FY 2017 RESULTS

Herzogenaurach
March 14, 2018
AGENDA

1. STRATEGIC UPDATE
2. BUSINESS UPDATE
3. FINANCIAL UPDATE
4. OUTLOOK
STRATEGIC UPDATE

KASPER RORSTED
CEO
CREATING THE NEW
FOCUS ON DRIVING BRAND HEAT

CULTURE
OPEN SOURCE
CITIES
FOCUS
SPEED

BRAND DESIRE

TOP LINE & MARKET SHARE GROWTH
GROSS MARGIN EXPANSION
OPERATING LEVERAGE
Value diversity and promote inclusivity
Continuously increasing the share of females in leadership positions

Create a performance culture
Based on clearly defined roles and accountabilities

Establish leadership groups
Defining strong leadership and improving cross-functional collaboration and decision making

Introduce new long-term incentive plan (LTIP)
Strong alignment with shareholder interests through transparent and equity-based compensation
NEW MANAGEMENT TEAM IN PLACE
INTERNAL APPOINTMENTS REFLECT QUALITY AND DEPTH OF THE COMPANY’S POOL OF LEADERSHIP
## STRATEGIC CHOICES
EXECUTING ‘CREATING THE NEW’ WITH MAJOR PROGRESS ON STRATEGIC CHOICES

<table>
<thead>
<tr>
<th>SPEED</th>
<th>CITIES</th>
<th>OPEN SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>All markets and categories onboarded</td>
<td>Growth rates above market, resulting in market share gains</td>
<td>More than one million pairs of shoes using Parley Ocean Plastic</td>
</tr>
<tr>
<td>Speed-enabled products now representing 28% of net sales</td>
<td>Relative NPS outperformance in most cities</td>
<td>Joining forces with Carbon to create the first performance footwear crafted with light and oxygen</td>
</tr>
<tr>
<td>Speedfactory releases the AM4 series</td>
<td>Transforming retail spaces within key trade zones</td>
<td>‘adidas Runners’ established in more than 50 cities</td>
</tr>
<tr>
<td>PORTFOLIO</td>
<td>ADIDAS NORTH AMERICA</td>
<td>ONE ADIDAS</td>
</tr>
<tr>
<td>-----------</td>
<td>----------------------</td>
<td>------------</td>
</tr>
<tr>
<td>Divestiture of TaylorMade and CCM Hockey completed</td>
<td>Exceptional top-line growth despite challenging environment</td>
<td>Initiatives to improve operating efficiency and profitability established</td>
</tr>
<tr>
<td>Reebok Muscle-Up well on track, resulting in margin improvements</td>
<td>Significant increase in footwear market share</td>
<td>Further reduction of product ranges and marketing concepts</td>
</tr>
<tr>
<td>Brazil and Argentina turnaround plans progressing</td>
<td>Strong profitability improvements</td>
<td>Becoming a more agile and truly global company</td>
</tr>
</tbody>
</table>
BUSINESS UPDATE

KASPER RORSTED
CEO
2017 MAJOR P&L DEVELOPMENTS
STRONG TOP- AND EXCEPTIONAL BOTTOM-LINE PERFORMANCE

STRONG NET SALES DEVELOPMENT
Currency-neutral increase of 16%
Absolute net sales reach €21.218 billion

EXCEPTIONAL PROFITABILITY IMPROVEMENTS
Operating margin up 1.2pp to 9.8%
Net income from continuing operations increases 32% to €1.430 billion*

Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.
* Excluding negative one-time tax impact of €76 million in 2017.
**SHAREHOLDER RETURN**
CREATING LONG-TERM SHAREHOLDER VALUE

**DIVIDEND PROPOSAL IN LINE WITH NET INCOME GROWTH**

Dividend of €2.60* per share, **up 30% versus prior year**

Payout ratio of **37.1%** (2016: 37.4%)

**NEW SHARE BUYBACK PROGRAM TO LAUNCH IN 2018**

Up to €3.0 billion until **May 2021**

Reflecting around **8%** of current market capitalization

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* Dividend subject to Annual General Meeting approval.

