individual needs of any athlete. The Tailored Fibre technology allows the upper itself to be ergonomically tuned to the athlete's foot.

Running will be a focus area for us in 2016. With our unique BOOST material we have revolutionised the entire running market. For me, there is no doubt that BOOST has the power to make EVA – the industry's synthetics material standard for 35 years – obsolete. And UltraBOOST is a very good example which shows how we turn unequalled innovations into premium product franchises.

So, in 2016, we will keep our focus in running on the UltraBOOST franchise, by bringing the next chapter of UltraBOOST to life: UltraBOOST ST. These running shoes will provide the ultimate experience in luxurious stability. Whether an athlete is training or running a full marathon, the unique midsole will keep every step charged with energy. In addition, the adaptive adidas Primeknit upper gives lightweight support exactly where it's needed, while the outsole provides a smooth, stable heel-to-toe transition.

And I can promise you that this is by far not the only new member of the UltraBOOST family that will come to life in 2016. But one thing at a time...

Following our intensified focus on the female athlete, we just recently introduced Avenue A, a women-only subscription service that offers a curated box containing premium running and training products. Avenue A will help us to improve the shopping experience by providing seasonal looks directly to female athletes in a unique and customised way. Each shipment is a surprise and the box will be filled with three to five premium items, which can be a mix of footwear, apparel and accessories appropriate for the respective season.

In addition, we just recently announced an integrated multi-year partnership with Wanderlust. Wanderlust is the producer of the largest yoga lifestyle events in the world, merging the energy of a music festival into the community atmosphere of a yoga and fitness event. We are very excited to partner up to reach the female athlete in a new and exciting way.

At the beginning of this year, after dominating headlines for so many weeks, ACE 16+ PURECONTROL, the first laceless football boot, officially hit the market and soon started to dominate pitches around the globe.

A few weeks later, I am proud to share with you that the boot is already set to become one of our most iconic releases ever. We've taken away something that has been present in every pair of football boots the industry has released before – the laces. The result is a really pure silhouette and a beautiful shape. That shape not only makes it visually stunning, but most importantly gives our players an unparalleled strike surface. Worn on the pitch by some of the best football players in the world, such as Mesut Özil and Ivan Rakitic, the boot is enjoying great visibility across the globe.

Talking about great football players, we cannot go without mentioning the Ultimate Creator: Leo Messi. After winning a record fifth Ballon d'Or, Leo Messi has clearly cemented his place as the greatest player in the history of football. adidas Football marked the moment with the launch of a new platinum boot containing real platinum elements, never seen before on a football boot: the Platinum Messi 15.

On top of the introduction of the most innovative footwear concepts, our football category will experience strong support from this year's upcoming events.

Starting with by far the biggest football event in 2016, the UEFA EURO 2016. This is not just an exciting event but the most efficient platform to demonstrate our leadership in football, on and off the field of play. Being the official sponsor, outfitter and licensee of the event as well as partner of nine high-calibre teams including favourites Germany, Spain and Belgium, we expect high visibility and great leverage from the EURO throughout 2016. And that's not only within our football category but also through halo effects on many other categories.

Besides the UEFA EURO 2016, we are looking at another major opportunity in 2016 to showcase our strength in the football business. Hosted by the US, the Copa America will for the first time take place outside of South America. Thanks to our unique partnership portfolio around South America's most successful federations and the region's most admired football players, amongst others Leo Messi, Luis Suarez and James Rodriguez, the adidas brand will not only shine during the event but will also make sure it leverages its football excellence in North and South America.

And there is another event which I have not mentioned yet, where adidas will again play a key role: the Rio 2016 Olympic Games. Just like at every Olympics for more than 80 years, we will be outfitting our partners, including the world's best-known athletes and federations, with innovative performance products, enabling them to reach their personal best during the Games. While commercially not as relevant as the two football events, the Olympic Games will provide an excellent platform for the adidas brand to present its performance credentials to consumers globally while at the same time increasing its overall presence across Latin America.

