CREATING THE NEW
FOCUS ON DRIVING BRAND DESIRABILITY
STRATEGIC CHOICES GAIN TRACTION

SIGNIFICANT PROGRESS ACROSS ALL THREE INITIATIVES

**FULL-PRICE SHARE OF SALES**
10% HIGHER

**SPEED RANGE**
GENERATING 25% OF SALES

**MARKET ONBOARDING**
CONTINUES WITH NORTH AMERICA AND GREATER CHINA

**MARKET SHARE GAINS**
AS REVENUES GROW MORE THAN 30%

**ABSOLUTE AND RELATIVE NPS IMPROVEMENTS**

**DEVELOPMENT OF CITIES ORGANISATIONS**
LARGELY COMPLETED

**PARTNERSHIP WITH KANYE WEST DRIVES COMMERCIAL SUCCESS AND BRAND HEAT**

**ADIDAS X PARLEY WITH COMMERCIAL LAUNCH**

**ADIDAS FUTURECRAFT SHOWS FIRST 100% BIODEGRADABLE UPPER IN FTW**

**SPEED**

**CITIES**

**OPEN SOURCE**
STRENGTHS AND WEAKNESSES
IN 2016

BROAD-BASED
TOP-LINE MOMENTUM

MARKET SHARE AND NPS GAINS
IN KEY CATEGORIES AND MARKETS

MAJOR PROGRESS IN THE US,
THE LARGEST SPORTING GOODS MARKET

STRONG PROFITABILITY IMPROVEMENTS
DESPITE SEVERE FX HEADWINDS

NOT ALL PERFORMANCE CATEGORIES
EXPERIENCING SAME LEVEL OF GROWTH

REEBOK
STILL PERFORMING BELOW EXPECTATIONS

MARKET POSITION IN THE US
CONTINUES TO BE UNSATISFYING

MISSED OPPORTUNITIES DUE TO LIMITED
AVAILABILITY OF STRONG-SELLING PRODUCTS
MAJOR P&L DEVELOPMENTS

IN 2016

**REVENUES INCREASE 18% CURRENCY-NEUTRAL AND 14% IN EURO TERMS TO € 19.3 BILLION**

**GROSS MARGIN GROWS 30 BASIS POINTS TO 48.6% REFLECTING IMPROVEMENTS IN THE PRICING, PRODUCT AND CHANNEL MIX DESPITE SEVERE NEGATIVE FX EFFECTS**

**OPERATING MARGIN IMPROVES 1.3PP TO 7.7% MAINLY DUE TO THE GROSS MARGIN INCREASE AND OPERATING LEVERAGE**

**UNDERLYING NET INCOME INCREASES 41% TO € 1.019 BILLION**
ADIDAS BRAND KEEPS UP MOMENTUM

PERFORMANCE AND LIFESTYLE BUSINESSES GROW AT DOUBLE-DIGIT RATES

+22%
STRONG GROWTH IN PERFORMANCE
DOUBLE-DIGIT INCREASES IN NEARLY ALL KEY SPORT PERFORMANCE CATEGORIES

adidas +13%
WINNING IN LIFESTYLE
LIFESTYLE WITH 7 CONSECUTIVE QUARTERS OF +30% GROWTH
REEBOK SHARPENS BRAND IMAGE

REVENUE GROWTH IN NEARLY ALL MARKET SEGMENTS

Reebok +6%
OUTSTANDING ECOM GROWTH
ECOMMERCE REVENUES REACH €1 BILLION IN 2016

+59%
FINANCIAL HIGHLIGHTS 2016
BROAD-BASED TOP-LINE GROWTH

DOUBLE-DIGIT SALES INCREASES ACROSS MOST REGIONS

NORTH AMERICA +24%
LATIN AMERICA +16%
WESTERN EUROPE +20%
MEAA +16%
RUSSIA/CIS +3%
GREATER CHINA +28%
JAPAN +16%

CURRENCY-NEUTRAL. FIGURES REFLECT COMBINED REVENUES OF THE ADIDAS AND REEBOK BRANDS.
ONGOING STRONG DEMAND FOR THE ADIDAS AND REEBOK BRANDS