** Payout ratio based on net income from continuing operations; excluding negative one-time tax impact of €76 million in 2017.
## FINANCIAL AMBITION  
**SHORT- AND LONG-TERM OUTLOOK**

### 2018

**STRONG TOP- AND BOTTOM-LINE IMPROVEMENTS EXPECTED IN 2018**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>Increase by around 10%</td>
</tr>
<tr>
<td><em>(currency-neutral)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>Increase of 13% – 17% to € 1.615 billion – € 1.675 billion</td>
</tr>
<tr>
<td><em>(currency-neutral)</em></td>
<td></td>
</tr>
</tbody>
</table>

### 2020

**LONG-TERM FINANCIAL AMBITION**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>10% – 12% (confirmed)</td>
</tr>
<tr>
<td>CAGR 2015 - 2020 <em>(currency-neutral)</em></td>
<td></td>
</tr>
<tr>
<td><strong>Net income from continuing operations</strong></td>
<td>22% – 24% (upgraded)</td>
</tr>
<tr>
<td>CAGR 2015 - 2020</td>
<td></td>
</tr>
</tbody>
</table>
STRENGTHS & WEAKNESSES
IN FY 2017

Broad-based top-line momentum
Double-digit growth across most regions

E-com continues to outperform
Fastest-growing channel in all regions

Strong gross margin increase
Reflecting high quality of sales growth

Relentless execution of ‘Creating The New’
‘Acceleration Plan’ initiated and executed against

Sales decline in football and basketball
Reflecting challenging licensed business

Sales increase in apparel business
Lagging behind footwear

Top-line growth challenging existing infrastructure
Ongoing investments into capacity and scalability

Slower comp store sales growth
Mainly due to Western Europe and Russia/CIS
ADIDAS BRAND GROWS 18% IN 2017
DOUBLE-DIGIT GROWTH IN MOST REGIONS

+18%

Strong double-digit sales growth
On top of a 22% increase in the prior year

Significant double-digit growth in footwear
Ongoing focus on franchise management

Women’s business outperforms in 2017
Sales increase of more than 20%
SPORT PERFORMANCE INCREASES 8%
STRONG DOUBLE-DIGIT GROWTH IN KEY FOOTWEAR FRANCHISES

Running revenues up 23%
Driven by strong growth in footwear

Training sales grow 7%
Reflecting growth in apparel and footwear

Football revenues accelerate in Q4
Supported by revenues generated with 2018 World Cup product

SPORT PERFORMANCE QUARTERLY REVENUE GROWTH (2-YEAR STACKS)

Q1 2016: 22%
Q2 2016: 16%
Q3 2016: 13%
Q4 2016: 18%

Q1 2017: 4%
Q2 2017: 7%
Q3 2017: 3%
Q4 2017: 3%

Currency-neutral.
ORIGINALS AND NEO UP 32%
EXCELLENT DOUBLE-DIGIT GROWTH IN FOOTWEAR AND APPAREL

Originals up 30%
Driven by North America, Greater China and Western Europe

Modern franchises grow more than 50%
Now representing more than half of Originals footwear business

neo business grows 35%
Exceptional improvement in footwear business

Currency-neutral.
Sales growth of 4% reflecting improvements in most regions
Driven by double-digit growth in Classics business

Decline in North America
Due to store closures and the clean-up of lower-margin business in the US market

Strong profitability improvements
Gross margin up 400bps to 40.7% driven by successful execution of Muscle-Up initiatives

ROBUST PROFITABILITY IMPROVEMENT AT REEBOK
TOP-LINE GROWTH IMPACTED BY STORE CLOSURES IN THE US AND RUSSIA/CIS
**REEBOK MUSCLE-UP**
FOCUS ON ‘MUSCLE-UP’ INITIATIVES DELIVERS OPERATIONAL AND FINANCIAL IMPROVEMENTS

