8TH GERMAN CORPORATE CONFERENCE

Munich,
September 24, 2019
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AGENDA

01 BUSINESS UPDATE
02 FINANCIAL UPDATE
03 OUTLOOK
CONSUMER HIGHLIGHTS
LEVERAGING MULTIPLE DIMENSIONS OF INNOVATION
### STRENGTHS & WEAKNESSES IN Q2 2019

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<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
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<tr>
<td><strong>+ CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS</strong>&lt;br&gt;Double-digit growth in Greater China and e-commerce</td>
<td><strong>− SUPPLY CHAIN SHORTAGES WITH EXPECTED IMPACT</strong>&lt;br&gt;Weighing on growth and profitability in North America</td>
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<tr>
<td><strong>+ NEW PRODUCTS GAIN COMMERCIAL TRACTION IN DTC</strong>&lt;br&gt;Double-digit growth in retail</td>
<td><strong>− NO GROWTH IN WHOLESALE</strong>&lt;br&gt;New products not yet scaled with partners</td>
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<tr>
<td><strong>+ TOP-LINE STABILIZATION AT REEBOK</strong>&lt;br&gt;First steps towards profitable growth</td>
<td><strong>− DECLINE IN SPORT PERFORMANCE</strong>&lt;br&gt;Due to Football facing tough prior year FIFA World Cup comparisons</td>
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<tr>
<td><strong>+ STRONG PROFITABILITY IMPROVEMENT</strong>&lt;br&gt;Continuation of double-digit bottom-line growth</td>
<td><strong>− OPEX LEVERAGE MASKED BY MARKETING SPEND AND DTC GROWTH</strong>&lt;br&gt;Increased brand investments</td>
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P&L HIGHLIGHTS
IN Q2 2019

REVENUES INCREASE 4% CURRENCY-NEUTRAL
And 5% in euro terms to € 5.509 billion

GROSS MARGIN UP 1.2PP TO 53.5%
Driven by favorable FX development

OPERATING MARGIN UP 0.4PP TO 11.7%
Despite increased brand investments and DTC-related costs

NET INCOME FROM CONTINUING OPERATIONS INCREASES 10%
To € 462 million

BASIC EPS FROM CONTINUING OPERATIONS UP 13%
To € 2.33
CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS IN Q2 2019

ADIDAS NORTH AMERICA
On top of a 17% increase in Q2 2018

GREATER CHINA
On top of a 27% increase in Q2 2018

E-COMMERCE
On top of a 26% increase in Q2 2018

Currency-neutral.
SPORT PERFORMANCE DECLINES 2%
Despite double-digit growth in Training and Basketball

SPORT INSPIRED GROWS 9%
Reflecting growth in Originals and Yeezy

FOOTWEAR REVENUES INCREASE 5%
Supply chain shortages weighing on growth in apparel

Currency-neutral.
REEBOK REVENUES INCREASE 3%
Driven by double-digit growth in North America and Latin America

GROWTH IN CLASSICS
Driven by robust increase in footwear

GROSS MARGIN DOWN 1.6PP TO 43.2%
Following exceptional expansion in prior years

Currency-neutral.
EXCEPTIONAL GROWTH IN E-COMMERCE
DRIVING DIGITAL CONSUMER ENGAGEMENT

E-COMMERCE REVENUES GROW 37%
Driven by double-digit growth across all regions

LAUNCH OF CREATORS CLUB IN UK AND GERMANY
Driving traffic and engagement rates

ADIDAS APP LIVE IN ALMOST 30 COUNTRIES
Building direct relationships to consumers around the globe
FINANCIAL UPDATE
GROWTH BY MARKET SEGMENT
SIGNIFICANT INCREASE IN ASIA-PACIFIC AND ROBUST GROWTH IN NORTH AMERICA

Currency-neutral.
NORTH AMERICA
TOP-LINE AND MARGIN IMPACTED BY SUPPLY CHAIN SHORTAGES

Currency-neutral sales increase 6%

**adidas brand revenues up 5%**
Driven by growth in both Sport Performance and Sport Inspired

**Reebok brand revenues increase 10%**
Driven by double-digit growth in Classics

**Gross margin decreases 1.5pp to 39.3%**
Better product/channel mix and lower sourcing costs more than offset by higher air freight costs and less favorable pricing mix