Let's move over to our lifestyle business, where 2015 was undoubtedly a tremendous year for adidas Originals. We experienced great success stories throughout the year, as our exclusive partnerships with superstars such as Pharrell, Kanye and Nigo created huge hype for our products. Going forward, we will continue to build upon this hype and leverage our strong collaborations and endorsements to further strengthen the perception and relevance of our brand amongst the lifestyle consumer.

Two footwear franchises that will take centre stage in 2016 are both collective memory from our past. They have been re-invented and will now be developed over the next couple of years: Tubular and NMD. I already mentioned the hype that the reshaped Tubular created amongst streetwear hounds around the globe at the beginning of the year. And the NMD is just as successful: after the first launch in December, the next silhouette, the new NMD R1 Primeknit, hit the market in January and – like its predecessors – was sold out in a short period of time. The good news for all disappointed sneakerheads is that the next drop is already around the corner…

2016 will of course also see the continuation of the unique collaboration between adidas Originals and Kanye West. With the launch of the black version of the YEEZY BOOST 350 in February, we have once again pushed boundaries by offering an unparalleled level of comfort, performance and style.

Let me now spend a few minutes on North America, where we will build on the strong momentum that the adidas brand is currently enjoying in the marketplace, to further gain credibility with the US consumer.

To achieve this, we will make sure we further increase our visibility in the most relevant US sports and continue to be disruptive with our marketing initiatives.

Starting with American football, we will celebrate Super Bowl 50 MVP Von Miller from the Denver Broncos with a customised set of cleats. In addition, as the official face of our 'Freak' franchise, Miller will be featured in a variety of adidas marketing initiatives this year and will play a central role in the development of a 'Freak' range, which will include footwear, apparel and accessories.

Let's turn to basketball, where 2016 has had an impactful start with the next chapter of our 'Creators Never Follow' campaign. Following on the launch of the first episode featuring James Harden in December, the second chapter starring Portland Trail Blazers superstar Damian Lillard was released in January. Through the lens of basketball and one of the game's most unique talents, the film shows adidas' vision of inspiring athletes to celebrate every moment in sport as an opportunity to create, redefine themselves and ultimately lead, and never follow.

In baseball as well, 2016 is shaping up to be the best season for adidas in quite some time. We are excited that we were able to add some notable new signees for the next MLB season, amongst others Carlos Correa, ranked number 13 of the MLB's top 100 players. For 2016, we will increase our roster of baseball players to over 100 athletes, and thus reach new levels of brand visibility which will spur consumer engagement.

In addition to significantly increasing the visibility on the field of play, we will also make further progress on the appearance of our brands and products at the point-of-sale. 2016 will see the introduction of new in-store solutions within the stores of our wholesale partners. At Footlocker, for example, we are planning to install new shop-in-shop applications in close to 300 stores. In addition, we will have more than 700 apparel pads – a blend of Men's and Women's – at Dick's. On top of that, we will continue the rollout of our own stores with a clear focus on key cities such as New York, Los Angeles, Chicago, Atlanta and Miami. In 2016, this will include a new neighbourhood store in New York's Soho district as well as our first 4,000 square metres Stadium Store on 5th Avenue. Those stores will have an enormous impact not only on sales, but also by defining our flight level in distribution, raising the standards of other stores in the country.

Taking all of this together, in 2016 our new brands and products will connect with the US consumer in multiple dimensions and in a more impactful way than ever before.

Let's now turn to Reebok.

As we have already illustrated throughout this presentation, Reebok enjoys increasing brand recognition within the Fitness Generation, which is ultimately also shown in the brand's solid top- and bottom-line improvements. In 2016 and beyond, we will further leverage this strong positioning and keep addressing the most relevant fitness movements in the sporting goods industry. Our unique and unrivalled partnership portfolio with the UFC, Les Mills and CrossFit will give us the perfect platform to showcase the depth of Reebok's product offering in the years to come.

On the Classics side, Reebok will kick off the spring/summer 2016 season with the release of the dual-gender Furylite sneaker. The release is backed by a dynamic new campaign with a series of images named 'Free Your Fury'. The campaign was shot by Warwick Saint, one of the most renowned international photographers and directors in the field of fashion, celebrity and music shoots, helping to underline Reebok's fusion of stand-out fashion sneakers with technologically advanced features.

