Q3 2019 ROADSHOW PRESENTATION
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AGENDA

01 BUSINESS UPDATE
02 FINANCIAL UPDATE
03 OUTLOOK
BRIAN GREVY SUCCEEDS ERIC LIEDTKE
AS BOARD MEMBER RESPONSIBLE FOR GLOBAL BRANDS
BUSINESS UPDATE

KASPER RORSTED
CEO
CONSUMER HIGHLIGHTS
LEVERAGE CONSUMER ENGAGEMENT THROUGH PRODUCTS AND STORIES
STRENGTHS & WEAKNESSES
IN Q3 2019

+ CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS
  adidas North America, Greater China and e-com up double-digits

+ RETURN TO GROWTH IN EUROPE
  Strategic initiatives and reinvestments showing planned effects

+ TOP-LINE GROWTH SUPPORTED BY ALL CHANNELS
  Wholesale revenues accelerating

+ APPAREL GROWING AT DOUBLE-DIGIT RATE
  Driven by double-digit growth in Training, Outdoor and Originals

− SUPPLY CHAIN SHORTAGES WITH EXPECTED IMPACT
  Weighing primarily on profitability

− DECELERATION OF GROWTH IN FOOTWEAR
  Despite double-digit growth in Training and Outdoor

− UNDERLYING GROSS MARGIN DOWN
  Due to air freight costs and price reinvestments

− NET INCOME DOWN YEAR-ON-YEAR AS GUIDED
  Due to top-line phasing and OPEX timing
P&L HIGHLIGHTS
IN Q3 2019

REVENUES INCREASE 6% CURRENCY-NEUTRAL
And 9% in euro terms to € 6.410 billion

GROSS MARGIN UP 0.3PP TO 52.1%
Driven by favorable FX development

OPERATING MARGIN DOWN 1.3PP TO 14.0%
Due to planned increase in operating expenses

NET INCOME FROM CONTINUING OPERATIONS DECREASES 2%
To € 644 million

BASIC EPS FROM CONTINUING OPERATIONS FLAT
At € 3.26
CONTINUED PROGRESS IN STRATEGIC GROWTH AREAS
IN Q3 2019

ADIDAS NORTH AMERICA
On top of 18% increase in Q3 2018

GREATER CHINA
On top of 26% increase in Q3 2018

E-COMMERCE
On top of 76% increase in Q3 2018

Currency-neutral.
SPORT PERFORMANCE INCREASES 8%
Training continues to grow at double-digit rate

SPORT INSPIRED GROWS 4%
Driven by mid-single-digit growth in Originals

APPAREL REVENUES INCREASE 13%
Supported by introduction of new franchises

ADIDAS BRAND GROWS IN ALL MARKETS
DOUBLE-DIGIT IMPROVEMENTS IN NORTH AMERICA, EMERGING MARKETS AND RUSSIA/CIS

Currency-neutral.
CONTINUED TOP-LINE STABILIZATION AT REEBOK
BRAND KEEPS GROWING AT A MODERATE RATE

REEBOK REVENUES INCREASE 2%
Driven by double-digit growth in North America and Russia/CIS

GROWTH IN SPORT
Driven by significant increase in Training

GROSS MARGIN DOWN 3.1PP TO 42.1%
Following exceptional expansion in prior years

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

+14%

E-COMMERCE REVENUES GROW 14%
Driven by double-digit growth across most regions

EXTENDED PARTNERSHIPS WITH DIGITAL PLATFORMS
Leverage various channels to drive e-commerce sales

INTEGRATION OF RUNTASTIC INTO DIGITAL ECOSYSTEM COMPLETED
Running and Training apps successfully rebranded to adidas by Runtastic

Currency-neutral.
FINANCIAL UPDATE

HARM OHLMEYER
CFO
GROWTH BY MARKET SEGMENT
BROAD-BASED GROWTH ACROSS ALL REGIONS

- NORTH AMERICA: +10%
- EUROPE: +3%
- LATIN AMERICA: +5%
- RUSSIA/CIS: +13%
- ASIA-PACIFIC: +8%
- EMERGING MARKETS: +14%

Currency-neutral.
NORTH AMERICA
STRONG GROWTH FOR BOTH BRANDS

Currency-neutral sales increase 10%

adidas brand revenues up 10%
Driven by growth in both Sport Performance and Sport Inspired