WESTERN EUROPE

CURRENCY-NEUTRAL SALES INCREASE 20% IN 2016
DOUBLE-DIGIT GROWTH ACROSS ALL KEY MARKETS

ADIDAS BRAND REVENUES UP 20%
ON TOP OF AN 18% INCREASE IN THE PRIOR YEAR

REEBOK SALES INCREASE 18%
DOUBLE-DIGIT GROWTH IN TRAINING AND CLASSICS

GROSS MARGIN DECLINES (-3.1PP)
DUE TO SEVERE FX HEADWINDS

OPERATING MARGIN DOWN (-2.1PP)
REFLECTING LOWER GROSS MARGIN
ACCELERATING MOMENTUM FOR THE ADIDAS BRAND

NORTH AMERICA

CURRENCY-NEUTRAL SALES INCREASE 24% IN 2016
STRONG DOUBLE-DIGIT GROWTH IN EVERY QUARTER

ACCELERATING MOMENTUM AT BRAND ADIDAS (+30%)
DOUBLE-DIGIT GROWTH IN PERFORMANCE AND STYLE

REEBOK SALES DOWN 1%
REFLECTING CHALLENGES IN US MARKET

GROSS MARGIN EXPANDS (+1.1PP)
DRIVEN BY AN INCREASE IN BRAND DESIRABILITY

OPERATING MARGIN IMPROVES (+3.8PP)
SUPPORTED BY OPERATING LEVERAGE
BRAND PRESENCE FUELS TOP- AND BOTTOM-LINE GROWTH

CURRENCY-NEUTRAL SALES GROW 28% IN 2016

SALES AT BRAND ADIDAS UP 28%
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK REVENUES UP 17%
DRIVEN BY TRAINING, RUNNING AND CLASSICS

GROSS MARGIN IMPROVES FURTHER (+0.4PP)
REFLECTING BETTER MIX EFFECTS

OPERATING MARGIN GROWS (+0.1PP)
DUE TO GROSS MARGIN AND OPEX IMPROVEMENTS
DOUBLE-DIGIT GROWTH DESPITE MACROECONOMIC CHALLENGES

LATIN AMERICA

CURRENCY-NEUTRAL SALES INCREASE 16% IN 2016
DOUBLE-DIGIT GROWTH IN NEARLY ALL MARKETS

REVENUES AT BRAND ADIDAS UP 19%
DOUBLE-DIGIT GROWTH IN KEY PERFORMANCE AND LIFESTYLE CATEGORIES

REEBOK REVENUES UP 1%
REFLECTING THE CHANGE IN BUSINESS MODEL

GROSS MARGIN REMAINS STABLE
DESPITE SEVERE FX HEADWINDS

OPERATING MARGIN SLIGHTLY DOWN (-0.1PP)
OTHER BUSINESSES

CURRENCY-NEUTRAL SALES INCREASE 1% IN 2016

SALES AT TMAG DECLINE 1%
GROWTH AT TAYLORMADE AND ADIDAS GOLF OFFSET
BY DECLINES AT ASHWORTH AND ADAMS GOLF

CCM HOCKEY SALES DOWN 13%
REFLECTING THE CHALLENGING US HOCKEY MARKET

GROSS MARGIN UP 3.6PP
DRIVEN BY HIGHER PRODUCT MARGINS AT TMAG

OPERATING MARGIN REMAINS NEGATIVE
REFLECTING CHALLENGING MARKET ENVIRONMENT
AND ONGOING RESTRUCTURING MEASURES
GROSS MARGIN INCREASES
DESpite SEVERE FX HEADWINDS

-390 BPS

+420 BPS

INCREASE OF 30 BPS
## OPERATING MARGIN IMPROVES

Reflecting improvements in Gross Margin and lower OPEX in % of Sales

<table>
<thead>
<tr>
<th></th>
<th>Q4 2016</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GROSS MARGIN</strong></td>
<td>+1.6PP</td>
<td>48.8%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+0.3PP</td>
</tr>
<tr>
<td><strong>OTHER OPERATING EXPENSES</strong></td>
<td>€ 2,346 MILLION</td>
<td>€ 8,263 MILLION</td>
</tr>
<tr>
<td></td>
<td>+16%</td>
<td></td>
</tr>
<tr>
<td><strong>OTHER OPERATING EXPENSES AS A PERCENTAGE OF SALES</strong></td>
<td>50.1%</td>
<td>42.8%</td>
</tr>
<tr>
<td></td>
<td>+1.5PP</td>
<td>(0.3PP)</td>
</tr>
<tr>
<td><strong>OPERATING PROFIT</strong></td>
<td>N/A</td>
<td>€ 23 MILLION</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+36%</td>
</tr>
<tr>
<td><strong>OPERATING MARGIN</strong></td>
<td>+0.7PP</td>
<td>0.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1.3PP</td>
</tr>
</tbody>
</table>

