adidas GROUP

MAKE A DIFFERENCE

First Quarter Report
January – March
2015

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01 / First Quarter Results at a Glance (€ in millions)

	First quarter 2015	First quarter 2014	Change
Group [1]			
Net sales	4,083	3,480	17.3%
Gross profit	2,008	1,712	17.3%
Gross margin	49.2%	49.2%	0.0pp
Operating profit [2]	363	307	18.1%
Operating margin [2]	8.9%	8.8%	0.1pp
Western Europe			
Net sales	1,143	1,011	13.1%
Gross profit	550	468	17.5%
Gross margin	48.1%	46.3%	1.8pp
Segmental operating profit [2]	280	227	23.4%
Segmental operating margin [2]	24.5%	22.4%	2.1pp
North America			
Net sales	591	462	27.9%
Gross profit	215	173	24.5%
Gross margin	36.4%	37.4%	(1.0pp)
Segmental operating profit [2]	(9)	13	n.a.
Segmental operating margin [2]	(1.5%)	2.8%	(4.2pp)
Greater China			
Net sales	597	414	44.3%
Gross profit	334	235	42.0%
Gross margin	55.9%	56.8%	(0.9pp)
Segmental operating profit [2]	218	153	42.3%
Segmental operating margin [2]	36.5%	37.0%	(0.5pp)
Russia/CIS			
Net sales	162	245	(33.6%)
Gross profit	83	150	(44.4%)
Gross margin	51.3%	61.3%	(9.9pp)
Segmental operating profit [2]	2	24	(89.8%)
Segmental operating margin [2]	1.5%	9.9%	(8.4pp)
Latin America			
Net sales	423	374	13.0%
Gross profit	179	151	18.2%
Gross margin	42.4%	40.5%	1.9pp
Segmental operating profit [2]	58	56	4.1%
Segmental operating margin [2]	13.7%	14.9%	(1.2pp)
Japan			
Net sales	155	139	11.6%
Gross profit	73	60	21.2%
Gross margin	47.3%	43.5%	3.7pp
Segmental operating profit [2]	24	15	60.1%
Segmental operating margin [2]	15.3%	10.7%	4.6pp

Rounding differences may arise in percentages and totals.
1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) 2015 excluding goodwill impairment of € 18 million.

01 First Quarter Results at a Glance (€ in millions)

	First quarter 2015	First quarter 2014	Change
MEAA (Middle East, Africa and other Asian markets)			
Net sales	635	503	26.4%
Gross profit	335	269	24.4%
Gross margin	52.7%	53.5%	(0.8pp)
Segmental operating profit [2]	201	173	16.3%
Segmental operating margin [2]	31.6%	34.3%	(2.7pp)
Other Businesses [1]			
Net sales	377	333	13.1%
Gross profit	141	127	11.2%
Gross margin	37.5%	38.1%	(0.6pp)
Segmental operating profit [2]	(5)	(21)	75.0%
Segmental operating margin [2]	(1.4%)	(6.2%)	4.9pp
Sales by Brand			
adidas	3,352	2,826	18.6%
Reebok	411	358	14.9%
TaylorMade-adidas Golf	280	264	6.2%
Reebok-CCM Hockey	39	32	21.9%

Rounding differences may arise in percentages and totals.
1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) 2015 excluding goodwill impairment of € 18 million.

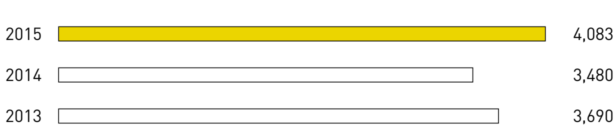
02 / Financial Highlights (IFRS)

	First quarter 2015	First quarter 2014	Change
Operating Highlights (€ in millions)			
Net sales[1]	4,083	3,480	17.3%
EBITDA[1]	451	375	20.1%
Operating profit[1,2]	363	307	18.1%
Net income attributable to shareholders[2,3]	239	204	17.0%
Key Ratios (%)			
Gross margin[1]	49.2%	49.2%	0.0pp
Operating expenses in % of net sales[1]	41.6%	42.5%	(0.8pp)
Operating margin[1,2]	8.9%	8.8%	0.1pp
Effective tax rate[1,2]	29.8%	28.9%	0.9pp
Net income attributable to shareholders in % of net sales[2,3]	5.8%	5.9%	(0.0pp)
Average operating working capital in % of net sales[1,4]	21.9%	21.6%	0.3pp
Equity ratio	46.7%	48.8%	(2.1pp)
Net borrowings/EBITDA[1,5]	0.4	0.2	
Financial leverage	8.6%	4.5%	4.1pp
Return on equity[3]	3.5%	3.6%	(0.1pp)
Balance Sheet and Cash Flow Data (€ in millions)			
Total assets	13,415	11,488	16.8%
Inventories	2,539	2,505	1.4%
Receivables and other current assets	3,712	2,939	26.3%
Working capital	3,138	2,155	45.6%
Net borrowings	542	254	113.1%
Shareholders' equity	6,271	5,610	11.8%
Capital expenditure	53	157	(66.4%)
Net cash used in operating activities[3]	(260)	(382)	(32.0%)
Per Share of Common Stock (€)			
Basic earnings[2,3]	1.17	0.98	19.9%
Diluted earnings[2,3]	1.17	0.96	22.0%
Net cash used in operating activities[3]	(1.27)	(1.83)	(30.3%)
Dividend	1.50[6]	1.50	–
Share price at end of period	73.69	78.54	(6.2%)
Other (at quarter-end)			
Number of employees[1]	54,077	50,825	6.4%
Number of shares outstanding	203,186,309	209,216,186	(2.9%)
Average number of shares	204,153,362	209,216,186	(2.4%)

1) 2015 and 2014 reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) 2015 excluding goodwill impairment of € 18 million.
3) Includes continuing and discontinued operations.
4) Twelve-month trailing average.
5) EBITDA of last twelve months.
6) Subject to Annual General Meeting approval.

03 / First quarter net sales[1]

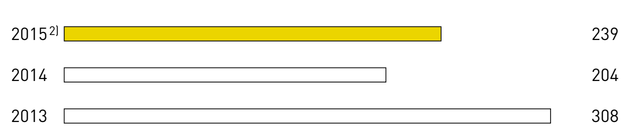
(€ in millions)



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

04 / First quarter net income attributable to shareholders[1]

(€ in millions)



1) Includes continuing and discontinued operations.
2) Excluding goodwill impairment of € 18 million.

OPERATIONAL AND SPORTING HIGHLIGHTS 2015

Q1

JANUARY

08.01.
adidas and the University of Miami sign a 12-year partnership making adidas the official athletic footwear, apparel and accessory brand of the Hurricanes from September 1, 2015 onwards.

15.01.
adidas launches StellaSport, a new adidas women's sports range combining sport and style with bold branding, explosive colours and fresh prints. The long-standing collaboration with Stella McCartney is thus complemented with a new collection for a younger target group.

19.01.
adidas Football presents its #ThereWillBeHaters campaign, focused around a provocative new video featuring global football stars such as Luis Suárez, Gareth Bale, James Rodríguez and Karim Benzema. Within four weeks after its release the video is watched more than 16 million times on YouTube.

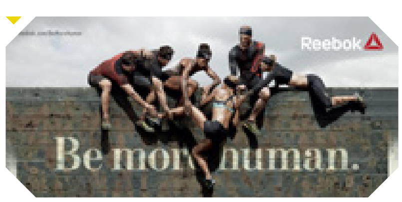
19.01.
adidas Golf introduces its revolutionary Boost cushioning technology into golf with the new adipower Boost.

22.01.
adidas unveils its latest running revolution: Ultra Boost. In New York City, a team of elite athletes around Yohan Blake, David Villa and Sammy Watkins pledge their allegiance to this running shoe while hundreds of witnesses from around the world are on site.

22.01.
The adidas Group ranks third in the 'Global 100 Index' and is thus recognised as one of the 100 Most Sustainable Corporations in the World, as best European company and as clear leader in its industry. This ranking by Corporate Knights is one of the most extensive data-driven corporate sustainability assessments in existence.

27.01.
The German magazine Focus again names the adidas Group as Top Employer in Germany. The adidas Group also receives outstanding employer rankings in the UK (Britain's Healthiest Company 2014) and China (Top Employer Institute).

28.01.
Reebok releases its new brand campaign 'Be More Human' with a 60-second TV spot during the Super Bowl. The campaign is a rally cry to live up to the athlete's full potential.



FEBRUARY

01.02.
The adidas sponsored French national handball team wins its fifth world championship at the World Men's Handball Championship in Qatar.

03.02.
adidas introduces adidas Confirmed, an innovative sneaker reservation app enabling consumers to reserve their sneakers before the official launch date and pick them up at a store nearby as soon as they are available at retail.

09.02.
The 2015 Grammy Awards see two of the music industry's icons Kanye West and Pharrell Williams revealing their new adidas creations for the world followed by a big buzz on social media.

12.02.
adidas Originals and Kanye West stage the global launch event for the Yeezy Season 1 and the Yeezy Boost. This worldwide simulcast event taking place in New York City is streamed to 42 theatres across the globe.

OPERATIONAL AND SPORTING HIGHLIGHTS 2015

Q1

13.02.
adidas releases its new campaign, Sport 15 – a series of films with the title 'take it'. The campaign, which is a long-term investment in the brand's obsession with sport, aims to inspire and motivate young athletes to always be the best they can be at any sport or at any level.

20.02.
adidas announces its partnerships with top football prospects participating in the 2015 NFL Scouting Combine. New additions to the roster include quarterback Brett Hundley of UCLA and Kevin White of West Virginia.

24.02.
adidas announces that in 2014 it sourced more than 30% of all its processed cotton as Better Cotton. With this, the Group exceeds its originally set goal of 25%. This is the highest volume in sustainable cotton used in the history of adidas.

25.02.
TaylorMade launches the new R15 driver. The driver provides a front track technology to expand sweet spot and decrease spin. The R15 is the only driver of its kind to earn the maximum number of points in Golf Digest's 2015 Hot List.

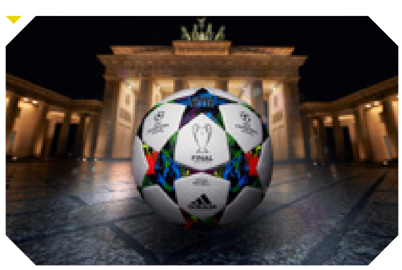
MARCH /

03.03.
adidas celebrates its 20th year partnering with the MLS, the highest professional soccer league in Canada and the USA.

04.03.
Reebok presents to the world's media the ZPump Fusion, a game-changing running shoe that uniquely conforms to any foot and provides runners with a locked-in custom fit.

04.03.
adidas NEO label launches the spring 2015 Selena Gomez collection. This new City Life collection is inspired by the glam sportswear look.

04.03.
adidas introduces the adidas Finale Berlin, the Official Match Ball for the knock-out stages and the Final of the UEFA Champions League.



26.03.
The adidas Group introduces its new strategic business plan 'Creating the New' at the Investor Day 2015 in Herzogenaurach, Germany.

27.03.
adidas Originals releases Supercolor, created in collaboration with Pharrell Williams. The iconic Superstar silhouette is transformed via a spectrum of 50 different colourways available from the launch day onwards.

Letter from the CEO

Herbert Hainer
ADIDAS GROUP CEO

Dear Shareholders,

I am very pleased to report to you today that we got off to a successful start to the year, with our adidas and Reebok brands enjoying great momentum. We have excited consumers around the world with our innovative performance products, cutting-edge technologies, fashion-driven styles and highly engaging marketing campaigns. As a result, both our top and bottom line improved significantly even though we have increased our long-term-oriented brand-building investments.

