PORTFOLIO OF AUTHENTIC SPORTS BRANDS

THE BEST SPORTS BRAND

THE BEST FITNESS BRAND

THE BEST GOLF BRAND
UNIQUE GLOBAL GEOGRAPHIC PLATFORM

GLOBAL PLAYER
1 OF 2 GLOBAL INDUSTRY LEADERS

MITIGATION
POWER OF PORTFOLIO

LEVERAGE
STRONG POSITION TO CAPTURE GROWTH OPPORTUNITIES
ROUTE 2015
MOST COMPREHENSIVE PLAN THE GROUP EVER CREATED

WE ACHIEVED A LOT

FACED CHALLENGES AND MISSED GOALS

LEARNED FROM PAST STRATEGIC CYCLE
...DELIVERED RESULTS...

CN REVENUE GROWTH >40%

EMERGING MARKETS CN SALES 70% UP

NEO BUSINESS = €1,000,000,000

CONTROLLED SPACE 50% OF BUSINESS

ECOM REVENUES = €500,000,000
...BUT ALSO SOME DISAPPOINTMENTS

DILUTED BRAND DESIRABILITY

LOSS OF AGILITY AND SPEED

UNDERPERFORMED IN NORTH AMERICA

REEBOK TRANSFORMATION TOOK TOO LONG

PROFITABILITY SHORTFALL
OUR CONSUMER HAS TO BE AT THE HEART OF EVERYTHING WE DO AND HOW WE DO IT

OUR PROCESSES NEED TO DELIVER ON INCREASING CONSUMER NEEDS

WE NEED TO BUILD A TRULY CONSUMER-LED ORGANIZATION

WE NEED TO WIN IN GLOBAL ‘HALO’ MARKETS

WHEN WE FOCUS WE WIN

ROUTE 2015 KEY TAKEAWAYS
CREATING THE NEW
3 STRATEGIC CHOICES TAKEN
SPEED
CITIES
OPEN
SOURCE
OUR STRATEGY FOR CREATING THE NEW

OPEN SOURCE
CITIES
FOCUS
SPEED

BRAND DESIRE

TOP LINE & MARKET SHARE GROWTH
GROSS MARGIN EXPANSION
OPERATING LEVERAGE
FINANCIAL AMBITION

NET SALES CAGR (2015-2020) – CURRENCY-NEUTRAL

NET INCOME: ~15% CAGR (2015-2020)
GROSS MARGIN
- Speed to market
- Range reduction
- Controlled space roll-out
- Factory automation

OPERATING LEVERAGE
- Organizational set-up
- Retail productivity
- eCommerce expansion
- Focus on key product franchises
OPERATING WORKING CAPITAL

in % of NET SALES


20.8% 20.4% 20.0% 21.3% 22.4%
SHAREHOLDER RETURNS

DIVIDEND PAYOUT RATIO (in %)

DIVIDEND (in €)

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend (€)</th>
<th>Payout Ratio (%)</th>
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<tbody>
<tr>
<td>2010</td>
<td>0.80</td>
<td>29.5%</td>
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<tr>
<td>2011</td>
<td>1.00</td>
<td>34.1%</td>
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<tr>
<td>2012</td>
<td>1.35</td>
<td>35.7%</td>
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<tr>
<td>2013</td>
<td>1.50</td>
<td>37.5%</td>
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<tr>
<td>2014</td>
<td>1.50</td>
<td>53.9%</td>
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# NEW SEGMENTAL REPORTING STRUCTURE

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<th>Western Europe</th>
<th>North America</th>
<th>Greater China</th>
<th>Russia/CIS</th>
<th>Latin America</th>
<th>Japan</th>
<th>MEAA</th>
<th>Other Businesses</th>
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**Other Centrally Managed Brands**
FOCUSED ORGANIZATION
CLEAR LINE OF SITE FOR EACH CATEGORY

<table>
<thead>
<tr>
<th>FOOTBALL</th>
<th>RUNNING</th>
<th>BASKETBALL</th>
<th>TRAINING</th>
<th>OUTDOOR</th>
<th>HBS</th>
<th>ORIGINALS</th>
<th>STYLE</th>
<th>DIGITAL SPORTS</th>
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<td>BRAND MGT</td>
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</tbody>
</table>
FOCUS ON CREATORS