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

Excluding goodwill impairment losses in 2015.
NON-RECURRING ITEMS
LARGELY OFFSET ONE ANOTHER IN 2016

CHELSEA F.C.
MID- TO HIGH-DOUBLE-DIGIT MILLION EUROS

MITCHELL & NESS
LOW- TO MID-DOUBLE-DIGIT MILLION EUROS

REEBOK RESTRUCTURING
AROUND € 30 MILLION

TMAG ONE-OFFS
LOW- TO MID-DOUBLE-DIGIT MILLION EUROS

‘CTN’ INVESTMENTS
LOW- TO MID-DOUBLE-DIGIT MILLION EUROS

POSITIVE EFFECTS

NEGATIVE EFFECTS
UNDERLYING NET INCOME UP 41%  
TO € 1,019 MILLION IN 2016

<table>
<thead>
<tr>
<th></th>
<th>Q4 2016</th>
<th>FY 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>FINANCIAL INCOME</td>
<td>(42%)</td>
<td>(40%)</td>
</tr>
<tr>
<td>FINANCIAL EXPENSES</td>
<td>+145%</td>
<td>+11%</td>
</tr>
<tr>
<td>INCOME BEFORE TAXES</td>
<td>+18%</td>
<td>+35%</td>
</tr>
<tr>
<td>NET INCOME FROM CONTINUING OPERATIONS</td>
<td>(€ 8 MILLION)</td>
<td>€ 1,444 MILLION</td>
</tr>
<tr>
<td>DILUTED EPS FROM CONTINUING OPERATIONS</td>
<td>+74%</td>
<td>+41%</td>
</tr>
</tbody>
</table>

Figures reflect continuing operations as a result of the divestiture of the Rockport business. Excluding goodwill impairment losses in 2015.
INVENTORIES GROW 19% (CURRENCY-NEUTRAL) TO SUPPORT TOP-LINE MOMENTUM

RECEIVABLES UP 7% (CURRENCY-NEUTRAL)

PAYABLES GROW 23% (CURRENCY-NEUTRAL), REFLECTING THE INCREASE IN INVENTORIES

AVERAGE OWC IN % OF SALES

DOWN 0.3PP TO 20.2%

INVENTORIES GROW 19% (CURRENCY-NEUTRAL) TO SUPPORT TOP-LINE MOMENTUM

RECEIVABLES UP 7% (CURRENCY-NEUTRAL)

PAYABLES GROW 23% (CURRENCY-NEUTRAL), REFLECTING THE INCREASE IN INVENTORIES
NET DEBT POSITION
IMPROVES SIGNIFICANTLY TO €103 MILLION

DECREASE MAINLY DUE TO FIRST CONVERSIONS OF CONVERTIBLE BONDS INTO SHARES AS WELL AS AN INCREASE IN CASH GENERATED FROM OPERATING ACTIVITIES

RATIO OF NET DEBT/EBITDA AMOUNTS TO 0.1 (2015: 0.3)

EQUITY RATIO REMAINS AT A STRONG LEVEL OF 42.6% (2015: 42.5%)
DIVIDEND PROPOSAL
OF € 2.00 PER SHARE

PROPOSED DIVIDEND OF € 2.00 PER SHARE, UP 25% VERSUS THE PRIOR YEAR

PAYOUT RATIO OF 39.6% (2015: 47.9 %)

PAYOUT RATIO WITHIN TARGET RANGE OF BETWEEN 30% AND 50%
BRAND MOMENTUM TO CONTINUE IN 2017
STRATEGIC GROWTH AREAS EXPECTED TO SPUR STRONG REVENUE IMPROVEMENT