The key financial highlights of the first quarter were as follows:

- Group sales were up 9% on a currency-neutral basis or by more than € 600 million to € 4.1 billion.
- We recorded strong growth at adidas and Reebok, with revenues increasing 11% and 9%, respectively.
- Our performance was particularly strong in Western Europe, Greater China and MEAA, with sales growing at double-digit rates in each of these markets.
- From a category perspective, adidas running, Originals and NEO as well as Reebok training and fitness were particular stand-outs, all growing at strong double-digit rates.
- Gross margin remained stable at 49.2% despite significant pressure from currencies and input costs.
- Operating margin excluding goodwill impairment increased 0.1 percentage points to 8.9%.
- Net income from continuing operations excluding goodwill impairment improved 22%.
- Currency-neutral inventories from continuing operations remained stable versus the prior year.

These strong financial results reflect numerous activities with which we have excited our consumers. Let me elaborate on some of them in more detail:

We had already told you that in 2015 we will start to go out loud and bold with our brands. And we did. For adidas, we started the global roll-out of a series of films called 'Sport 15'. Across all channels, we will be telling brand stories that motivate and inspire young athletes. In addition, we launched the 'There Will Be Haters' football campaign. With players such as Gareth Bale, James Rodríguez, Luis Suárez and Karim Benzema, we are creating a fundamentally different tone of voice to anything adidas football has ever delivered. Both campaigns have been resonating extremely well with consumers around the globe. At the end of February, adidas led the weekly Viral Video Chart, which tracks online views of marketing campaigns, taking the two top slots. In addition, as a result of these campaigns, we have seen a huge surge in traffic on our websites and engagement rates significantly above the industry average.

Reebok's 'Be More Human' campaign has also been a huge success. The campaign, which aired for the first time during the NFL Super Bowl pre-game coverage, celebrates and supports everyday athletes who embody the fitness lifestyle, a fast-growing niche that Reebok owns. As athletes realise that Reebok shares their passion, understands their motivation and supports them in their ultimate goal – to be more human – the feedback we have received has exceeded our expectations by far. In addition, in March, Reebok took over the malls and in-store executions with the introduction of the ZPump Fusion, featuring its successful Pump technology in innovative footwear models. Sell-through data at our main retail partners, in our Reebok FitHubs and online was well above expectations.

In the lifestyle sector, we also got off to a great start into the year. The adidas Superstar quickly became the shoe of the season. And with the global launch of the Supercolor pack, the introduction of the Superstar silhouette in 50 different colourways, adidas Originals – in cooperation with Pharrell Williams – has brought the franchise to new levels. Sales and sell-throughs spiked across all channels around the globe, creating halo effects far beyond the product itself. Moreover, at the launch of the 'Yeezy', our first shoe developed in collaboration with Kanye West, long queues formed in front of stores. In addition, we dominated Paris Fashion Week with our own Y-3 show. Our activities and initiatives resulted in our adidas Sport Style business growing 27% during the first quarter with strong double-digit growth rates in most markets.

At TaylorMade-adidas Golf, where both the market and our business are emerging from the challenges we faced in 2014, we have also seen strong response to our first major product launches in over a year: The R15 and AeroBurner drivers were not only successful on the world's professional golf tours, with several wins at major tournaments over the last couple of weeks; the strong reception of the product also helped to significantly increase our metalwoods market share compared to the year-end level. The launch of the AeroBurner irons in March had similar effects on our irons market share towards the end of the quarter. In addition, with the introduction of our Boost technology into the golf category as well as the launch of the first fully asymmetrical golf shoe, we have captured a lot of attention among golfers. So there is no doubt that our strong product line-up as well as a cleaner market environment puts us up for growth going forward. But here too, we have learned our lesson from the past. We will definitely not sacrifice the long-term success of our TaylorMade-adidas Golf business for short-term goals. Instead, we will very closely monitor the industry and only slowly increase the volumes we are bringing to market. So while our first quarter performance definitely reflects a sequential improvement, it also shows you that every decision we make and every product we launch needs to be for the long-term benefit of our business.

Moving over to Russia, where the depreciation of the Russian rouble and deteriorating consumer sentiment continue to leave their mark on us, we are taking the right action here as well. As a result, by reducing our net store base, carefully controlling inventory levels and optimising our cost base, we have every confidence we can keep this important market profitable in 2015, even in such a lacklustre environment. And the first quarter of 2015 is clearly a good proof point that these initiatives are already paying off. Our brands are still very strong, which helps us to increase prices significantly. In addition, there are the 30 net store closures during the first three months and, even more importantly, the fact that we were able to reduce operating overhead costs by close to 40% year-to-date, which both clearly show you how successful we have been in managing our cost base. And we will of course not stop running the business there in a very prudent manner, to ensure we mitigate risks in the short term. At the same time, we fully believe in the long-term potential of this market and will ensure our brands will get the right support they deserve for such prospering market opportunities.

With the announced sale of the Rockport business, we made an important decision that will also allow us to focus more strongly on our core brands – adidas, Reebok and TaylorMade – and on the highest-potential opportunities to drive sustainable, profitable growth for our shareholders. Although Rockport has performed well over the last several years, it has not been core to our strategy of striving to be the global leader in the sporting goods industry.

During the first quarter, as part of our shareholder return programme, we also continued with our share buyback. After already having repurchased € 300 million worth of shares in the first tranche at the end of last year, we kicked off the second tranche at the beginning of March. Up until July, we will be investing another € 300 million to buy back our own shares. In fact, by the end of April we had already repurchased more than two million shares during the first eight weeks of the second tranche, or a total of more than seven million shares since the start of the programme, representing more than 3% of the total number of our shares outstanding. And this is on top of our recently announced upgraded dividend policy, according to which we will be paying out between 30% and 50% of our net income going forward, reflecting our clear commitment to sustainably creating significant value for our shareholders. Summing up the developments during the first quarter, I am really proud how fast we rebounded after a challenging 2014. Now, after getting off the starting block well this year, we are very optimistic about our outlook for the remainder of the year.

But of course we will not stop there. During the first quarter, we introduced our new strategy, 'Creating the New'. This is an ambitious, yet realistic plan that provides the layout for accelerating our growth trajectory until 2020. We are moving away from a static and re-active planning process to one that is iterative, agile and pro-active. This puts us in a position where we can and will constantly evolve, improve and sharpen our plan as we listen to our consumers. Because, in order to succeed, we need to win their hearts and minds. Going forward, we will be judged by our consumers, which is clearly reflected in our Group-wide incentivisation. This new mindset – brands first – will not only bring brand reputation to new levels, it will ultimately be a step change for both our top line and for the Group's profitability. Based on three strategic choices – Speed, Cities and Open Source – we will drive brand desire and brand advocacy for all brands of the adidas Group to new heights. This, in turn, will allow us to gain significant market share in key markets and categories, generate attractive margin expansion and operating leverage and deliver superior returns to our shareholders.

The first reactions to our plans have been very positive, both internally and externally. Now it's about execution, an area where we have not always been as successful in the past as we should have been. That will be different this time. We have re-oriented our entire organisation to create clarity on roles and responsibilities across the entire value chain. We will stay rigorously focused on our three strategic choices. And we will at all times have visibility on our progress through a combination of both financial and strategic short-term targets to which we will hold our management accountable.

I am absolutely excited about the future growth prospects of the adidas Group. And while I will do everything I can to bring 'Creating the New' off to a great start, making it successful will be a true team effort. This, of course, includes my Board colleagues, but it goes far beyond this group. At the adidas Group, we are bound by a shared passion for sport and we compete every day as a team. All of us are fully committed and aligned behind our new plan and convinced that with this strategy we will make a difference. And as you can see from our first quarter results, we have already started to do so.

Yours sincerely,

HERBERT HAINER
adidas Group CEO

Our Share

In the first quarter of 2015, the DAX-30 as well as most international stock markets maintained the positive momentum from the previous quarters. In particular, the DAX-30 developed strongly, surpassing the 12,000 point level for the first time and gaining 22% during the quarter. The adidas AG share clearly outperformed equity markets, gaining 28% in the first quarter of 2015.

Most international stock markets increase strongly in the first quarter

In the first quarter of 2015, the launch of the ECB's quantitative easing programme, together with a further weakening of the euro, improving economic data in the euro area as well as the Minsk II agreement offered meaningful tailwinds for global equity markets. However, performance was somewhat disparate across the regions. European equity markets saw a strong rally as global investors steadily increased their exposure to European equities. As a result, the DAX-30 rose to new all-time highs and gained 22% in the first quarter of 2015. At the same time, weakening economic data in the USA and China as well as the lacklustre earnings season in the USA put pressure on global equity markets in general and US stocks in particular. Accordingly, the MSCI World Textiles, Apparel & Luxury Goods Index developed at a slower pace than the DAX-30, increasing only 2% in the course of the three-month period.

adidas AG share gains significantly in the first quarter

At the beginning of the first quarter, the adidas AG share traded sideways in line with the overall market direction. On January 23, the adidas Group announced the divestiture of the Rockport business as well as preliminary results for the 2014 financial year. The achievement of the Group's adjusted full year 2014 sales and earnings targets, strong top-line momentum during the fourth quarter of 2014 as well as the Group's focus on further reducing complexity were positively perceived by the market and resulted in a 4% share price increase on the day. In February, the adidas AG share continued its strong momentum, as a result of favourable analyst commentary and an increased confidence level among investors. Following the publication of the adidas Group's full year 2014 financial results on March 5, the adidas AG share increased more than 3%, driven by a solid outlook for 2015 as well as Management's proposal to keep the dividend stable at € 1.50 per share. Towards the end of the first quarter, the adidas AG share again gained strongly, following the adidas Group Investor Day, which took place on March 25 and 26, introducing the Group's new strategic business plan until 2020. Market participants highlighted that the strategic plan identified key challenges and opportunities for the Group and additionally provided a business model that creates brand desire and is also capable of achieving the objectives outlined. As a consequence, the adidas AG share finished the first quarter at € 73.69, representing an increase of 28% compared to the end of December 2014.

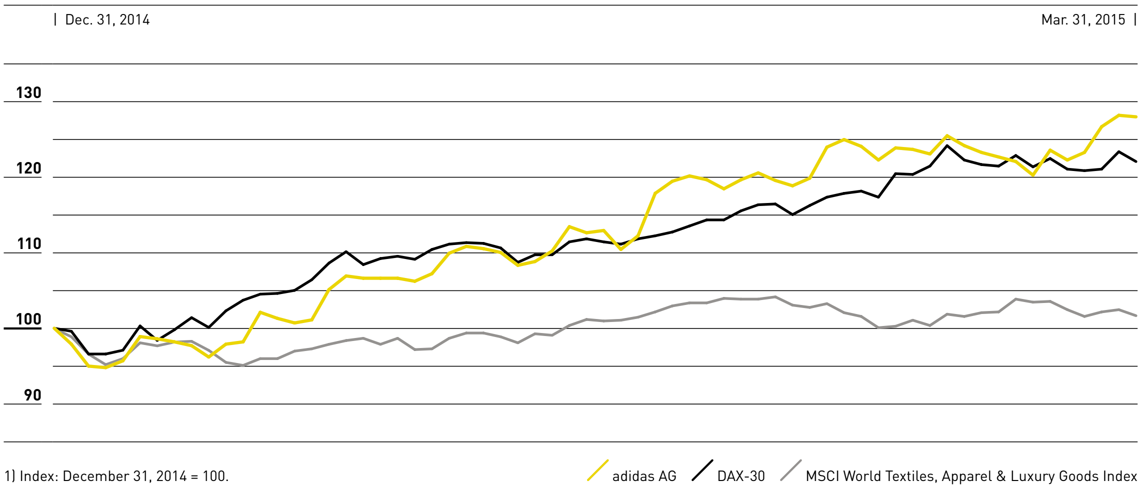
05 / **Historical performance of the adidas AG share and important indices at March 31, 2015** (in %)

	YTD	1 year	3 years	5 years	Since IPO
adidas AG	28	(6)	26	86	662
DAX-30	22	25	72	94	445
MSCI World Textiles, Apparel & Luxury Goods	2	1	25	94	405

Source: Bloomberg.

adidas AG share at a glance

06 ⁄ Share price development in 2015 [1]



1) Index: December 31, 2014 = 100.