MALE ATHLETE

FEMALE ATHLETE

YOUNG ATHLETE

STREETWEAR HOUND

AMPLIFIER

VALUE
FOCUS ON KEY CITIES
FOCUS ON AMERICA
FOCUS ON FOOTWEAR
LOYALTY FROM THE FEET UP
FOCUS ON FRANCHISES

30% OF FTW NS BY 2017
MEAN MORE BY DOING LESS

REDUCE BY 25%
FOCUS CATEGORIES

LEAD
#1 IN EVERY MARKET

FOOTBALL ORIGINALS

GROW
DRAMATIC MARKET SHARE GAINS

RUNNING NEO

AMPLIFY
LARGEST BUSINESS IN EVERY MARKET

TRAINING

AUTHENTICATE
REGIONAL PLAYERS/GROWTH ENGINES

BASKETBALL HEARTBEAT SPORTS DIGITAL OUTDOOR
WOMEN
FEMALE ATHLETE

VERTICAL WANTS TO MAKE A DIFFERENCE IN HER SPORT

VERSATILE USES SPORT TO MAKE A DIFFERENCE IN HER LIFE
WOMEN’S PLATFORMS

SPORT STYLE
UNRIVALED RANGES
FROM ORIGINALS, NEO, Y-

VERSALTE
OUTDOOR GEAR
RUNNING GEAR
TRAINING FTWR
STUDIO WEAR

VERTICAL
SPECIALIZED FOOTWEAR
COMPRESSION GEAR
UNIFORMS

MUST HAVES
BRAS
TEES & TANKS
SHORTS & TIGHTS
RUNNING SHOES

SPORT STYLE
UNRIVALED RANGES
FROM ORIGINALS, NEO, Y-

3
FOCUS MARKETING

REASONS TO BELIEVE
REASONS TO BUY

LOCKER ROOM COMMUNITIES
FOCUS
EVERYTHING COMES FROM SPORT
CREATE FOR THE CREATOR
6 CITIES
FOOTWEAR FRANCHISES
CATEGORY ROLES
WOMEN
MARKETING SPEND
UNLEASH ACCESS

ARCHIVES  PROTO STUDIOS  TECH AND MATERIAL LABS  FACTORIES
OPEN SOURCE

CREATORS

PARTNERS

COMMUNITY

CUSTOMERS
GOAL
30% of shared content is created by consumers by 2017
OPEN SOURCE

CREATORS

PARTNERS

COMMUNITY

CUSTOMERS
OPEN SOURCE

- CREATORS
- PARTNERS
- COMMUNITY
- CUSTOMERS
CHALLENGING THE INDUSTRY STANDARD

WE ARE (FOOTWEAR) 12-18 months

SPORTS INDUSTRY STANDARD 45 days
INTRODUCED TWO NEW BUSINESS MODELS

IN-SEASON CREATION

PLANNED RESPONSIVENESS
FOUR GAME-CHANGING CAPABILITIES

SPACE LED
BRAND DRIVEN
DATA
ENABLED
DIGITAL CREATION
MODULAR DESIGN
MAXIMUM
AGILITY
GOAL

50% of all ranges on speed programs

+20% full-price sell-thru across speed ranges
SPEED FACTORY
GERMAN INNOVATION

GERMAN GOVT
BMWi

KNIT MACHINES
STOLL

ROBOTICS
MANZ REUTLINGEN

BOOST MACHINES
KURZ FÜRTH
SPEED FACTORY
MANUFACTURING UNRESTRICTED BY LOCATION
INVESTMENT INTO INTERNAL EXPERTISE
FIRST FAST SPORTS COMPANY IN THE INDUSTRY

- Share of volume sold at full price: Increasing
- Risk of overbuying: Decreasing
- Inventory turn: Increasing
- Average markdown on articles sold: Decreasing
BEST FITNESS BRAND IN THE WORLD
OPPORTUNITY