KEY PERFORMANCE AND LIFESTYLE CATEGORIES TO DRIVE TOP-LINE EXPANSION

DOUBLE-DIGIT SALES INCREASES IN KEY MARKETS
# BROAD-BASED CATEGORY STRENGTH

**Cementing Market Leadership**

Benefit from build-up towards 2018 FIFA World Cup

Amplify from stadium to street

<table>
<thead>
<tr>
<th>Football</th>
<th>Running</th>
<th>Training</th>
<th>Originals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cementing Market Leadership</td>
<td>Further Market Share Gains</td>
<td>Focus on Apparel Franchises</td>
<td>Brand Heat to Continue</td>
</tr>
<tr>
<td>Benefit from build-up towards 2018 FIFA World Cup</td>
<td>Strong Product Franchises across all price points</td>
<td>Gaining further traction with female athletes</td>
<td>Further roll-out of franchise portfolio</td>
</tr>
<tr>
<td>Amplify from stadium to street</td>
<td>Expanding our women’s business</td>
<td>Leveraging collaborations (e.g. Karlie Kloss, James Harden)</td>
<td>Next chapter of nostalgia-driven boost running shoes: Iniki</td>
</tr>
</tbody>
</table>

**Football**

**Running**

**Training**

**Originals**

**Broad-Based Category Strength**

Product line-up, marketing initiatives and sporting events to drive growth.
# Momentum Across the Globe

Double-digit growth expected for three largest markets.

<table>
<thead>
<tr>
<th>Region</th>
<th>Focus Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Europe</td>
<td>Strengthen market-leading position</td>
</tr>
<tr>
<td></td>
<td>Ensure continued momentum</td>
</tr>
<tr>
<td></td>
<td>Further process harmonisation throughout the region</td>
</tr>
<tr>
<td></td>
<td>Double-digit sales growth</td>
</tr>
<tr>
<td>North America</td>
<td>Focus on operational efficiency</td>
</tr>
<tr>
<td></td>
<td>Double-digit sales growth</td>
</tr>
<tr>
<td>Greater China</td>
<td>Focus on footwear to complement leadership in apparel</td>
</tr>
<tr>
<td></td>
<td>Expand brand-led retail</td>
</tr>
<tr>
<td></td>
<td>Double-digit sales growth</td>
</tr>
<tr>
<td>Latin America</td>
<td>Ongoing macroeconomic uncertainties</td>
</tr>
<tr>
<td></td>
<td>Restructuring the business in Brazil</td>
</tr>
<tr>
<td></td>
<td>High-single-digit sales growth</td>
</tr>
</tbody>
</table>
OUTLOOK
STRONG TOP- AND BOTTOM-LINE IMPROVEMENTS EXPECTED

SALES TO INCREASE
AT A RATE BETWEEN 11% AND 13%

GROSS MARGIN TO IMPROVE
UP TO 0.5PP TO A LEVEL OF UP TO 49.1%

OPERATING MARGIN TO GROW
BY BETWEEN 0.6PP AND 0.8PP TO A LEVEL BETWEEN 8.3% AND 8.5%

NET INCOME FROM CONTINUING OPERATIONS TO INCREASE
AT A RATE BETWEEN 18% AND 20% TO A LEVEL BETWEEN € 1.200 BILLION AND € 1.225 BILLION
CREATING THE NEW IS OUR STRATEGY