07 ⁄ The adidas AG share

Number of shares outstanding	
First quarter average	204,153,362
At March 31 [1]	203,186,309
Type of share	Registered no-par-value share
Initial Public Offering	November 17, 1995
Stock exchange	All German stock exchanges
Stock registration number (ISIN)	DE000A1EWWW0
Stock symbol	ADS, ADSGn.DE

1) All shares carry full dividend rights.

Important indices

- DAX-30
- MSCI World Textiles, Apparel & Luxury Goods
- Deutsche Börse Prime Consumer
- Dow Jones Sustainability Indices (World and Europe)
- FTSE4Good Index Series
- Euronext Vigeo (Eurozone 120, Europe 120, World 120)
- Ethibel Index (Pioneer and Excellence)
- ECPI Ethical Index (Euro and EMU)
- STOXX Global ESG Leaders

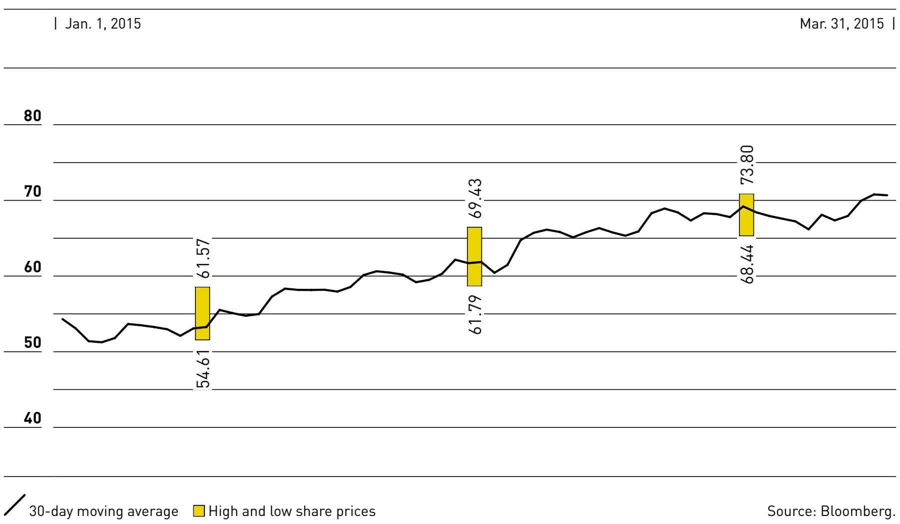
Number of ADRs increases strongly

The number of Level 1 ADRs (American Depository Receipts) increased significantly during the three-month period compared to the end of 2014. At March 31, 2015, 9.1 million ADRs were outstanding, compared to 5.9 million at year-end 2014. The Level 1 ADR closed the quarter at US $ 39.55, reflecting an increase of 14% compared to the end of December 2014. The less pronounced increase of the Level 1 ADR price compared to the ordinary share price was due to the appreciation of the US dollar versus the euro at the end of the first quarter of 2015 compared to year-end 2014.

Dividend proposal of € 1.50 per share

Given their confidence in the strength of the Group's financial position and long-term aspiration, the adidas AG Executive and Supervisory Boards recommend paying a dividend of € 1.50 per share for 2014 (2013: € 1.50). Subject to approval by our shareholders at the Annual General Meeting (AGM) on May 7, 2015, the dividend will be paid on May 8, 2015. The total payout of € 305 million (2014: € 314 million), as at March 31, 2015, reflects a payout ratio of 53.6% of net income attributable to shareholders, excluding goodwill impairment losses, versus 37.4% in the prior year. As part of its new five-year strategic business plan, the Group has increased the corridor for future dividend payments. In light of the expected strong cash generation as well as Management's commitment to sustainable value creation, we intend to pay out between 30% and 50% of net income attributable to shareholders going forward (previously: 20% – 40%).

08 ⁄ **adidas AG high and low share prices per month** [1] (in €)



Source: Bloomberg.

1) Based on daily Xetra closing prices.

Shareholder return programme continued

On October 1, 2014, adidas AG announced a multi-year shareholder return programme of up to € 1.5 billion in total to be completed by December 31, 2017. Within the first tranche of the share buyback programme from November 7, 2014 up to and including December 12, 2014, adidas AG bought back 4,889,142 shares. This corresponds to 2.34% of the company's nominal capital. The average purchase price per share was € 61.36, reflecting a total purchase volume of € 299,999,987 (excluding incidental purchasing costs).

On March 5, 2015, adidas AG announced the commencement of the second tranche of the share buyback programme. In the second tranche, treasury shares with an aggregate acquisition cost of up to € 300 million will be repurchased over a period of time not to extend beyond July 3, 2015. As at March 31, 2015, the total number of shares which adidas AG has bought back within the framework of the second tranche amounted to 1,140,735 shares, at an average price of € 71.15. This represents a total purchase volume of € 81,161,124.

Changes in shareholder base

In the first quarter of 2015, adidas AG received several voting rights notifications according to §§ 21 section 1, 25 section 1 or 25a section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). All voting rights notifications received can be viewed on our corporate website.

www.adidas-group.com/voting_rights_notifications

Directors' dealings reported on corporate website

The purchase or sale of adidas AG shares (ISIN DE000A1EWWW0) or related financial instruments, as defined by § 15a WpHG, conducted by members of our Executive or Supervisory Boards, by key executives or by any person in close relationship with these persons, is reported on our website. In the first quarter of 2015, adidas AG did not receive any notifications pursuant to § 15a WpHG.

www.adidas-group.com/directors_dealings

Group Business Performance

In the first quarter of 2015, the adidas Group delivered a robust financial performance with strong momentum at both adidas and Reebok. As a result, currency-neutral sales for the Group's continuing operations increased 9%. In euro terms, Group revenues increased 17% to € 4.083 billion from € 3.480 billion in 2014. The Group's gross margin remained stable at 49.2% (2014: 49.2%). In the first quarter of 2015, the adidas Group incurred goodwill impairment losses of € 18 million. These one-off expenses were non-cash in nature and did not affect the adidas Group's liquidity. Excluding goodwill impairment losses, the Group's operating profit from continuing operations increased 18% to € 363 million compared to € 307 million in the first quarter of 2014, representing an operating margin of 8.9%, up 0.1 percentage points compared to the prior year (2014: 8.8%). The Group's net income from continuing operations, excluding goodwill impairment losses, was up 22% to € 255 million (2014: € 209 million). In the first quarter of 2015, the adidas Group incurred losses from discontinued operations of € 14 million (2014: losses of € 3 million). As a result, net income attributable to shareholders from continuing and discontinued operations excluding goodwill impairment losses was up 17% to € 239 million (2014: € 204 million). Diluted earnings per share (EPS) from continuing and discontinued operations excluding goodwill impairment losses increased 22% to € 1.17 from € 0.96 in 2014.

Economic and Sector Development

Global economy grows in the first quarter

In the first quarter of 2015, the global economy strengthened at a moderate rate. Emerging markets again outperformed most developed economies, albeit at slightly lower rates than in recent quarters. The advanced economies' performance was supported by modest GDP expansion in both the euro area and the USA as well as by low inflationary pressures. Nevertheless, despite improvements in economic activity, many developed markets continued to face significant challenges, such as high unemployment and indebtedness. In addition, a number of developing countries recorded disappointing results, driven by lower external demand, political uncertainties and domestic policy tightening.

In Western Europe, the region's economies grew at a slow pace, supported by low inflationary pressures, financial easing, stable consumer spending and relatively robust export activity during the period, with the UK in particular recording healthy GDP growth. Despite slight consumer confidence improvement, high unemployment levels in certain major markets, inhibited investment as well as ongoing public debt dynamics resulted in lacklustre GDP increases in many of these countries.

Most European emerging markets except Russia recorded positive GDP growth, with relatively healthy investment, domestic demand and low inflation driving the expansion. However, the ongoing political unrest in Russia/Ukraine led to continued economic contraction in these two countries, with the crisis further depressing Russia's already slowing economy, reflecting lower investment, consumption and export demand. Furthermore, sanctions against Russia and the decline in oil prices together with the further weakening of the rouble put additional constraints on growth.

The US economy grew modestly in the first quarter, supported by the Fed's ongoing very accommodative monetary policy. In addition, an improving labour market and the decline in oil prices stimulated higher real household income and consumer spending. While a further appreciation of the US dollar put some pressure on exports, external demand remained largely robust.

In Asia, wage increases and easing inflationary pressures in most of the region's markets helped to drive domestic demand and GDP expansion. In China, growth remained relatively robust, supported by falling inflation rates and the continuous introduction of accommodative monetary and industrial policy measures to tackle financial vulnerabilities. Japan's economy contracted in the first quarter as consumer spending and real disposable incomes remained weak, not having recovered from the government's sales tax increase in April 2014. While this factor is likely to keep private consumption depressed for several more quarters, exports are improving somewhat as a result of fiscal policies implemented by the government. India's economy expanded in the first quarter, driven by a strengthening of consumer sentiment and consumer spending as well as declining inflation.

In Latin America, GDP development varied across the region, with Argentina's GDP contracting due to high inflation rates, capital constraints and low central bank reserves, which are depressing confidence and output. In Brazil, low investment activity, consumption retrenchment, concerns about the risks of electricity rationing and political difficulties drove further economic contraction. Other regional economies such as Mexico, Colombia and Chile posted healthy GDP increases in the first quarter, with accelerating private consumer spending, wage growth and exports fuelling expansion.

Positive momentum in the sporting goods industry in the first quarter

In the first quarter of 2015, the global sporting goods industry grew, supported by rising consumer spending in both emerging and developed markets. The e-commerce channel continued to see rapid expansion, as retailers leveraged a wide variety of commercial opportunities across mobile technologies and social media. From a category perspective, basketball continued to enjoy strong momentum, with both performance and lifestyle developing well. Running grew at a slower pace but with modest improvements towards the end of the first quarter, supported by growth in both lightweight and technical running. In the outdoor category, the overall weakness from 2014 was reversed during the fall/winter season due to more favourable weather conditions.

09 ⁄ **Quarterly consumer confidence development** 1)
(by region)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
USA 2)	83.9	86.4	89.0	93.1	101.3
Euro area 3)	(9.3)	(7.5)	(11.4)	(10.9)	(3.7)
Japan 4)	36.9	40.5	39.6	37.5	41.1
China 5)	107.9	104.7	105.4	105.8	109.8
Russia 6)	(11.0)	(6.0)	(7.0)	(18.0)	(32.0)
Brazil 7)	108.8	106.3	109.7	109.2	100.0

1) Quarter-end figures.
2) Source: Conference Board.
3) Source: European Commission.
4) Source: Economic and Social Research Institute, Government of Japan.
5) Source: China National Bureau of Statistics.
6) Source: Russia Federal Service of State Statistics.
7) Source: National Confederation of Industry Brazil.