SPENDS 40% MORE

20% ACTIVE POPULATION

33% GLOBAL FITNESS SPEND

AVERAGE CONSUMER

FITGEN CONSUMER
The future of fitness will be crowdsourced.
GLOBAL SALES
CONVERTING BRAND DESIRE INTO PROFITABLE AND SUSTAINABLE BUSINESS GROWTH
DELIVER THE PROMISE

LEVERAGE SCALE OF OUR POS NETWORK

DRIVE PRODUCTIVITY ACROSS OUR SALES PLATFORM

SHAPE OUR OWN DESTINY
CREATING THE NEW
CONSUMER JOURNEY
TODAY’S FEMALE ATHLETE

GET INSPIRED
1

BROWSE ONLINE
2

SHARE
3

FIND A STORE
4

FEEL & TRY PRODUCT
5

SEEK APPROVAL
6

PURCHASE
7
OMNI-CHANNEL

SEAMLESS CONSUMER EXPERIENCE ACROSS ALL TOUCHPOINTS

SOCIAL MEDIA
MOBILE
ONLINE
PHYSICAL STORE
BIG DATA
CRM
CAPTURING FULL SALES POTENTIAL

INVENTORY CHECK

CLICK & COLLECT

SHIP FROM STORE

ENDLESS AISLE
UNRIVALLED STORE NETWORK

2,900 OWN RETAIL
11,000 FRANCHISE
30+ OWN ECOM

AND GROWING
2016 OMNI-CHANNEL CAPABILITIES IN DTC
2017 INTEGRATE KEY ACCOUNTS
PREMIUM PRESENTATION

HOMECOURT  NEIGHBOURHOOD  REEBOK FITHUB
PREMIUM EXPERIENCE IN CONSUMER SERVICE
CONNECT // ENGAGE // INSPIRE
OWN CONCEPT STORES

PREMIUM PRESENTATION WITH NEW STORE FORMATS

CONNECT-ENGAGE-INSPIRE SERVICE MODEL

LEVERAGE OMNI-CHANNEL

DOUBLE-DIGIT CAGR

BY 2020

500-600 ADDITIONAL STORES

DOUBLE DIGIT CAGR 500-600 BY 2020
LEVERAGE OWN-RETAIL CAPABILITIES
IMPLEMENT HARD FRANCHISE BUSINESS MODEL
EXPAND TO NEW GEOGRAPHIES

FRANCHISE

DOUBLE-DIGIT CAGR
BY 2020
3,000 ADDITIONAL STORES
ECOM
PERSONALISED INTERACTION
PRODUCT-LED EXPERIENCE
PRODUCT AVAILABILITY AND EXCLUSIVITY
LEVERAGE OMNI-CHANNEL CAPABILITIES
CREATING THE NEW OPEN SOURCE FOCUS CITIES SPEED
FASTER REACTION TIME TO CONSUMER TRENDS

IN-SEASON CREATION AND PLANNED RESPONSIVENESS PROGRAMS

END-2-END SUPPLY MODELS

LEVERAGE BIG DATA AND TECHNOLOGY
SPEED OF DECISION MAKING

ACTIVE MANAGEMENT OF OUR CHAIN

STREAMLINED STANDARDIZED PROCESS FOR OPENINGS AND CLOSINGS

REDUCED # OF STORE FORMATS
CONCEPT STORE PRODUCTIVITY
NS/SQM – EXCL. CIS

NEW SERVICE PHILOSOPHY
BETTER ASSORTMENT AND RANGE PLANNING
IMPROVED FOCUS ON STAFF TRAINING
ACTIVE SHAPING OF THE CHAIN
FOOTWEAR FOCUS
OMNI-CHANNEL CAPABILITIES

2010 2015

+5% (CAGR) 2015 - 2020 +7% CAGR
WINNING CONSUMERS BY WINNING IN
KEY CITIES
6 GLOBAL BRAND KEY CITIES
GLOBALLY DRIVEN TOP PRIORITY
3-PHASE CITY PLAN