CULTURE
OPEN SOURCE
FOCUS
SPEED
CITIES
BRAND DESIRE

TOP LINE & MARKET SHARE GROWTH
GROSS MARGIN EXPANSION
OPERATING LEVERAGE
OUR CORE BELIEF

THROUGH SPORT, WE HAVE

THE POWER TO CHANGE LIVES
CULTURE
BUILDING ON OUR PEOPLE’S UNIQUE PASSION FOR SPORTS AND FOR OUR BRANDS

DRIVE DIVERSITY WITHIN THE COMPANY

IMPROVE TALENT MANAGEMENT

FOSTER PERFORMANCE CULTURE

IMPLEMENT EQUITY-BASED COMPENSATION

REFINE LEADERSHIP STRUCTURE
ACCELERATION PLAN
FOUR PILLARS TO DRIVE FASTER GROWTH

<table>
<thead>
<tr>
<th>PORTFOLIO</th>
<th>ONE ADIDAS</th>
<th>DIGITAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>STREAMLINE THE PORTFOLIO</td>
<td>IMPROVE EFFECTIVENESS AND INCREASE EFFICIENCY</td>
<td>DRIVE DIGITAL TRANSFORMATION ALONG ENTIRE VALUE CHAIN</td>
</tr>
<tr>
<td>ACTIVELY MANAGE BRANDS, COUNTRIES AND CATEGORIES</td>
<td>STANDARDISATION AND HARMONISATION OF PROCESSES</td>
<td>3-D CREATION AND PRODUCTION</td>
</tr>
<tr>
<td>NAM, WESTERN EUROPE AND CHINA TO CONTRIBUTE ABOVE AVERAGE TO NEW AMBITION</td>
<td>FOCUS ON EXECUTION</td>
<td>AGGRESSIVELY DRIVE E-COM CAPABILITIES AND SALES</td>
</tr>
<tr>
<td></td>
<td>STRONGLY DEVELOP BUSINESS IN NORTH AMERICA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>INVEST IN PEOPLE, INFRASTRUCTURE AND MARKETING</td>
<td></td>
</tr>
<tr>
<td></td>
<td>STEP UP BRAND REPRESENTATION IN DIGITAL AND KEY ACCOUNTS</td>
<td></td>
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</tr>
</tbody>
</table>
**Streamlining the Portfolio**

*Focus on core competencies in footwear and apparel*

<table>
<thead>
<tr>
<th>Company</th>
<th>Action</th>
<th>Integration/Reintegration</th>
<th>Turnaround Plan to</th>
</tr>
</thead>
<tbody>
<tr>
<td>TaylorMade</td>
<td>Divestiture due to</td>
<td>Integration into</td>
<td>Turnaround plan to</td>
</tr>
<tr>
<td></td>
<td>Limited growth of golf market</td>
<td>Adidas Outdoor to</td>
<td>Accelerate Growth</td>
</tr>
<tr>
<td></td>
<td>Equipment non-core</td>
<td></td>
<td>Drive substantial profitability improvements</td>
</tr>
<tr>
<td>CCM</td>
<td>Divestiture due to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Equipment non-core</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FootJoy</td>
<td>Integration into</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Adidas Outdoor to</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Use brand to authenticate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outdoor</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gain efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reebok</td>
<td>Exit</td>
<td></td>
<td>Restructuring</td>
</tr>
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<td></td>
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</tbody>
</table>

**Exit**

**Restructuring**
# Updated Financial Ambition 2020
Reflecting Acceleration Plan

<table>
<thead>
<tr>
<th>Target KPIs</th>
<th>Initial Ambition 2020</th>
<th>Updated Ambition 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales Growth</strong></td>
<td>HIGH-SINGLE-DIGIT</td>
<td>10%-12%</td>
</tr>
<tr>
<td>CAGR 2015-2020; currency-neutral</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>~15%</td>
<td>20%-22%</td>
</tr>
<tr>
<td>CAGR 2015-2020</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net Sales</strong></td>
<td>~22</td>
<td>25-27</td>
</tr>
<tr>
<td>€ in billions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ECommerce</strong></td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>€ in billions</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Margin</strong></td>
<td>~9.9%</td>
<td>11%</td>
</tr>
</tbody>
</table>

~15%
‘CTN’ OFF TO A STRONG START
AT THE SAME TIME THERE IS STILL A LONG WAY TO GO

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>AMBITION 2020</th>
<th>REMAINING 2017-2020</th>
<th>TARGET ACHIEVEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET SALES EUR BN</td>
<td>16.9</td>
<td>19.3</td>
<td>25.0-27.0</td>
<td>5.7-7.7</td>
<td>26%</td>
</tr>
<tr>
<td>OPERATING MARGIN % OF NET SALES</td>
<td>6.5</td>
<td>7.7</td>
<td>11.0</td>
<td>3.3PP</td>
<td>27%</td>
</tr>
<tr>
<td>ECOMMERCE EUR BN</td>
<td>0.6</td>
<td>1.0</td>
<td>4.0</td>
<td>3.0</td>
<td>12%</td>
</tr>
</tbody>
</table>
SUMMARY

WE ARE IN A HIGHLY ATTRACTIVE INDUSTRY

CREATING THE NEW IS THE RIGHT STRATEGY

EXCEPTIONAL RESULTS ACHIEVED IN 2016

STRONG TOP- AND BOTTOM-LINE GROWTH EXPECTED IN 2017

ACCELERATION PLAN TO GROW REVENUES AND PROFITS EVEN FASTER THAN INITIALLY PROJECTED