10 ⁄ **Exchange rate development** 1) (€ 1 equals)

	Average rate 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015	Average rate 2015 2)
USD	1.3296	1.3658	1.2583	1.2141	1.0759	1.1291
GBP	0.8066	0.8015	0.7773	0.7789	0.7273	0.7444
JPY	140.44	138.44	138.11	145.23	128.95	134.51
RUB	50.737	45.933	49.560	68.303	62.902	70.524
CNY	8.1919	8.4035	7.7417	7.4291	6.6084	7.0419

1) Spot rates at quarter-end.
2) Average rate for the first quarter of 2015.

In Western Europe, despite continuing high unemployment rates, sequential increases in consumer spending and private domestic demand in many markets supported the robust growth of the sector. In European emerging markets, a contraction in disposable income growth rates driven by high inflationary pressures and a further weakening of the rouble negatively impacted consumer sentiment and spending and detracted from the sporting goods sector's expansion, especially in Russia.

In North America, the sporting goods industry grew modestly, benefiting from rising real disposable incomes and low inflationary pressures within the region. Basketball footwear as well as apparel continued to be in strong demand, fuelled by growth in both performance and lifestyle basketball, outperforming casual footwear and outdoor products. US sporting apparel sales also showcased a modest increase throughout the first quarter. Many sporting goods retailers focused on high-performance and technically innovative products to help support higher prices and to drive sales. The golf market continues to face structural challenges. Nevertheless, cleaner inventory levels compared to the prior year period, the stabilisation in golf participation rates and lower discounts in the marketplace indicate a more healthy retail landscape.

In Asia, rising disposable incomes and consumer spending promoted expansion of the sporting goods industry. This trend was particularly evident in China, supporting healthy industry sales growth, especially in the lower-tier cities. In India, the size of the sector continued to expand at a strong pace.

The sporting goods industry in Latin America benefited from low unemployment levels and higher wages, which supported retail and sporting goods sales. However, continued inflationary pressures and low consumer confidence dampened expansion of the sector during the quarter.

Income Statement

Focus on continuing operations

Due to the existence of a concrete plan to sell the Rockport operating segment, all income and expenses of the Rockport operating segment are reported as discontinued operations at the end of March 2015. For the sake of clarity, all figures related to the 2014 and 2015 financial years in this report refer to the Group's continuing operations unless otherwise stated.

adidas Group currency-neutral sales increase 9% in the first quarter of 2015

In the first quarter of 2015, Group revenues increased 9% on a currency-neutral basis, driven by a double-digit increase at adidas as well as high-single-digit growth at Reebok. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 17% to € 4.083 billion in the first quarter of 2015 from € 3.480 billion in 2014.

see Diagram 11

Strong momentum at adidas and Reebok drives Group sales development

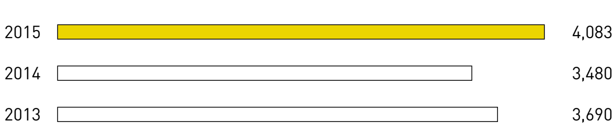
In the first quarter of 2015, currency-neutral adidas revenues increased 11%. This development was driven by double-digit sales increases in running, at adidas Originals and adidas NEO as well as a high-single-digit increase in training. Currency-neutral Reebok sales were up 9% versus the prior year as a result of double-digit sales increases in the training and studio categories as well as mid-single-digit sales growth in Classics. Revenues at TaylorMade-adidas Golf decreased 9% currency-neutral, mainly due to sales declines in the metalwoods and irons categories, which more than offset a double-digit increase in golf apparel.

Group sales up in footwear and apparel

In the first quarter of 2015, currency-neutral footwear sales increased 18%, mainly due to double-digit sales growth in the running and football categories as well as at adidas Originals and adidas NEO. Apparel revenues grew 4% on a currency-neutral basis. This development was supported by growth in the training and running categories as well as at adidas Originals and at adidas NEO. Currency-neutral hardware sales were down 10% compared to the prior year, primarily as a result of declines at TaylorMade-adidas Golf. Currency translation effects had a positive impact on sales in euro terms.

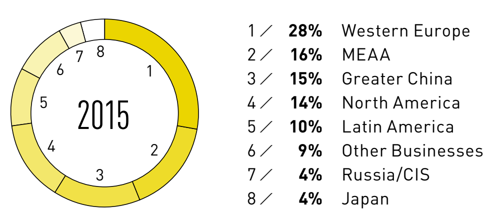
see Table 13

11 ⁄ **First quarter net sales** [1] (€ in millions)



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

12 ⁄ **First quarter net sales by segments** [1]



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

13 ⁄ Net sales by product category [1] (€ in millions)

	First quarter 2015	First quarter 2014	Change	Change (currency-neutral)
Footwear	2,087	1,641	27%	18%
Apparel	1,595	1,434	11%	4%
Hardware	400	405	(1%)	(10%)
Total [2]	**4,083**	**3,480**	**17%**	**9%**

1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Rounding differences may arise in totals.

In the first quarter of 2015, the adidas Group introduced a number of exciting new products. An overview of major product launches in the first quarter is provided in the product launch table.

see Table 14

14 ⁄ Major product launches in Q1 2015

Product	Brand
UEFA Champions League Finale Berlin Official Match Ball	adidas
A totally new F50 football boot	adidas
F50 Messi football boot	adidas
adizero F50 Tattoo and miadidas F50 Haters football boots (limited editions)	adidas
Newly designed Predator, Nitrocharge and 11 Pro football boots	adidas
Ultra Boost running shoe	adidas
Supernova Glide 7 running shoe	adidas
D Lillard basketball shoe	adidas
adidas StellaSport training collection	adidas
Terrex Agravic outdoor line	adidas
Terrex Boost outdoor shoe	adidas
Kanye West x adidas Originals collection	adidas
Originals Superstar Supercolor pack	adidas
Originals ZX Flux shoe	adidas
Originals Tubular shoe	adidas
ZPump Fusion TR running shoe	Reebok
Skyscape Runaround 2.0 shoe	Reebok
Ventilator OG Classics shoe	Reebok
Ventilator Reflective Classics shoe	Reebok
R15 driver	TaylorMade
Aeroburner metalwoods	TaylorMade
Aeroburner fairway woods	TaylorMade
adipower Boost golf shoe	adidas Golf
Red hybrid	Adams Golf

Currency-neutral sales grow in nearly all market segments

In the first quarter of 2015, on a currency-neutral basis the combined sales of the adidas and Reebok brands grew in all market segments except Russia/CIS. Revenues in Western Europe increased 11% on a currency-neutral basis, driven by double-digit sales growth in the UK, Italy, France and Spain. Currency-neutral sales in North America increased 7%. Revenues in Greater China grew 21% on a currency-neutral basis, while currency-neutral sales in Russia/CIS declined 3%. In Latin America, revenues grew 6% on a currency-neutral basis with increases in most markets, in particular Argentina. In Japan, sales were up 7% on a currency-neutral basis. Sales in MEAA grew 10% on currency-neutral basis, driven by strong sales growth in United Arab Emirates, South Korea and Turkey.

Revenues in Other Businesses were down 1% on a currency-neutral basis. Double-digit sales increases in Other centrally managed businesses as well as high-single-digit growth at Reebok-CCM Hockey were more than offset by the sales decline at TaylorMade-adidas Golf.

With the exception of Russia/CIS, currency translation effects had a positive impact on segmental sales in euro terms.

see Table 15

15 ⁄ **Net sales by segments [1]** (€ in millions)

	First quarter 2015	First quarter 2014	Change	Change (currency-neutral)
Western Europe	1,143	1,011	13%	11%
North America	591	462	28%	7%
Greater China	597	414	44%	21%
Russia/CIS	162	245	(34%)	(3%)
Latin America	423	374	13%	6%
Japan	155	139	12%	7%
MEAA	635	503	26%	10%
Other Businesses	377	333	13%	(1%)
Total [2]	**4,083**	**3,480**	**17%**	**9%**

1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Rounding differences may arise in totals.

Group sales development supported by double-digit growth in retail

In the first quarter of 2015, retail revenues increased 14% on a currency-neutral basis as a result of double-digit sales growth at adidas and high-single-digit revenue increases at Reebok. Concept stores, factory outlets and concession corners were all up versus the prior year. eCommerce grew 56% on a currency-neutral basis. Currency translation effects negatively impacted retail revenues in euro terms. Sales grew 13% to € 895 million from € 794 million in the prior year. Currency-neutral comparable store sales increased 4% versus the prior year, driven by sales growth across all store formats and most markets.

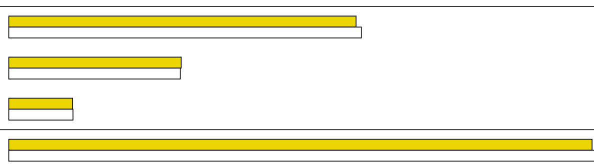
At March 31, 2015, the adidas Group, as part of the adidas and Reebok own-retail activities, operated 2,895 stores compared to the prior year-end level of 2,913. This represents a net decrease of 18 stores. Of the total number of stores, 1,604 were adidas and 436 were Reebok branded (December 31, 2014: 1,616 adidas stores, 446 Reebok stores). In addition, the adidas Group operated 855 multi-branded adidas and Reebok factory outlets (December 31, 2014: 851). During the first quarter of 2015, the Group opened 49 new stores, 67 stores were closed and 23 stores were remodelled.

see Table 16

16 ⁄ **Retail number of stores development**

	Total	Concept stores	Factory outlets	Concession corners
December 31, 2014	**2,913**	**1,746**	**851**	**316**
Opened	49	25	22	2
Closed	67	46	18	3
Opened (net)	(18)	(21)	4	(1)
March 31, 2015	**2,895**	**1,725**	**855**	**315**

17 ⁄ **Retail number of stores by store format**



	Mar. 31, 2015	Dec. 31, 2014
Concept stores	**1,725**	1,746
Factory outlets	**855**	851
Concession corners	**315**	316
Total	**2,895**	2,913

March 31, 2015 December 31, 2014

Group gross margin remains stable

In the first quarter of 2015, gross profit for the adidas Group increased 17% to € 2.008 billion versus € 1.712 billion in the prior year. The gross margin of the adidas Group remained unchanged at 49.2% (2014: 49.2%). A more favourable product and pricing mix was offset by higher input costs as well as negative currency effects.

see Diagram 18
see Diagram 19

Royalty and commission income increases

Royalty and commission income for the adidas Group increased 13% to € 27 million in the first quarter of 2015 compared to € 24 million in the prior year. On a currency-neutral basis, royalty and commission income was up 12%, mainly as a result of higher licensee sales at both adidas and Reebok.

Other operating income decreases

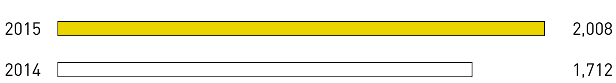
Other operating income includes items such as gains from the disposal of fixed assets and releases of accruals and provisions as well as insurance compensation. In the first quarter of 2015, other operating income decreased 45% to € 27 million (2014: € 50 million), due to a decline in the release of other operational and non-operational provisions.

Other operating expenses as a percentage of sales down 0.8 percentage points

Other operating expenses, including depreciation and amortisation, consist of items such as sales working budget, marketing working budget and operating overhead costs. In the first quarter of 2015, other operating expenses increased 15% to € 1.700 billion (2014: € 1.478 billion), reflecting a significant increase in marketing working budget expenditure as well as higher operating overhead costs. As a percentage of sales, however, other operating expenses decreased 0.8 percentage points to 41.6% from 42.5% in 2014. Sales and marketing working budget expenditure amounted to € 554 million, which represents an increase of 26% versus the prior year level (2014: € 442 million). The increase was due to higher expenditure at both adidas and Reebok. By brand, adidas sales and marketing working budget increased 27% to € 421 million in the first quarter of 2015 compared to € 331 million in the prior year. Sales and marketing working budget for Reebok increased 49%, amounting to € 79 million (2014: € 53 million). As a percentage of sales, the Group's sales and marketing working budget grew 0.9 percentage points to 13.6% (2014: 12.7%).