Reebok brand revenues increase 17%
Driven by double-digit growth in Sport

Gross margin decreases 0.8pp to 41.2%
Better product/channel mix offset by negative pricing mix and higher air freight costs

Operating margin decreases 1.9pp to 16.1%
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 Performance

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

Gross margin down 0.7pp to 56.5%
Better channel mix more than offset by less favorable product/pricing mix

Operating margin decreases 0.4pp to 35.1%
Driven by gross margin decline
Currency-neutral sales grow 3%

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

Reebok brand sales decrease 8%
Due to declines in both Sport and Classics

Gross margin improves 2.2pp to 51.0%
Despite significant price reinvestments

Operating margin up 1.6pp to 26.0%
Mainly driven by gross margin expansion
### P&L OVERVIEW

#### Q3 2019 RESULTS

<table>
<thead>
<tr>
<th></th>
<th>Q3 2019</th>
<th>Q3 2018</th>
<th>Y-O-Y</th>
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<tbody>
<tr>
<td><strong>NET SALES</strong> (€ in millions)</td>
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<tr>
<td><strong>GROSS MARGIN</strong></td>
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<td><strong>OTHER OPERATING INCOME</strong></td>
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<td><strong>OTHER OPERATING EXPENSES (in % of sales)</strong></td>
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<td><strong>MARKETING AND POINT-OF-SALE EXPENSES (in % of sales)</strong></td>
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<td><strong>OPERATING OVERHEAD EXPENSES (in % of sales)</strong></td>
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<td><strong>OPERATING PROFIT</strong></td>
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<tr>
<td><strong>OPERATING MARGIN</strong></td>
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<tr>
<td><strong>NET INCOME</strong> from continuing operations</td>
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<tr>
<td><strong>BASIC EPS</strong> from continuing operations (€)</td>
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</table>

- **NET SALES**
  - **Q3 2019**: 6,410
  - **Q3 2018**: 5,873
  - **Y-O-Y**: +9%

- **GROSS MARGIN**
  - **Q3 2019**: 52.1%
  - **Q3 2018**: 51.8%
  - **Y-O-Y**: +0.3pp

- **OTHER OPERATING INCOME**
  - **Q3 2019**: 7
  - **Q3 2018**: 9
  - **Y-O-Y**: -22%

- **OTHER OPERATING EXPENSES**
  - **Q3 2019**: 2,486
  - **Q3 2018**: 2,191
  - **Y-O-Y**: +13%

- **MARKETING AND POINT-OF-SALE EXPENSES**
  - **Q3 2019**: 753
  - **Q3 2018**: 713
  - **Y-O-Y**: +6%

- **OPERATING OVERHEAD EXPENSES**
  - **Q3 2019**: 1,733
  - **Q3 2018**: 1,478
  - **Y-O-Y**: +17%

- **OPERATING PROFIT**
  - **Q3 2019**: 897
  - **Q3 2018**: 901
  - **Y-O-Y**: -0%

- **OPERATING MARGIN**
  - **Q3 2019**: 14.0%
  - **Q3 2018**: 15.3%
  - **Y-O-Y**: -1.3pp

- **NET INCOME** from continuing operations
  - **Q3 2019**: 644
  - **Q3 2018**: 656
  - **Y-O-Y**: -2%

- **BASIC EPS** from continuing operations (€)
  - **Q3 2019**: 3.26
  - **Q3 2018**: 3.26
  - **Y-O-Y**: +0%
GROSS MARGIN EXPANSION DECOMPOSED
POSITIVE FX EFFECTS MORE THAN OFFSET UNDERLYING GROSS MARGIN DECLINE

- **Underlying decline**
  - Less pronounced than expected

- **Currency benefits**
  - Higher than anticipated

- **Gross margin to decline in Q4**
  - Several factors to be considered

Year-on-year change.