**Operating margin decreases 5.3pp to 11.4%**
Due to gross margin decline and opex investments
ASIA-PACIFIC
SIGNIFICANT GROWTH DRIVEN BY GREATER CHINA

Currency-neutral sales increase 8%

*adidas* brand sales up 9%
Driven by double-digit growth in Sport Inspired

*Reebok* brand revenues down 11%
Due to declines in both Sport and Classics

Gross margin up 2.3pp to 59.7%
Driven by positive FX impact, a better product/channel mix and lower sourcing costs

Operating margin increases 0.6pp to 34.9%
Gross margin expansion partially offset by opex investments
Currency-neutral sales remain stable

**adidas brand revenues remain stable**
Growth in Sport Inspired offset by decline in Sport Performance

**Reebok brand sales increase 4%**
Driven by growth in Classics

**Gross margin improves 3.9pp to 52.2%**
Due to significant positive FX impact, better channel mix and lower sourcing costs

**Operating margin up 4.3pp to 25.3%**
Mainly driven by gross margin expansion
## P&L Overview

### Q2 2019 Results

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2018</th>
<th>Y-O-Y</th>
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<tbody>
<tr>
<td><strong>Net Sales</strong> (€ in millions)</td>
<td>5,509</td>
<td>5,261</td>
<td>+5%</td>
</tr>
<tr>
<td><strong>Gross Margin</strong></td>
<td>53.5%</td>
<td>52.3%</td>
<td>+1.2pp</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>5</td>
<td>19</td>
<td>-74%</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong> (in % of sales)</td>
<td>2,346</td>
<td>2,210</td>
<td>+6%</td>
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<tr>
<td></td>
<td>42.6%</td>
<td>42.0%</td>
<td>+0.6pp</td>
</tr>
<tr>
<td><strong>Other Operating Income</strong></td>
<td>744</td>
<td>707</td>
<td>+5%</td>
</tr>
<tr>
<td></td>
<td>13.5%</td>
<td>13.4%</td>
<td>+0.1pp</td>
</tr>
<tr>
<td><strong>Operating Overhead Expenses</strong> (in % of sales)</td>
<td>1,602</td>
<td>1,502</td>
<td>+7%</td>
</tr>
<tr>
<td></td>
<td>29.1%</td>
<td>28.6%</td>
<td>+0.5pp</td>
</tr>
<tr>
<td><strong>Operating Profit</strong></td>
<td>643</td>
<td>592</td>
<td>+9%</td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>11.7%</td>
<td>11.3%</td>
<td>+0.4pp</td>
</tr>
<tr>
<td><strong>Net Income</strong> from continuing operations</td>
<td>462</td>
<td>418</td>
<td>+10%</td>
</tr>
<tr>
<td><strong>Basic EPS</strong> from continuing operations (€)</td>
<td>2.33</td>
<td>2.06</td>
<td>+13%</td>
</tr>
</tbody>
</table>
GROSS MARGIN TO DECLINE IN H2
SEVERAL FACTORS TO BE CONSIDERED

- Less favorable sourcing costs and increased use of air freight
  According to mitigation plan for supply chain shortages

- More balanced growth across channels
  New products to be scaled with partners

- Selective price reinvestments in Europe
  Supporting planned return to growth in H2

- Tailwind from FX hedges fading
  Hedges significantly less favorable in H2

- Tough comparison due to exceptional Yeezy launch
  Strong underlying improvements particularly in prior year’s Q3
**AVERAGE OPERATING WORKING CAPITAL**

IN % OF SALES DOWN 1.9PP TO 18.3%

- **Inventories up 5% c.n.**
  Reflecting planned top-line acceleration in H2

- **Receivables up 1% c.n.**
  Reflecting top-line development in wholesale

- **Payables up 14% c.n.**
  Due to improved terms with vendors

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*Average operating working capital in % of sales at quarter-end.*
**NET CASH AND EQUITY POSITION**

EQUITY RATIO AT 34.3%

**Net cash position**
At € 362 million

**Equity position**
Increases € 580 million year-on-year

**Equity ratio**
Down 7.9pp year-on-year due to IFRS 16

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Net cash at quarter-end, € in millions.
**SHAREHOLDER RETURN**

**SHARE BUYBACK UPDATE**

For 2019 and Total: As at June 30, 2019.