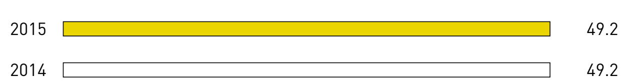
see Diagram 20

18 ⁄ **First quarter gross profit**[1] (€ in millions)



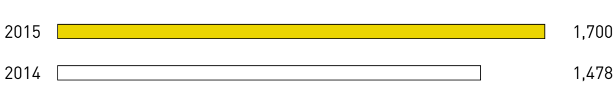
1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.

19 ⁄ **First quarter gross margin**[1] (in %)



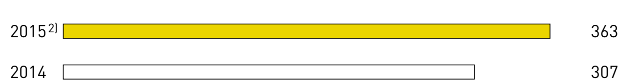
1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.

20 ⁄ **First quarter other operating expenses**[1] (€ in millions)



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

21 ⁄ **First quarter operating profit**[1] (€ in millions)



1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Excluding goodwill impairment of € 18 million.

Number of Group employees up 6%

At the end of the first quarter of 2015, the Group employed 54,077 people. This represents an increase of 6% versus the prior year level of 50,825. New hirings related to the continued expansion of the Group's own-retail activities were the main driver of this development. On a full-time equivalent basis, the number of employees increased 6% to 46,495 at the end of the first quarter of 2015 (2014: 44,016).

Goodwill impairment in an amount of € 18 million

As a result of the change in the composition of the Group's reportable segments and associated cash-generating units, respectively, the Group determined that goodwill impairment is required in the first quarter of 2015. Due to the consolidation of the groups of cash-generating units Retail SLAM (Latin America excluding Brazil) and Retail Brazil with Wholesale SLAM and Wholesale Brazil as well as Retail Russia/CIS with Wholesale Russia/CIS, the carrying amount of the respective new groups of cash-generating units Latin America and Russia/CIS was determined to be higher than the respective recoverable amount. As a result, goodwill impairment losses for the first three months ending March 31, 2015 amounted to € 18 million, comprising impairment losses of € 15 million within the segment Latin America and € 3 million within the segment Russia/CIS. Goodwill for these groups of cash-generating units is completely impaired. The impairment losses were non-cash in nature and do not affect the adidas Group's liquidity.

Operating margin excluding goodwill impairment increases to 8.9%

Group operating profit increased 12% to € 345 million in the first quarter of 2015 versus € 307 million in 2014. The operating margin of the adidas Group decreased 0.4 percentage points to 8.4% (2014: 8.8%). Excluding the goodwill impairment losses, operating profit grew 18% to € 363 million from € 307 million last year, representing an operating margin of 8.9%, up 0.1 percentage points from the prior year level (2014: 8.8%). This development was primarily due to the positive effect from lower other operating expenses as a percentage of sales.

see Diagram 22

Financial income increases

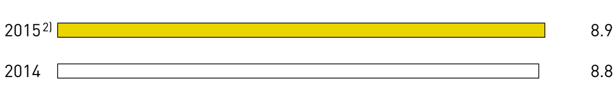
Financial income increased to € 16 million in the first quarter of 2015 from € 7 million in the prior year, as a result of positive exchange rate effects.

Financial expenses down 22%

Financial expenses decreased 22% to € 16 million in the first quarter of 2015 (2014: € 20 million). This development was mainly due to the non-recurrence of negative exchange rate effects compared to the prior year period.

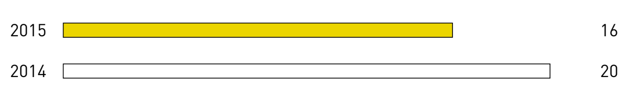
see Diagram 23

22 ⁄ **First quarter operating margin** [1] (in %)



1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Excluding goodwill impairment of € 18 million.

23 ⁄ **First quarter financial expenses** [1] (€ in millions)



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

Income before taxes excluding goodwill impairment up 24%

Income before taxes (IBT) for the adidas Group increased 17% to € 345 million from € 294 million in 2014. IBT as a percentage of sales remained stable at 8.4% in the first quarter of 2015 (2014: 8.4%). Excluding the goodwill impairment losses, IBT was up 24% to € 363 million from € 294 million in 2014 and, as a percentage of sales, increased 0.4 percentage points to 8.9% from 8.4% in the prior year.

see Diagram 24

Net income from continuing operations excluding goodwill impairment increases 22%

The Group's net income from continuing operations increased 13% to € 237 million in the first quarter of 2015 from € 209 million in 2014. Excluding the goodwill impairment losses, net income from continuing operations was up 22% to € 255 million (2014: € 209 million). The Group's tax rate increased 2.5 percentage points to 31.4% in the first quarter of 2015 (2014: 28.9%). Excluding the goodwill impairment losses, the effective tax rate grew 0.9 percentage points to 29.8% from 28.9% in 2014, mainly due to a less favourable earnings mix.

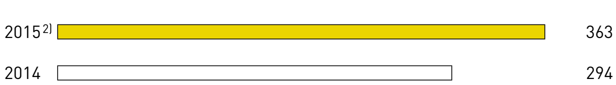
Basic EPS from continuing operations excluding goodwill impairment up 25%

Basic EPS from continuing operations increased 16% to € 1.15 in the first quarter of 2015 (2014: € 0.99). Diluted EPS from continuing operations increased 18% to € 1.15 in the first quarter of 2015 (2014: € 0.97). Excluding the goodwill impairment losses, basic EPS from continuing operations increased 25% to € 1.24 from € 0.99 in 2014. Diluted EPS from continuing operations excluding goodwill impairment losses increased 27% to € 1.24 from € 0.97 in 2014. The weighted average number of shares used in the calculation of diluted EPS was 204,153,362 (2014: 215,233,140).

Losses from discontinued operations total € 14 million

In the first quarter of 2015, the Group incurred losses from discontinued operations of € 14 million, net of tax, related to the Rockport operating segment, which is planned to be divested during the course of 2015 (2014: losses of € 3 million). Losses from discontinued operations were due to a loss recognised on the measurement to fair value less costs to sell, net of tax, in the amount of € 10 million, which was mainly caused by currency movements, as well as a loss from Rockport's operating activities of € 4 million.

24 ⁄ **First quarter income before taxes[1)]** (€ in millions)



1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Excluding goodwill impairment of € 18 million.

Net income attributable to shareholders excluding goodwill impairment increases 17%

The Group's net income attributable to shareholders, which in addition to net income from continuing operations includes the losses from discontinued operations, increased 8% to € 221 million in the first quarter of 2015 from € 204 million in 2014. Excluding the goodwill impairment losses, net income attributable to shareholders was up 17% to € 239 million (2014: € 204 million).

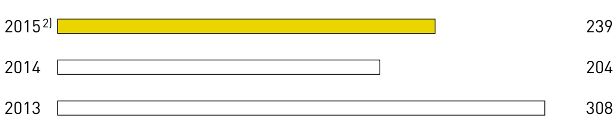
see Diagram 25

Basic EPS from continuing and discontinued operations excluding goodwill impairment grows 20%

Basic EPS from continuing and discontinued operations increased 11% to € 1.08 in the first quarter of 2015 (2014: € 0.98). Diluted EPS from continuing and discontinued operations increased 13% to € 1.08 in the first quarter of 2015 (2014: € 0.96). Excluding the goodwill impairment losses, basic EPS from continuing and discontinued operations increased 20% to € 1.17 from € 0.98 in 2014. Diluted EPS from continuing and discontinued operations excluding the goodwill impairment losses increased 22% to € 1.17 from € 0.96 in 2014. The weighted average number of shares used in the calculation of diluted EPS was 204,153,362 (2014: 215,233,140).

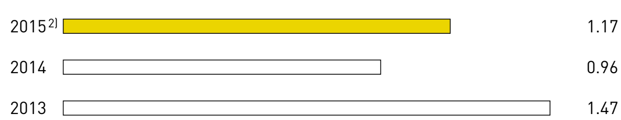
see Diagram 26

25 ⁄ **First quarter net income attributable to shareholders[1]**
(€ in millions)



1) Includes continuing and discontinued operations.
2) Excluding goodwill impairment of € 18 million.

26 ⁄ **First quarter diluted earnings per share[1]**
(in €)



1) Includes continuing and discontinued operations.
2) Excluding goodwill impairment of € 18 million.

Statement of Financial Position and Statement of Cash Flows

Planned Rockport divestiture impacts balance sheet items

Consistent with year-end 2014, at March 31, 2015, all assets and liabilities of the Rockport operating segment are presented as assets and liabilities classified as held for sale. Compared to December 31, 2014, the plan to sell the operating segment became even more concrete due to the signing of a definitive agreement to sell the Rockport operating segment on January 23, 2015. The transaction, which is subject to customary closing conditions, is expected to be completed in the second half of 2015. At the end of the first quarter of 2015, assets of € 270 million and liabilities of € 35 million were allocated to the Rockport operating segment. However, a restatement of the 2014 balance sheet items is not permitted under IFRS.

see Note 03, p. 54

Assets

At the end of March 2015, total assets increased 17% to € 13.415 billion versus € 11.488 billion in the prior year, as a result of an increase in current as well as in non-current assets. Compared to December 31, 2014, total assets grew 8%. The share of current assets within total assets increased to 59%, while the share of non-current assets decreased to 41% at the end of March 2015. This compares to 58% and 42%, respectively, at the end of March 2014.

see Diagram 27

Total current assets increased 19% to € 7.911 billion at the end of March 2015 compared to € 6.658 billion in 2014. Cash and cash equivalents increased 15% to € 1.373 billion at the end of March 2015 from € 1.198 billion in the prior year, as net cash generated from operating activities was only partly offset by net cash used in investing and financing activities. Group inventories increased 1% to € 2.539 billion at the end of March 2015 versus € 2.505 billion in 2014. On a currency-neutral basis, inventories decreased 4%, mainly as a result of the transfer of Rockport inventories to assets classified as held for sale. Inventories from continuing operations increased 5% (0% currency-neutral), reflecting the Group's strict focus on inventory management. The Group's accounts receivable increased 13% to € 2.456 billion at the end of March 2015 (2014: € 2.176 billion). On a currency-neutral basis, receivables remained virtually unchanged. Receivables from continuing operations rose 15% (+2% currency-neutral). Other current financial assets increased to € 695 million at the end of March 2015 from € 159 million in 2014. This development was driven by an increase in the fair value of financial instruments. Other current assets decreased 8% to € 477 million at the end of March 2015 (2014: € 516 million), mainly due to a decline in prepayments.

see Diagram 29

see Diagram 30

27 ⁄ **Structure of statement of financial position** [1] (in % of total assets)

	Mar. 31, 2015	Mar. 31, 2014
Assets (€ in millions)	**13,415**	11,488
Cash and cash equivalents	**10.2%**	10.4%
Accounts receivable	**18.3%**	18.9%
Inventories	**18.9%**	21.8%
Fixed assets	**34.8%**	36.7%
Other assets	**17.7%**	12.1%

■ March 31, 2015 □ March 31, 2014

1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 47.