1. UNDERSTAND SHAPE OF MARKET
2. CONTROL THE RIGHT SPACES
3. ACTIVATE & SHAPE THE RIGHT PLACES
TOP 20 KA STRATEGY

- Strategic Planning
- Sell-Out Focused Investment
- End-2-End Supply
- Premium Presentation
- Key Destination Doors
- Digitalization & Innovation
MODULAR PRODUCT PACKAGES

SIMPLIFIED PROCESS

PREDEFINED SPACE SOLUTIONS

RETAIL TO WHOLESALE
WHOLESALE MANAGED SPACE

FOCUS ON KEY LOCATIONS IN KEY CITIES
SEGMENTATION OF THE RSM SPACES
CLOSE COLLABORATION WITH TOP 20 KEY ACCOUNTS

X2
+300K SQM
WHOLESALE

CUSTOMIZED STRATEGIC PARTNERSHIPS WITH TOP KEY ACCOUNTS

PARTNER WITH SPECIALISTS TO ADDRESS AUTHENTIC ATHLETES AND INFLUENCERS

MID-SINGLE-DIGIT CAGR

+2 BILLION EUR
CONTROLLED SPACE
ALLOW OUR BRANDS TO SHINE
TURN BRAND HEAT INTO COMMERCIAL SUCCESS

2010 37%
2015 50%+
2020 60%+
ROLES OF MARKETS

LEAD
HIGH-SINGLE-DIGIT
WESTERN EUROPE // GREATER CHINA // EMERGING MARKETS

GROW
DOUBLE-DIGIT
NORTH AMERICA // LATIN AMERICA // SEA/PACIFIC

EXTEND
MID-SINGLE-DIGIT
CIS // JAPAN // SOUTH KOREA
80% of absolute growth from focus markets
DELIVER THE PROMISE

1. LEVERAGE SCALE OF OUR POS NETWORK
2. DRIVE PRODUCTIVITY ACROSS OUR SALES PLATFORM
3. SHAPE OUR OWN DESTINY

OMNI-CHANNEL LEADER IN SPORTING GOODS
WINNING IN 6 GLOBAL KEY CITIES
80% OF GROWTH TO COME FROM 4 KEY MARKETS
4X ECOM
INCREASED NS / SQM PRODUCTIVITY
+1 MILLION SQM OF CONTROLLED SPACE
60%+ OF NS FROM CONTROLLED SPACE
NORTH AMERICA
KEY TAKEAWAYS