<table>
<thead>
<tr>
<th>Gross margin Q3 2018</th>
<th>Underlying development</th>
<th>FX impact</th>
<th>Gross margin Q3 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>51.8%</td>
<td>-0.5PP</td>
<td>+0.8PP</td>
<td>52.1%</td>
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<tr>
<td></td>
<td></td>
<td>+0.3PP</td>
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</table>
OPEX PHASING IN H2
MORE BALANCED DISTRIBUTION BETWEEN Q3 AND Q4

OPEX ratio up 1.5pp in Q3
Due to expense shift from Q4 into Q3

OPEX ratio to decline in Q4
As planned

Absolute OPEX spend to increase moderately in Q4
Driven by IT-related business initiatives
AVERAGE OPERATING WORKING CAPITAL
IN % OF SALES DOWN 1.6PP TO 18.1%

Inventories up 12% c.n.
Reflecting planned top-line acceleration in Q4

Receivables up 4% c.n.
Reflecting top-line development in wholesale

Payables up 21% c.n.
Due to improved terms with vendors

Average operating working capital in % of sales at quarter-end.
**Net cash position**
At € 342 million

**Equity position**
Increases € 612 million year-on-year

**Equity ratio**
Down 6.5pp year-on-year due to IFRS 16
<table>
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<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>TOTAL</th>
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<tbody>
<tr>
<td><strong>Volume Targeted</strong></td>
<td>Up to € 1.0 billion</td>
<td>Around € 800 million</td>
<td>Up to € 3.0 billion</td>
</tr>
<tr>
<td><strong>Volume Completed</strong></td>
<td>€ 1.0 billion</td>
<td>€ 629 million</td>
<td>€ 1.6 billion</td>
</tr>
<tr>
<td><strong>Shares Purchased</strong></td>
<td>5.1 million</td>
<td>2.5 million</td>
<td>7.6 million</td>
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* For 2019 and Total: As at September 30, 2019.
Buyback started on March 22, 2018 and ending latest on May 11, 2021.
2019 FOCUS AREAS
ANOTHER IMPORTANT MILESTONE TOWARD 2020 TARGETS

Leveraging multiple dimensions of innovation
To drive top- and bottom-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
LEVERAGING MULTIPLE DIMENSIONS OF INNOVATION
TO DRIVE TOP- AND BOTTOM-LINE GROWTH
LONDON FLAGSHIP OPENING
OUR MOST DIGITAL STORE
SIGNIFICANT TOP-LINE ACCELERATION IN Q4 2019
BUILDING BLOCKS IN PLACE

- **Product engine to contribute**
  Scaling recent launches as well as introducing new products

- **Europe turnaround unfolding**
  Recovery accelerating

- **Upcoming UEFA EURO 2020**
  First positive impact from related product launches

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

- **Minimal top-line impact from supply chain shortages**
  Measures to resolve bottleneck successfully executed

- **Prior year comparisons to ease**
  Lower base in Q4 than in Q3
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>
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<tbody>
<tr>
<td>Net sales*</td>
<td>Increase of 5% – 8%</td>
<td></td>
</tr>
<tr>
<td>Gross margin</td>
<td>Increase to around 52.0%</td>
<td></td>
</tr>
<tr>
<td>Operating margin</td>
<td>Increase of 0.5pp – 0.7pp to around 11.3% – 11.5%</td>
<td></td>
</tr>
<tr>
<td>Net income from continuing operations</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).
OUTLOOK 2019 CONFIRMED
DRIVING DOUBLE-DIGIT BOTTOM-LINE GROWTH

1. First nine months of 2019 according to plan

2. On track to achieve full-year outlook

3. Building blocks in place for significant top-line acceleration in Q4

4. 2019 will be another record year

5. Focus on relentless execution of ‘Creating the New’
RELENTLESS EXECUTION OF ‘CREATING THE NEW’
TO DELIVER ON OUR FINANCIAL AMBITION 2020

NET SALES
CAGR 2015-2020 c.n.

10 - 12 %

OPERATING MARGIN
Up to

11.5 %

NET INCOME*
CAGR 2015-2020

22 - 24 %

* Figures reflect continuing operations as a result of the divestiture of the Rockport, TaylorMade, Adams Golf, Ashworth and CCM Hockey businesses and exclude negative one-time tax impact of € 76 million in 2017.
Q&A