Total non-current assets grew 14% to € 5.504 billion at the end of March 2015 from € 4.831 billion in 2014. Fixed assets increased 11% to € 4.669 billion at the end of March 2015 versus € 4.217 billion in 2014. Fixed assets include property, plant and equipment, goodwill, trademarks and other intangible assets as well as long-term financial assets. Additions of € 473 million were primarily related to the continued expansion of our own-retail activities, investments into the Group's logistics infrastructure and IT systems, the acquisition of Luta Limited and Refuel (Brand Distribution) Limited as well as the further development of the Group's headquarters in Herzogenaurach. Currency translation effects of € 660 million also contributed to the increase in fixed assets. Additions were partly offset by depreciation and amortisation of € 339 million, goodwill impairment of € 96 million, disposals of € 22 million as well as the reclassification of the net book value of Rockport fixed assets to assets classified as held for sale of € 224 million. Compared to December 31, 2014, fixed assets increased by 7%. Other non-current financial assets grew 60% to € 47 million at the end of March 2015 from € 29 million at the end of the first quarter of 2014. This development was driven by an increase in embedded derivatives as well as in security deposits.

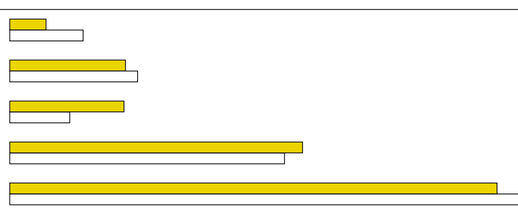
Liabilities and equity

Total current liabilities increased 6% to € 4.773 billion at the end of March 2015 from € 4.503 billion in 2014. Accounts payable grew 5% to € 1.475 billion at the end of March 2015 versus € 1.401 billion in 2014. On a currency-neutral basis, accounts payable remained virtually unchanged. Accounts payable from continuing operations increased 6% (+1% currency-neutral), reflecting the purchase of inventories during the first quarter. At the end of March 2015, other current financial liabilities increased 95% to € 223 million from € 114 million in 2014, primarily as a result of the increase in the negative fair value of financial instruments. Short-term borrowings declined 43% to € 456 million at the end of March 2015 (2014: € 801 million). This development was mainly due to the repayment of the Group's Eurobond, which matured in July 2014. Other current provisions were up 9% to € 480 million at the end of March 2015 versus € 440 million in 2014. This primarily relates to an increase in provisions for warranties and returns. Currency translation effects of € 43 million also contributed to the increase in other current provisions. Current accrued liabilities grew 25% to € 1.381 billion at the end of March 2015 from € 1.105 billion in 2014, mainly due to an increase in accruals for customer discounts, outstanding invoices as well as for personnel. Currency translation effects of € 144 million also contributed to the increase in current accrued liabilities. Other current liabilities increased 11% to € 384 million at the end of March 2015 from € 347 million in 2014, mainly due to an increase in tax liabilities other than income taxes.

see Diagram 28

28 ／ **Structure of statement of financial position** [1] (in % of total liabilities and equity)

	Mar. 31, 2015	Mar. 31, 2014
Liabilities and equity (€ in millions)	**13,415**	11,488
Short-term borrowings	**3.4%**	7.0%
Accounts payable	**11.0%**	12.2%
Long-term borrowings	**10.9%**	5.7%
Other liabilities	**28.0%**	26.3%
Total equity	**46.7%**	48.8%



March 31, 2015 March 31, 2014

1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 48.

Total non-current liabilities increased 72% to € 2.377 billion at the end of March 2015 from € 1.382 billion in the prior year. Long-term borrowings grew to € 1.464 billion at the end of March 2015 from € 655 million in the prior year. This development was primarily due to the issuance of two Eurobonds during the fourth quarter of 2014 with an overall volume of € 1 billion. Other non-current provisions grew to € 39 million at the end of March 2015 versus € 17 million in 2014. This primarily relates to an increase in other operational provisions. Currency translation effects of € 7 million also contributed to the increase in other non-current provisions. Non-current accrued liabilities grew 25% to € 71 million at the end of March 2015 from € 56 million in 2014, mainly due to an increase in accruals for personnel.

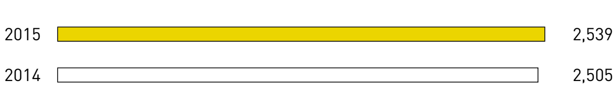
Shareholders' equity increased 12% to € 6.271 billion at the end of March 2015 versus € 5.610 billion in 2014. The net income generated during the last twelve months, positive currency translation effects of € 676 million as well as an increase in hedging reserves of € 233 million were the main contributors to this development. This was partly offset by the dividend of € 314 million paid to shareholders for the 2013 financial year as well as the repurchase of treasury shares in an amount of € 381 million. The Group's equity ratio at the end of March 2015 decreased to 46.7% compared to 48.8% in the prior year.

see Diagram 32

Operating working capital

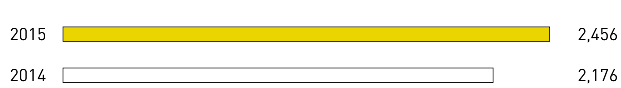
Operating working capital increased 7% to € 3.520 billion at the end of March 2015 compared to € 3.280 billion in 2014. Operating working capital from continuing operations increased 11% (+1% currency-neutral). Average operating working capital as a percentage of sales from continuing operations increased 0.3 percentage points to 21.9% (2014: 21.6%), mainly due to the increase in accounts receivable, which was largely driven by currency movements.

29 ⁄ **Inventories** [1] (€ in millions)



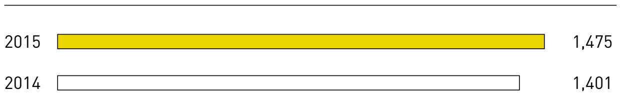
1) At March 31.

30 ⁄ **Accounts receivable** [1] (€ in millions)



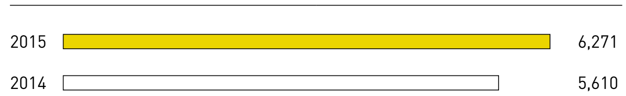
1) At March 31.

31 ⁄ **Accounts payable** [1] (€ in millions)



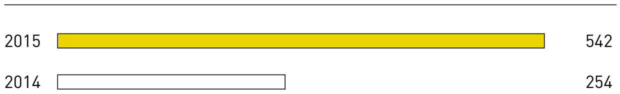
1) At March 31.

32 ⁄ **Shareholders' equity** [1] (€ in millions)



1) At March 31, excluding non-controlling interests.

33 ⁄ **Net borrowings** [1] (€ in millions)



1) At March 31.

Liquidity analysis

In the first quarter of 2015, net cash used in operating activities decreased to € 260 million (2014: € 382 million). Net cash used in continuing operating activities decreased to € 256 million (2014: € 360 million), primarily as a result of lower operating working capital requirements as well as an increase in income before taxes, partly offset by an increase in income taxes paid. Net cash used in investing activities declined to € 68 million (2014: € 112 million). Net cash used in continuing investing activities declined to € 66 million (2014: € 112 million), mainly as a result of lower purchases of property, plant and equipment, partly offset by the non-recurrence of proceeds from the sale of short-term financial assets. The majority of investing activities in the first quarter of 2015 related to spending for property, plant and equipment, such as investments in the furnishing and fitting of our own-retail stores as well as investments in the Group's logistics infrastructure and IT systems. Net cash used in financing activities totalled € 66 million (2014: net cash generated from financing activities of € 120 million), mainly related to the repurchase of treasury shares in the amount of € 81 million. Exchange rate effects positively impacted the Group's cash position by € 83 million in the first quarter of 2015 (2014: negative impact of € 15 million). As a result of all these developments, cash and cash equivalents decreased by € 310 million to € 1.373 billion at the end of March 2015 compared to € 1.683 billion at the end of December 2014.

Net borrowings at March 31, 2015 amounted to € 542 million, compared to net borrowings of € 254 million in 2014, representing an increase of € 288 million. This development is mainly a result of the utilisation of cash for the share buyback programme in an amount of € 381 million. Currency translation had a positive effect of € 137 million on net borrowings. The Group's ratio of net borrowings over EBITDA amounted to 0.4 at the end of March 2015 (2014: 0.2).

see Diagram 33

Business Performance by Segment

The adidas Group has divided its operating activities into the following operating segments: Western Europe, North America, Greater China, Russia/CIS, Latin America, Japan, Middle East, South Korea, Southeast Asia/Pacific, TaylorMade-adidas Golf, Reebok-CCM Hockey and Other centrally managed businesses. While the business segments Western Europe, North America, Greater China, Russia/CIS, Latin America and Japan are reported separately, the markets Middle East, South Korea and Southeast Asia/Pacific are combined to the segment MEAA ('Middle East, Africa and other Asian markets'). Each market comprises all business activities in the wholesale, retail and e-commerce distribution channels of the adidas and Reebok brands. The segmental results of TaylorMade-adidas Golf, Reebok-CCM Hockey and Other centrally managed businesses, which comprises brands such as Y-3 and Five Ten, are aggregated under Other Businesses. Segmental operating expenses primarily relate to sales and marketing working budget expenses as well as expenditure for sales force, administration and logistics.

Western Europe

Western Europe first quarter results

In the first quarter of 2015, sales in Western Europe increased 11% on a currency-neutral basis, due to double-digit sales growth at both adidas and Reebok. From a market perspective, the main contributors to the increase were the UK, Italy, France and Spain, where revenues grew at double-digit rates each. Currency translation effects positively impacted revenues in euro terms. Sales in Western Europe grew 13% to € 1.143 billion from € 1.011 billion in the first quarter of 2014.

see Table 34

Gross margin in Western Europe increased 1.8 percentage points to 48.1% in the first quarter of 2015 from 46.3% in 2014. This development was driven by a more favourable pricing mix as well as positive currency effects, partly offset by higher input costs. Gross profit in Western Europe increased 18% to € 550 million versus € 468 million in 2014.

see Table 34

Operating expenses were up 12% to € 270 million versus € 241 million in the first quarter of 2014. This was primarily due to the planned increase in marketing working budget expenses. In addition, higher sales expenditure also contributed to the increase. Operating expenses as a percentage of sales decreased 0.2 percentage points to 23.6% (2014: 23.9%).

34 ⁄ **Western Europe at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	1,143	1,011	13.1%
Gross profit	550	468	17.5%
Gross margin	48.1%	46.3%	1.8pp
Segmental operating profit	280	227	23.4%
Segmental operating margin	24.5%	22.4%	2.1pp

Operating margin improved 2.1 percentage points to 24.5% (2014: 22.4%), as a result of the gross margin increase as well as the positive effect of lower operating expenses as a percentage of sales. Operating profit in Western Europe increased 23% to € 280 million versus € 227 million in the prior year.

see Table 34

Western Europe development by brand

adidas revenues in Western Europe grew 11% on a currency-neutral basis in the first quarter of 2015. This development was driven by double-digit sales growth at adidas Originals as well as high-single-digit increases in the football and running categories. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Western Europe increased 13% to € 1.038 billion (2014: € 921 million).

Reebok revenues in Western Europe increased 16% on a currency-neutral basis in the first quarter of 2015. This development was mainly due to double-digit sales growth in the training and running categories as well as in Classics. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Western Europe were up 17% to € 105 million from € 90 million in the prior year.