ONE COMPANY

DESIRABLE BRAND

SUSTAINABLE GROWTH

DISRUPTIVE
KEY INVESTMENT PRIORITIES

BRAND ANTHEM
WIN THE LOCKER ROOM

OPEN SOURCE
SPEED

PREMIUM PRESENTATION
CITY ATTACK
LARGEST BRAND INVESTMENT EVER IN AMERICA

MULTI-YEAR MULTI-SPORT MULTI-LEVEL
KEY CITIES
GREATER IMPACT WITH GREATER FOCUS

NEW YORK
LOS ANGELES
CHICAGO
MIAMI
ATLANTA
BUILD BRAND DESTINATIONS
PREMIUM RETAIL EXPERIENCE

BRAND CENTERS
OUR FLAGSHIPS

HOMECOURT
BEST OF ADIDAS

NEIGHBOURHOOD
BEST OF ORIGINALS

55 NEW LOCATIONS IN NEXT 30 MONTHS
ROLE OF CATEGORIES

LEAD
#1 IN THE US
SOCCER ORIGINALS

GROW
DRAMATIC MARKET
SHARE GAINS
RUNNING NEO

AMPLIFY
LARGEST BUSINESS IN
NORTH AMERICA
TRAINING

AUTHENTICATE
CONSUMER CONNECTIVITY
BASKETBALL
FOOTBALL
BASEBALL
VOLLEYBALL
LACROSSE
WHY NOW
DELIVER IN 3 PHASES

BUILD INFRASTRUCTURE AND MOMENTUM
OVER-INVESTMENT IN MARKETING IN NORTH AMERICA

GLOBAL RESOURCES DEPLOYED INTO USA
THROUGH THE LENS OF THE US CONSUMER

DRIVE MARKET SHARE GROWTH
2017-2020
WESTERN EUROPE
WESTERN EUROPE HAS BECOME ONE ORGANIZATION

ONE LEADERSHIP
ONE EXECUTIVE TEAM
ONE P&L
ONE STRATEGY

ONE INTEGRATED ORGANIZATION
BRAND TEAM
EUROPEAN ACCOUNTS
DIRECT TO CONSUMER BACKOFFICE

ONE RANGE
ONE BUY
ONE STOCK POOL
DELIVER THE PROMISE
WE CREATE THE NEW

KEY CATEGORIES
KEY CITIES
DIRECT TO CONSUMER
KEY CUSTOMERS
WIN THE KEY CATEGORIES

FOOTBALL

ORIGINALS

RUNNING

TRAINING

LEAD

LEAD

GROW

AMPLIFY
DELIVER THE PROMISE
WE CREATE THE NEW

KEY CATEGORIES
KEY CITIES
DIRECT TO CONSUMER
KEY CUSTOMERS
BE THE MOST VISIBLE & DESIRED BRAND
3 KEY CITY PRIORITIES

SHOWCASE BRAND CENTERS

CONNECT KEY COMMUNITIES

WIN KEY SHOPPING DESTINATIONS
DELIVER THE PROMISE
WE CREATE THE NEW

KEY CATEGORIES
KEY CITIES
KEY CUSTOMERS
DIRECT TO CONSUMER
5 DTC PRIORITIES

FOCUS RETAIL ON BRAND SHOWCASE

2x FRANCHISE

4x ECOM

BEST IN CLASS CONSUMER SERVICE

DELIVER 100% OMNI-CHANNEL
DELIVER THE PROMISE
WE CREATE THE NEW

KEY CATEGORIES
KEY CITIES
DIRECT TO CONSUMER
KEY CUSTOMERS
WIN WITH THE WINNERS

STRATEGIC KEY ACCOUNTS

PURE PLAYERS

FASHION

SPORT SPECIALISTS
4 KEY CUSTOMER STRATEGIES

SEGMENTATION

CONTROLLED SPACE

E2E SUPPLY MODELS

B2B E-TAILING

BRAND DESIRE & QUALITY GROWTH

PROFITABILITY
OUR MISSION

THE BEST GOLF COMPANY IN THE WORLD

OUR MISSION

TaylorMade

adidas

ASHWORTH

Adams
2014 WORLDWIDE WINS vs. COMPETITORS
(PGA, EURO, LPGA, WEB.COM, JAPAN AND CHAMPIONS TOURS)

33 TAYLORMADE
19 TITLEIST
14 PING
9 CALLAWAY
6 NIKE

CURRENT U.S. MARKET SHARE
37%
24%

BY THE NUMBERS
WHAT WE HAVE DONE

RESIZE BASED ON REVENUE
CLOSED PLANO OPEX REVIEW

DIFFERENTIATED THE BRANDS
COMPLEMENTING NOT COMPETING

EVOLVED OUR COMMERCIAL STRATEGY
FOCUS ON SELL THROUGH
OUR BRANDS

TaylorMade
BEST PERFORMANCE PRODUCTS
INNOVATION
0-4 HANDICAP
#1 ON TOUR

adidas
EQUIPMENT FOR YOUR BODY
SPORTS INNOVATION FOR THE GOLFER
ADVANCED TECHNOLOGIES

Ashworth
NATURAL PERFORMANCE
PREMIUM FABRICS
GOLF LIFESTYLE INSPIRED

Adams
INVITING EASY TO HIT
INCLUSIVE FRIENDLY
BUILDING BRAND DESIRE - FOCUS

- Increase our share of the golfer's wallet
- World class products and design
- Launching in the right way, at the right time
- Getting a deep engagement with the golfer
- Modernizing our distribution strategy
- Leading technologies
- Enter new categories (smart golf)
- #1 on Tour
HOW WE GROW

2016

NEW CATEGORIES
CHANNEL MIX
MARKET SHARE

2017

NEW CATEGORIES
CHANNEL MIX
MARKET SHARE

2018

NEW CATEGORIES
CHANNEL MIX
MARKET SHARE

2019/20

NEW CATEGORIES
CHANNEL MIX
MARKET SHARE