<table>
<thead>
<tr>
<th><strong>ORGANIZATION</strong></th>
<th><strong>DESIGN TO VALUE</strong></th>
<th><strong>MARKETING WORKING BUDGET</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>US/Global teams integrated</td>
<td>Full adoption of DTV principles</td>
<td>Reduction in marketing concepts</td>
</tr>
<tr>
<td>Relocation to Boston completed</td>
<td>New consumer value framework introduced</td>
<td>New influencer marketing model created</td>
</tr>
<tr>
<td>Role clarity driven through organization</td>
<td>Value-based pricing model rolled out</td>
<td>Absolute and relative MWB increase in 2017</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>NEW BUSINESS MODEL</strong></th>
<th><strong>US MARKET</strong></th>
<th><strong>EFFICIENCY IMPROVEMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Prioritize digital</td>
<td>Market turnaround ongoing</td>
<td>Model reductions</td>
</tr>
<tr>
<td>Increase speed-to-market capabilities</td>
<td>Optimization of trade terms</td>
<td>Process simplification</td>
</tr>
<tr>
<td>Detailed franchise management</td>
<td>Optimization of own-retail stores</td>
<td>Operationalization of range overlap</td>
</tr>
</tbody>
</table>
EXCEPTIONAL GROWTH IN E-COM
DIRECT CONSUMER ENGAGEMENT SPURS BRAND HEAT

+57%
FINANCIAL UPDATE

HARM OHLMeyer
CFO
DOUBLE-DIGIT GROWTH IN MOST REGIONS
NORTH AMERICA AND GREATER CHINA WITH EXCELLENT DOUBLE-DIGIT SALES INCREASE

- NORTH AMERICA: +27%
- WESTERN EUROPE: +13%
- RUSSIA/CIS: (13%)
- LATIN AMERICA: +12%
- JAPAN: +10%
- GREATER CHINA: +29%
- MEAA: +10%
NORTH AMERICA
ANOTHER YEAR OF EXCELLENT GROWTH

+27%

Currency-neutral sales increase 27% in 2017

adidas brand revenues up 35%
Driven by double-digit growth in Running, Training, Originals and neo

Reebok brand revenues down 15%
Reflecting the closure of own-retail stores in the US

Gross margin increases 1.8pp to 39.5%
Reflecting a more favorable product mix

Operating margin up 4.7pp to 10.9%
Reflecting the gross margin improvement and OPEX leverage
Currency-neutral sales increase 29% in 2017

**adidas brand sales increase 30%**
Double-digit growth in Running, Training, Basketball, Originals and neo

**Reebok brand revenues up 25%**
Double-digit growth in Training, Running and Classics

**Gross margin down 0.5pp to 57.1%**
Despite positive pricing and category mix

**Operating margin up 0.2pp to 35.4%**
OPEX leverage secures excellent profitability
WESTERN EUROPE
STRONG GROWTH IN A VERY MATURE MARKET

+13%

Currency-neutral sales increase 13% in 2017

adidas brand revenues up 12%
Double-digit growth in Running, Outdoor, Originals and neo

Reebok brand sales increase 24%
Driven by Training, Running and Classics

Gross margin improves 1.1pp to 45.5%
FX headwind more than offset by a better pricing and channel mix

Operating margin up 2.1pp to 20.0%
Reflecting the gross margin improvement and OPEX leverage
## FINANCIAL RESULTS OVERVIEW

**OPERATING MARGIN IMPROVEMENT DRIVEN BY GROSS MARGIN INCREASE AND OPEX LEVERAGE**

Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

<table>
<thead>
<tr>
<th></th>
<th>FY 2017 (€ in millions)</th>
<th>FY 2016 (€ in millions)</th>
<th>Y-O-Y change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET SALES</strong></td>
<td>21,218</td>
<td>18,483</td>
<td>+15%</td>
</tr>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>50.4%</td>
<td>49.2%</td>
<td>+1.2PP</td>
</tr>
<tr>
<td><strong>OTHER OPERATING INCOME</strong></td>
<td>133</td>
<td>262</td>
<td>(49%)</td>
</tr>
<tr>
<td><strong>OTHER OPERATING EXPENSES</strong></td>
<td>8,882</td>
<td>7,885</td>
<td>+13%</td>
</tr>
<tr>
<td><strong>OTHER OPERATING EXPENSES (in % of sales)</strong></td>
<td>41.9%</td>
<td>42.7%</td>
<td>(0.8PP)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>2,070</td>
<td>1,582</td>
<td>+31%</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>9.8%</td>
<td>8.6%</td>
<td>+1.2PP</td>
</tr>
</tbody>
</table>
STRONG PROFITABILITY INCREASE
OPERATING MARGIN UP 1.2PP DESPITE DIFFICULT PRIOR YEAR COMPARISONS

Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.
**FINANCIAL RESULTS OVERVIEW**

BASIC EPS FROM CONTINUING OPERATIONS IMPROVES 31% TO € 7.05

<table>
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<th>FY 2017</th>
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<tr>
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<td>9.8%</td>
<td>8.6%</td>
<td>+1.2PP</td>
</tr>
<tr>
<td><strong>NET INCOME</strong> from continuing operations* (€ in millions)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,430</td>
<td>1,082</td>
<td>+32%</td>
</tr>
<tr>
<td><strong>BASIC EPS</strong> from continuing operations* (€)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.05</td>
<td>5.39</td>
<td>+31%</td>
</tr>
<tr>
<td><strong>DILUTED EPS</strong> from continuing operations* (€)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7.00</td>
<td>5.29</td>
<td>+32%</td>
</tr>
</tbody>
</table>

Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.

* Excluding negative one-time tax impact of € 76 million in 2017.
NET INCOME BRIDGE
DRIVERS OF NET INCOME CHANGE

€ in millions.

* 2016: Gain of € 1 million related to Rockport; losses of € 63 million related to TaylorMade, Adams Golf, Ashworth and CCM Hockey.
Inventories from continuing operations up 8% c.n.

Receivables from continuing operations up 23% c.n.

Payables from continuing operations down 15% c.n.

AVERAGE OPERATING WORKING CAPITAL
IN % OF SALES DOWN 0.7PP TO 20.4%

2013: 21.3%
2014: 22.4%
2015: 20.5%
2016: 21.1%
2017: 20.4%

2017 and 2016 figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses.
2015, 2014 and 2013 figures reflect continuing operations as a result of the divestiture of the Rockport business.
NET CASH POSITION OF € 484 MILLION
EQUITY RATIO IMPROVES 1.8PP TO 44.4%

Net cash/(net borrowings) at year-end, € in millions.
CASH STRATEGY
STRONG FOCUS ON DRIVING OPERATING CASH FLOW GENERATION

- CAPEX
  - 3% - 4% of sales
- DIVIDEND
  - 30% - 50% payout ratio*
- SHARE BUYBACK
  - Up to € 3.0 billion

* Based on net income from continuing operations.
CAPITAL EXPENDITURE
INVESTMENTS TO DRIVE PROFITABLE GROWTH

CONTROLLED SPACE

IT & LOGISTICS

HQ EXPANSION
**RELIABLE DIVIDEND POLICY**
DIVIDEND PROPOSAL REFLECTS STABLE PAYOUT RATIO

<table>
<thead>
<tr>
<th>Dividend per share (€)</th>
<th>Dividend payout (€ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.00</td>
<td>2.60</td>
</tr>
<tr>
<td>+30%</td>
<td>+31%</td>
</tr>
</tbody>
</table>

2016: 405

2017: 530

Payout ratio 37.4%
Payout ratio 37.1%

2017: Subject to Annual General Meeting approval. Dividend payout based on number of shares outstanding at year-end. Payout ratio based on net income from continuing operations.
SHAREHOLDER RETURN
SIGNIFICANT SHARE BUYBACK PROGRAM ANNOUNCED

1 TOTAL SIZE
   Up to € 3.0 billion

2 TIMEFRAME
   Starting March 22, 2018 and ending latest on May 11, 2021

3 2018
   Up to € 1 billion until year-end

4 FUNDING
   Through net cash position, operating cash flow generation and debt funding
Focus Areas 2018
Important milestone toward our 2020 targets