North America

North America first quarter results

In the first quarter of 2015, sales in North America increased 7% on a currency-neutral basis, as a result of high-single-digit sales growth at adidas. Currency translation effects positively impacted revenues in euro terms. Sales in North America grew 28% to € 591 million from € 462 million in the first quarter of 2014.

see Table 35

Gross margin in North America decreased 1.0 percentage points to 36.4% in the first quarter of 2015 from 37.4% in 2014. The positive effect from a more favourable product and pricing mix was more than offset by higher input costs. Gross profit in North America increased 24% to € 215 million versus € 173 million in 2014.

see Table 35

Operating expenses were up 38% to € 232 million versus € 169 million in the first quarter of 2014. This was primarily due to significantly higher marketing working budget expenses as well as higher sales expenditure. As a result, operating expenses as a percentage of sales increased 2.8 percentage points to 39.3% (2014: 36.5%).

35 ⁄ **North America at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	591	462	27.9%
Gross profit	215	173	24.5%
Gross margin	36.4%	37.4%	(1.0pp)
Segmental operating profit	(9)	13	(166.3%)
Segmental operating margin	(1.5%)	2.8%	(4.2pp)

In the first quarter of 2015, North America recorded an operating loss of € 9 million (2014: operating profit of € 13 million), which resulted in a negative operating margin of 1.5% compared to a positive operating margin of 2.8% in 2014. This development was due to the decrease in gross margin as well as the negative effect from higher operating expenses as a percentage of sales.

see Table 35

North America development by brand

adidas revenues in North America grew 9% on a currency-neutral basis in the first quarter of 2015. This was mainly due to double-digit sales increases in the football category as well as at adidas Originals and adidas NEO. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in North America increased 31% to € 470 million (2014: € 359 million).

Reebok revenues in North America decreased 3% on a currency-neutral basis in the first quarter of 2015, as double-digit sales growth in the training category was more than offset by a decline in Classics. The development also reflects our commitment to further streamlining Reebok's factory outlet business in North America. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in North America were up 17% to € 121 million from € 103 million in the prior year.

Greater China

Greater China first quarter results

In the first quarter of 2015, sales in Greater China increased 21% on a currency-neutral basis, as a result of double-digit sales growth at adidas and Reebok. Currency translation effects positively impacted revenues in euro terms. Sales in Greater China grew 44% to € 597 million from € 414 million in the first quarter of 2014.

see Table 36

Gross margin in Greater China decreased 0.9 percentage points to 55.9% in the first quarter of 2015 from 56.8% in 2014. The positive effect from a more favourable product mix was more than offset by higher input costs. Gross profit in Greater China increased 42% to € 334 million versus € 235 million in 2014.

see Table 36

Operating expenses were up 41% to € 115 million versus € 82 million in the first quarter of 2014. This was primarily due to the increase in sales working budget expenses. Operating expenses as a percentage of sales decreased 0.4 percentage points to 19.3% (2014: 19.7%).

36 ⁄ **Greater China at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	597	414	44.3%
Gross profit	334	235	42.0%
Gross margin	55.9%	56.8%	(0.9pp)
Segmental operating profit	218	153	42.3%
Segmental operating margin	36.5%	37.0%	(0.5pp)

Operating margin decreased 0.5 percentage points to 36.5% (2014: 37.0%). The positive effect from lower operating expenses as a percentage of sales was more than offset by the decrease in gross margin. Operating profit in Greater China increased 42% to € 218 million versus € 153 million in the prior year. see Table 36

Greater China development by brand

adidas revenues in Greater China grew 21% on a currency-neutral basis in the first quarter of 2015. The increase was mainly due to strong double-digit sales increases in the training and running categories as well as at adidas Originals and adidas NEO. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Greater China increased 43% to € 583 million (2014: € 407 million).

Reebok revenues in Greater China increased 58% on a currency-neutral basis in the first quarter of 2015, driven by a significant sales increase in Classics, where revenues more than doubled. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Greater China were up 89% to € 14 million from € 7 million in the prior year.

Russia/CIS

Russia/CIS first quarter results

In the first quarter of 2015, sales in Russia/CIS decreased 3% on a currency-neutral basis, as mid-single-digit growth at Reebok was more than offset by sales declines at adidas. Currency translation effects negatively impacted revenues in euro terms. Revenues in Russia/CIS declined 34% to € 162 million from € 245 million in the first quarter of 2014. see Table 37

Gross margin in Russia/CIS decreased 9.9 percentage points to 51.3% in the first quarter of 2015 from 61.3% in 2014. The positive impact from a more favourable pricing mix was more than offset by negative currency effects. Gross profit in Russia/CIS decreased 44% to € 83 million versus € 150 million in 2014. see Table 37

Operating expenses were down 36% to € 81 million versus € 126 million in the first quarter of 2014. This was primarily due to lower sales expenditures, which also reflect the reduction in the number of stores. Operating expenses as a percentage of sales decreased 1.5 percentage points to 49.8% (2014: 51.3%).

Operating margin decreased 8.4 percentage points to 1.5% (2014: 9.9%), as the positive effect of lower operating expenses as a percentage of sales was more than offset by the gross margin decline. Operating profit in Russia/CIS decreased 90% to € 2 million versus € 24 million in the prior year. see Table 37

37 ⁄ **Russia/CIS at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	162	245	(33.6%)
Gross profit	83	150	(44.4%)
Gross margin	51.3%	61.3%	(9.9pp)
Segmental operating profit	2	24	(89.8%)
Segmental operating margin	1.5%	9.9%	(8.4pp)

Russia/CIS development by brand

adidas revenues decreased 6% on a currency-neutral basis in Russia/CIS in the first quarter of 2015. This development was mainly due to sales declines in the training and outdoor categories as well as at adidas Originals and adidas NEO. Currency translation effects had a negative impact on revenues in euro terms. adidas sales in Russia/CIS declined 35% to € 125 million (2014: € 194 million).

Reebok revenues in Russia/CIS increased 6% on a currency-neutral basis in the first quarter of 2015, driven by a double-digit sales increase in training. Currency translation effects had a negative impact on revenues in euro terms. Reebok sales in Russia/CIS were down 27% to € 37 million from € 51 million in the prior year.

Latin America

Latin America first quarter results

In the first quarter of 2015, sales in Latin America increased 6% on a currency-neutral basis, as a result of mid-single-digit sales growth at adidas and strong double-digit revenue increases at Reebok. From a market perspective, the top-line development was driven by double-digit sales growth in Argentina and Peru as well as mid-single-digit revenue increases in Mexico and Chile. Currency translation effects positively impacted revenues in euro terms. Sales in Latin America grew 13% to € 423 million from € 374 million in the first quarter of 2014.

see Table 38

Gross margin in Latin America increased 1.9 percentage points to 42.4% in the first quarter of 2015 from 40.5% in 2014. This development was driven by a more favourable pricing mix, partly offset by negative currency effects as well as higher input costs. Gross profit in Latin America increased 18% to € 179 million versus € 151 million in 2014.

see Table 38

Operating expenses were up 26% to € 121 million versus € 96 million in the first quarter of 2014. This was primarily due to higher sales expenditure as well as higher marketing working budget expenses. Operating expenses as a percentage of sales increased 3.0 percentage points to 28.7% (2014: 25.6%).

Operating margin decreased 1.2 percentage points to 13.7% (2014: 14.9%), as the increase in gross margin was more than offset by the negative effect of higher operating expenses as a percentage of sales. Operating profit in Latin America increased 4% to € 58 million versus € 56 million in the prior year.

see Table 38

38 ⁄ **Latin America at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	423	374	13.0%
Gross profit	179	151	18.2%
Gross margin	42.4%	40.5%	1.9pp
Segmental operating profit	58	56	4.1%
Segmental operating margin	13.7%	14.9%	(1.2pp)

Latin America development by brand

adidas revenues grew 5% on a currency-neutral basis in Latin America in the first quarter of 2015. This development was supported by double-digit sales increases in the training, running and basketball categories as well as at adidas Originals. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Latin America increased 11% to € 361 million (2014: € 325 million).

Reebok revenues in Latin America increased 16% on a currency-neutral basis in the first quarter of 2015, driven by double-digit sales increases in the running and training categories. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Latin America were up 25% to € 61 million from € 49 million in the prior year.

Japan

Japan first quarter results

In the first quarter of 2015, sales in Japan rose 7% on a currency-neutral basis, due to strong double-digit sales increases at Reebok as well as low-single-digit sales growth at adidas. Currency translation effects positively impacted revenues in euro terms. Sales in Japan grew 12% to € 155 million from € 139 million in the first quarter of 2014. see Table 39

Gross margin in Japan increased 3.7 percentage points to 47.3% in the first quarter of 2015 from 43.5% in 2014. The increase was driven by a more favourable channel and pricing mix, partly offset by higher input costs as well as negative currency effects. Gross profit in Japan increased 21% to € 73 million versus € 60 million in 2014. see Table 39

Operating expenses were up 7% to € 53 million versus € 49 million in the first quarter of 2014, primarily due to higher sales expenditure. Operating expenses as a percentage of sales decreased 1.4 percentage points to 34.2% (2014: 35.6%).

Operating margin increased 4.6 percentage points to 15.3% (2014: 10.7%), as a result of the gross margin increase as well as the positive effect of lower operating expenses as a percentage of sales. Operating profit in Japan increased 60% to € 24 million versus € 15 million in the prior year. see Table 39

39 ⁄ **Japan at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	155	139	11.6%
Gross profit	73	60	21.2%
Gross margin	47.3%	43.5%	3.7pp
Segmental operating profit	24	15	60.1%
Segmental operating margin	15.3%	10.7%	4.6pp

Japan development by brand

adidas revenues grew 3% on a currency-neutral basis in Japan in the first quarter of 2015. This development was supported by double-digit sales increases in the running category as well as at adidas Originals. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Japan increased 8% to € 143 million (2014: € 132 million).

Reebok revenues in Japan increased 80% on a currency-neutral basis in the first quarter of 2015, driven by Classics, where sales more than doubled. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Japan were up 89% to € 12 million from € 6 million in the prior year.

MEAA (Middle East, Africa and other Asian markets)

MEAA first quarter results

In the first quarter of 2015, sales in MEAA increased 10% on a currency-neutral basis, mainly due to double-digit sales growth at adidas. From a market perspective, the main contributors to the increase were United Arab Emirates, South Korea and Turkey. Currency translation effects positively impacted revenues in euro terms. Sales in MEAA grew 26% to € 635 million from € 503 million in the first quarter of 2014.

see Table 40

Gross margin in MEAA decreased 0.8 percentage points to 52.7% in the first quarter of 2015 from 53.5% in 2014. The positive impact from a more favourable pricing mix was more than offset by higher input costs as well as negative currency effects. Gross profit in MEAA increased 24% to € 335 million versus € 269 million in 2014.

see Table 40

Operating expenses were up 39% to € 135 million versus € 97 million in the first quarter of 2014. This was primarily due to an increase in marketing working budget expenses as well as higher sales expenditure. Operating expenses as a percentage of sales increased 1.9 percentage points to 21.2% (2014: 19.3%).

Operating margin decreased 2.7 percentage points to 31.6% (2014: 34.3%), as a result of the gross margin decline as well as the increased operating expenses as a percentage of sales. Operating profit in MEAA increased 16% to € 201 million versus € 173 million in the prior year.

see Table 40

40 ⁄ **MEAA at a glance** (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	635	503	26.4%
Gross profit	335	269	24.4%
Gross margin	52.7%	53.5%	(0.8pp)
Segmental operating profit	201	173	16.3%
Segmental operating margin	31.6%	34.3%	(2.7pp)

MEAA development by brand

adidas revenues in MEAA grew 10% on a currency-neutral basis in the first quarter of 2015. This development was mainly due to double-digit sales increases in the training and running categories as well as at adidas Originals. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in MEAA increased 27% to € 575 million (2014: € 452 million).

Reebok revenues in MEAA increased 3% on a currency-neutral basis in the first quarter of 2015, mainly as a result of double-digit sales increases in Classics. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in MEAA were up 19% to € 60 million from € 51 million in the prior year.