Buyback started March 22, 2018 and ending latest on May 11, 2021.

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<tr>
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<th>2018</th>
<th>2019</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td>Volume Targeted</td>
<td>Up to € 1.0 billion</td>
<td>Around € 800 million</td>
<td>Up to € 3.0 billion</td>
</tr>
<tr>
<td>Volume Completed*</td>
<td>€ 1.0 billion</td>
<td>€ 301 million</td>
<td>€ 1.3 billion</td>
</tr>
<tr>
<td>Shares Purchased*</td>
<td>5.1 million</td>
<td>1.3 million</td>
<td>6.4 million</td>
</tr>
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</table>
Leveraging multiple dimensions of innovation
To drive quality top-line growth

Continuing to invest with impact
Into brand desire and scalable business model

Delivering overproportionate net income growth
On the back of sustainable operating margin expansion

Tackling challenges decisively
Return Europe to growth and mitigate supply shortages
Evolving icons from the past and building icons of the future
Multiple dimensions of innovation

NITE JOGGER

OZWEEGO + LXCON

UB CTY

SUPERCOURT

HOME OF CLASSICS

UB19
SCALING GROUNDBREAKING TECHNOLOGY
MULTIPLE DIMENSIONS OF INNOVATION
BRINGING COLLABORATION TO THE NEXT LEVEL
MULTIPLE DIMENSIONS OF INNOVATION

x TOY STORY 4  x MANCHESTER UNITED  x ARIZONA ICED TEA
x MARVEL  x VICTORIA BECKHAM  x PHARRELL
Product engine to contribute
Scaling recent launches as well as introducing new products

Europe to return to growth
Foundation laid for recovery in H2

Upcoming UEFA EURO 2020
First positive impact from related product launches in Q4

Earlier Chinese New Year
Sell-in of related product partly in Q4

Impact of supply chain shortages to fade
Efforts to resolve bottleneck to take effect particularly in Q4

Prior year comparisons to ease
Lower base in H2 than in H1
OUTLOOK 2019 CONFIRMED
TOUGH YEEZY COMPS AND SUPPLY SHORTAGE TO IMPACT H2 PHASING

Sequential top-line acceleration towards year-end
Modest improvement in Q3 followed by step-up in Q4

Gross margin to decline in H2
Air freight costs, fading tailwinds, price reinvestments and tough comps

Opex spend more evenly distributed across quarters
Impacting operating margin and profit development

Bottom-line growth skewed towards Q4
Q3 net income to be down y-o-y due to top-line phasing and margin profile
**OUTLOOK 2019 CONFIRMED**

**DRIVING DOUBLE-DIGIT BOTTOM-LINE GROWTH**

<table>
<thead>
<tr>
<th></th>
<th>GUIDANCE EXCL. IFRS 16</th>
<th>GUIDANCE INCL. IFRS 16**</th>
</tr>
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<tbody>
<tr>
<td><strong>Net sales</strong>*</td>
<td>Increase of 5% – 8%</td>
<td></td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>Increase to around 52.0%</td>
<td></td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td>Increase of 0.5pp – 0.7pp to around 11.3% – 11.5%</td>
<td></td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>Increase of 10% – 14% to € 1.880 – € 1.950 billion</td>
<td>Increase of 8% – 12% to € 1.845 – € 1.915 billion</td>
</tr>
</tbody>
</table>

* Currency-neutral.
** Net income including estimated negative impact from accounting change according to IFRS 16 of around € 35 million in 2019 (based on lease contracts as of January 1, 2019).
SUMMARY

1. First half of 2019 according to plan
2. Continuation of double-digit bottom-line growth
3. Building blocks in place to accelerate top line in H2
4. 2019 another year of quality top- and bottom-line growth
5. Focus on relentless execution of ‘Creating the New’