Last but not least, let's take a few steps on the green, where our golf business continues to execute its turnaround plan, which is focused on

- establishing market leadership in our core equipment categories,
- improving operating efficiencies across our core brands,
- driving margin enhancements through the business,
- and stabilising our product launch cycle to align with the seasonal nature of the golf category.

We are starting to see signs of recovery, with our metalwoods offering, the largest equipment category, gaining strength and significantly expanding its global market share following the launch of the M1 in October. In the US, for example, by far the biggest golf market globally our market share in this all-important category increased by more than 10 percentage points until the end of the year.

In February, TaylorMade completed its 'M' family offering by unveiling the M2 product line, consisting of drivers, fairways and rescue clubs. Both the M1 and the M2 feature a truly revolutionary multi-material construction highlighted by a 7-layer carbon composite crown. With the 'M' family of products, it is the letter 'M' that now defines distance and forgiveness in the industry.

The response to our recent product introductions was very positive. The encouraging demand across different products and categories, in combination with cleaner inventory levels and continued strong performances of our products on the Tour, makes me confident that we will be able to realise significant margin and profitability improvements in our golf business in 2016.

Summing it all up, ladies and gentlemen: I have no doubt that 2016 will be another important and successful stage in our race to become the best sports company in the world and achieve the Group's long-term financial ambition. Our brands are benefiting from the ever-increasing relevance of sport in the lives of people around the globe. Our products are in high demand with consumers in every part of the world. Our order books are full across all major performance and lifestyle categories. And our brands are set to shine at this year's major sporting events. This gives us every confidence that we will again grow the top and bottom line at a double-digit rate this year.

Looking at the top line in more detail, we expect Group sales to increase at a rate between 10% and 12%. From a segmental perspective, we will increase revenues in all regions except Russia/CIS, with particularly strong performance in Western Europe, North America and Greater China, where sales are expected to grow at a double-digit rate each.

Other Businesses is expected to be slightly below the prior year level, as a result of sales declines at TaylorMade-adidas Golf. This development, however, is solely related to expected revenue declines at the Adams and Ashworth brands, which will more than offset sales increases at TaylorMade and adidas Golf.

As you have seen, we are in great shape and well prepared to fully compensate the cost pressure that we and the entire industry will be facing in 2016 as a result of a surge in input costs due to labour cost increases in our supply chain as well as the strong appreciation of the US dollar against most major currencies. As discussed in detail during our second IR Tutorial Workshop in December last year, we forecast our gross margin to contract at a rate between 50 and 100 basis points, to a level of between 47.3% and 47.8%. This means that we will be able to compensate the vast majority of the expected headwinds through sourcing efficiencies as well as the positive effects from a more favourable pricing, product, channel and regional mix.

On top of that, we expect significant leverage on operating overhead costs, while keeping marketing investments as a percentage of sales around the prior year level. As a result, we have every confidence that the Group's operating profit will grow at a double-digit rate as well, with the operating margin remaining at least stable compared to the prior year. Net income is expected to increase at a rate of between 10% and 12% to around 800 million euro. This will be a major achievement considering the severity of this year's sourcing cost increase.

But make no mistake, the measures we have implemented to counterbalance this are not short-term oriented. We will definitely not sacrifice the long-term development of the Group and the desirability of our brands for short-term margin optimisation. In fact, the opposite is true. All of the initiatives aiming to support our margin development in 2016 will sustainably increase our operating efficiency and significantly strengthen our foundation for profitable growth in the future. At the same time, in line with our firm belief that the desirability of our brands and products will be the decisive factor to significantly increase revenues and profits over time, we will further increase our brand-building investments this year. And with this in mind, I have no doubt that 'Creating the New' will not only be off to a great start in 2016, but will also make major progress in the years to come.

Now, ladies and gentlemen, we are happy to take your questions.

Thanks Herbert and Robin.

So, ladies and gentlemen, that completes our conference call for today.
Our next reporting date will be May 4, but I am sure we are going to catch up with many of you over the next couple of weeks either over the phone or during our upcoming roadshows in Europe and the US.

As always, if you have any questions please feel free to contact any member of the IR team.

And with that, I would like to thank you for your participation and wish you a very good day. Talk to you soon.