1. High-quality top-line growth

2. Overproportionate investments in brands and products

3. Start leveraging scalable business model

4. Drive margin expansion and overproportionate net income growth
STRONG PRODUCT PIPELINE
TO FUEL TOP-LINE GROWTH IN 2018

ITERATING EXISTING PRODUCT SUCCESSES

LAUNCHING NEW PRODUCTS AND FRANCHISES

LEVERAGING INNOVATION AND NEW TECHNOLOGIES

LEVERAGING MAJOR SPORTS EVENTS
ENSURE CONSISTENT EXECUTION
IMPLEMENTING ONE CONSOLIDATED BUSINESS MODEL ACROSS ASIA/PACIFIC
KEY GROWTH DRIVERS
TOP-LINE EXPANSION DRIVEN BY NORTH AMERICA, ASIA/PACIFIC AND E-COM

1. NORTH AMERICA
   - Double-digit growth on top of a 27% increase in 2017
   - Margin improvement to continue

2. ASIA/PACIFIC
   - Double-digit growth on top of a 22% increase in 2017
   - Limited margin opportunity due to already high profitability levels

3. E-COM
   - Double-digit growth on top of a 57% increase in 2017
   - Channel to benefit from ongoing investments in infrastructure
MARKETING INVESTMENTS
DRIVING CONSUMER ADVOCACY AND BUILDING BRAND EQUITY

REASON TO BELIEVE
Global brand campaigns to take center stage in 2018

REASON TO BUY
Consistent and impactful communication around key franchises

SPORTS COMMUNITIES
Step up grassroots and local activation efforts

MARKETING INVESTMENTS TO INCREASE IN ABSOLUTE AND RELATIVE TERMS IN 2018
OPERATIONAL EXCELLENCE THROUGH ONE ADIDAS
BENEFITING FROM A MORE SCALABLE BUSINESS MODEL

LEVERAGE BRAND LEADERSHIP
DRIVE MARKETING EFFECTIVENESS
IMPROVE OPERATING EFFICIENCY
<table>
<thead>
<tr>
<th>Metric</th>
<th>Expected Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales*</td>
<td>Increase by around 10%</td>
</tr>
<tr>
<td>Gross margin</td>
<td>Increase up to 0.3pp to up to 50.7%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>Increase between 9% and 13%</td>
</tr>
<tr>
<td>Operating margin</td>
<td>Increase between 0.5pp and 0.7pp to between 10.3% and 10.5%</td>
</tr>
<tr>
<td>Net income from continuing operations**</td>
<td>Increase of 13% – 17% to € 1.615 – € 1.675 billion</td>
</tr>
<tr>
<td>Basic EPS from continuing operations**</td>
<td>Increase between 12% and 16%</td>
</tr>
</tbody>
</table>

* Currency-neutral.

** Excluding negative one-time tax impact of € 76 million in 2017.
## Target KPIs 2020

<table>
<thead>
<tr>
<th>KPI</th>
<th>March 2018</th>
<th>March 2017</th>
<th>March 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales growth</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR 2015-2020 c.n.</td>
<td>10% – 12%</td>
<td>10% – 12%</td>
<td>High-single-digit</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR 2015-2020</td>
<td>22% – 24%</td>
<td>20% – 22%</td>
<td>~15%</td>
</tr>
<tr>
<td><strong>Net sales</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(€ in billions)</td>
<td>25 - 27</td>
<td>25 - 27</td>
<td>~22</td>
</tr>
<tr>
<td><strong>E-commerce</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(€ in billions)</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td><strong>Operating margin</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>up to 11.5%</td>
<td>11%</td>
<td>~9.9%</td>
</tr>
</tbody>
</table>

*Figures reflect continuing operations.*
Strong operational and financial performance in 2017

2018 will be another year of high-quality growth

2020 financial ambition updated and profitability targets increased

Continuously invest in people, infrastructure and our brands

Focus on execution of ‘Creating The New’ and ‘Acceleration Plan’
Q&A