Other Businesses

Other Businesses first quarter results

In the first quarter of 2015, revenues of Other Businesses were down 1% on a currency-neutral basis, due to high-single-digit sales decreases at TaylorMade-adidas Golf. Sales at Reebok-CCM Hockey grew at a high-single-digit rate, and revenues of Other centrally managed businesses increased at a strong double-digit rate. Currency translation effects positively impacted revenues in euro terms. Sales of Other Businesses increased 13% to € 377 million (2014: € 333 million). see Table 41

Gross margin in Other Businesses decreased 0.6 percentage points to 37.5% (2014: 38.1%), mainly due to lower product margins at Reebok-CCM Hockey. Gross profit was up 11% to € 141 million in the first quarter of 2015 versus € 127 million in 2014. see Table 41

In the first quarter of 2015, operating expenses decreased 1% to € 149 million from € 150 million in 2014. This development was primarily due to lower marketing working budget expenditure at TaylorMade-adidas Golf. Operating expenses as a percentage of sales decreased 5.5 percentage points to 39.5% (2014: 45.0%).

In the first quarter of 2015, Other Businesses recorded an operating loss of € 5 million, an improvement of € 16 million versus the prior year period (2014: operating loss of € 21 million). This resulted in a negative operating margin of 1.4% compared to a negative operating margin of 6.2% in 2014. The main contributor to this improvement was the positive effect from lower operating expenses as a percentage of sales, which more than offset the decline in gross margin. see Table 41

41 ⁄ **Other Businesses at a glance** [1] (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	377	333	13.1%
TaylorMade-adidas Golf	280	264	6.2%
Reebok-CCM Hockey	39	32	21.9%
Other centrally managed businesses	58	37	55.0%
Gross profit	141	127	11.2%
Gross margin	37.5%	38.1%	(0.6pp)
Segmental operating profit	(5)	(21)	75.0%
Segmental operating margin	(1.4%)	(6.2%)	4.9pp

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

Other Businesses development by segment

TaylorMade-adidas Golf revenues declined 9% on a currency-neutral basis in the first quarter of 2015. This development was mainly due to sales decreases in the metalwoods and irons categories, which more than offset a double-digit increase in golf apparel. Currency translation effects positively impacted TaylorMade-adidas Golf sales in euro terms. Revenues increased 6% to € 280 million from € 264 million in the prior year.

Currency-neutral Reebok-CCM Hockey sales were up 9%. This increase is mainly due to growth in key categories such as sticks and protective equipment as well as in goalie equipment. Currency translation effects positively impacted sales in euro terms. Reebok-CCM Hockey revenues increased 22% to € 39 million in the first quarter of 2015 from € 32 million in 2014.

Other centrally managed businesses revenues increased 52% on a currency-neutral basis, driven by strong double-digit growth at all sub-brands. Currency translation effects had a positive impact on sales in euro terms. Revenues in Other centrally managed businesses increased 55% to € 58 million in the first quarter of 2015 (2014: € 37 million).

Subsequent Events and Outlook

In 2015, despite a high degree of economic uncertainty in Russia/CIS and the Middle East, we expect global economic growth to increase. This will be supported by a more favourable labour market development as well as low financing and energy costs, which are forecasted to positively impact consumer spending, providing a positive backdrop for the continued growth and expansion of the sporting goods industry. Through the extensive pipeline of new and innovative products at all brands and the positive effects from increased brand-building activities, tight control of inventory levels and strict cost management, we project top- and bottom-line improvements in our Group's financial results in 2015. We forecast adidas Group sales to increase at a mid-single-digit rate on a currency-neutral basis, with growth expected at all brands. Given the strengthening of major currencies versus the euro, most notably the US dollar and the Chinese renminbi, currency translation is expected to have a positive impact on our top-line development in reported terms. Group gross margin is expected to be significantly impacted by adverse currency movements and is forecasted to be at a level between 47.5% and 48.5%. Group operating margin excluding goodwill impairment is expected to be at a level between 6.5% and 7.0%. As a result, we project net income from continuing operations excluding goodwill impairment to increase at a rate of 7% to 10%.

Subsequent Events

No subsequent events

Since the end of the first quarter of 2015, there have been no significant organisational, management, economic, socio-political, legal or financial changes which we expect to influence our business materially going forward.

Outlook

Forward-looking statements

This Management Report contains forward-looking statements that reflect Management's current view with respect to the future development of the adidas Group. The outlook is based on estimates that we have made on the basis of all the information available to us at this point in time. In addition, such forward-looking statements are subject to uncertainties as described in the Risk and Opportunity Report of the adidas Group 2014 Annual Report (pp. 154–180), which are beyond the control of the adidas Group. In case the underlying assumptions turn out to be incorrect or described risks or opportunities materialise, actual results and developments may materially deviate (negatively or positively) from those expressed by such statements. The adidas Group does not assume any obligation to update any forward-looking statements made in this Management Report beyond statutory disclosure obligations.

Global economy to grow in 2015[1)]

Global GDP growth is projected to increase moderately to 3.5% in 2015. Growth is projected to be stronger in 2015 relative to 2014 in developed economies, but weaker in emerging markets, reflecting more subdued prospects for large emerging market economies and oil exporters. At 2.4%, developed economies are expected to grow slightly faster than last year, driven by continued support from accommodative monetary policy stances and more moderate fiscal adjustment, low inflation rates and lower oil prices. At 4.3%, growth in developing countries should benefit from falling oil prices and an improving US economy. Oil prices are forecasted to remain low, encouraging global growth and resulting in a more divergent outlook for oil-exporting and oil-importing countries.

1) Sources: World Bank, HSBC Global Research.

In Western Europe, external demand is expected to improve slightly, and consumer spending is forecasted to remain resilient as a result of stronger real wages from declining oil prices. Financial fragmentation as well as high unemployment and unresolved fiscal challenges in some countries are forecasted to dampen the recovery. As a result, the region's GDP is expected to expand at around the same rate as in the previous year (2014: 1.3%). In Germany, the economy is projected to increase by 1.6% in 2015. Private consumer demand will prevail as the major driver of growth, which is however projected to be held back by subdued investment spending.

European emerging markets are expected to grow at a moderate pace of 1.3% in 2015, as persistent political tensions and uncertainty will slow down investment spending, while further currency movements, high inflationary pressures and low real wages will impact private household demand and import volumes. Such a high-risk scenario would particularly affect Russia's economy, which is forecasted to contract 3.5% this year.

In the USA, consumer spending is projected to remain the major source of growth lifting real consumer outlays, supported by declining energy prices. However, the strong US dollar, which will dampen export activity, as well as a slight deceleration in investment spending is expected to temper the overall advance in GDP. As a result, the US economy is forecasted to grow at around 2.5% in 2015.

Asia's GDP is projected to increase 4.4% in 2015. With the exception of Japan, growth is expected to remain relatively high during the year, supported by healthy industrial activity, manageable inflationary pressures and significant wage increases. China should remain one of the fastest-growing economies, forecasted to expand 7.3%, with external demand and investment spending growth to be accommodated by fiscal policies. While Japan is predicted to continue to grow at subdued levels, modestly profiting from the sharp increase in exports to the US, India is expected to drive growth through strong private domestic demand and strengthened investment.

In Latin America, GDP growth is expected to increase 0.7% in 2015, with relatively low unemployment rates and strong exports supporting expansion. Positive performance in several countries will offset the slow recovery of the largest economies, e.g. Brazil and Argentina, where currency fluctuations, inflationary pressures and the weakness in the job market with its negative implications for household consumption and fixed asset investment will drive the forecasted decline in economic activity.

Sporting goods industry expansion to continue in 2015

In the absence of any major economic shocks, we expect the global sporting goods industry to grow at a low- to mid-single-digit rate in 2015, in spite of the non-recurrence of major sporting events that took place in 2014, such as the FIFA World Cup in Brazil and the Winter Olympic Games in Russia. Consumer spending on sporting goods in the emerging economies is expected to grow faster than in the more developed markets. Many sporting goods retailers will continue to move to a more omni-channel business model, and e-commerce and investment in digital will remain growth areas.

In Western Europe, the expected growth of consumer confidence and real wages should positively impact domestic demand in the sporting goods industry, in contrast to the European emerging markets, where the projected decline in real wages from lower oil prices and the geopolitical tensions in Russia and Ukraine provide additional potential risk of depressing sentiment and economic activity, which might negatively impact private consumption and growth in the sporting goods industry.

In the USA, industry growth rates are expected to be ahead of the economy's overall growth. E-commerce channels are forecasted to remain strong, particularly via mobile. The trend towards high-performance technical footwear and apparel looks set to continue. Retro silhouettes are projected to remain strong across a variety of categories, including basketball and tennis. The US golf market is expected to face continuing structural challenges.

In Greater China, strong wage growth and domestic consumption are predicted to propel sporting goods sales in 2015. The trend and market share shift towards international brands is expected to continue. In Japan, the government's stimulus programmes are forecasted to drive modest improvements in consumer sentiment and spending, despite subdued real wages. Most of the other Asian markets are projected to see robust sporting goods sales growth in 2015.

In Latin America, after a year of healthy growth owing to the importance of football in this region and the sales momentum gained from the 2014 FIFA World Cup in Brazil, headwinds from high inflation, weakness in the labour market and adverse currency fluctuations are expected to have negative implications for household consumption in the region's largest economies, e.g. Brazil and Argentina, also slowing down growth in the sporting goods industry.

adidas Group currency-neutral sales to increase at a mid-single-digit rate in 2015

We expect adidas Group sales to increase at a mid-single-digit rate on a currency-neutral basis in 2015. Despite a high degree of uncertainty regarding the economic outlook and consumer spending in Russia/CIS, the positive sales development will be supported by rising consumer confidence in most geographical areas. In particular, Group sales development will be favourably impacted by a significantly improved top-line development at TaylorMade-adidas Golf as well as ongoing robust momentum at both adidas and Reebok. This, as well as the further expansion and improvement of our controlled space initiatives, will more than offset the non-recurrence of sales related to the 2014 FIFA World Cup. Currency translation is expected to positively impact our top-line development in reported terms, given the strengthening of major currencies such as the US dollar and the Chinese renminbi versus the euro.

Currency-neutral combined sales of adidas and Reebok expected to increase in most market segments

In 2015, we expect currency-neutral combined revenues of adidas and Reebok to increase in all our market segments except Russia/CIS. In Western Europe, despite the non-recurrence of the 2014 FIFA World Cup, which provided a positive stimulus in the region during the year, the gradual improvement in the macroeconomic environment as well as the build-up to the UEFA EURO 2016 towards the end of the year will positively impact sales development in this market segment. As a result, we forecast currency-neutral sales in Western Europe to grow at a mid-single-digit rate, with both adidas and Reebok contributing to the sales increase. In North America, currency-neutral sales are projected to grow at a low- to mid-single-digit rate. We expect robust top-line improvements at adidas, as the brand will strengthen its visibility in the marketplace by stepping up marketing investments as well as improving the overall product offering in major categories such as running, basketball and Originals. Currency-neutral Reebok sales are projected to be below the prior year level as a result of Reebok's efforts to further streamline the brand's factory outlet business in North America. In Greater China, currency-neutral sales are forecasted to increase at a high-single-digit rate, as we expect the strong sales momentum to continue in 2015, with both adidas and Reebok contributing to the increase. This development will be supported by further expanding and solidifying our distribution footprint in the market. In Russia/CIS, the low level of consumer confidence and consumer spending will weigh on the overall sales development in this market segment and the adidas brand in particular. In addition, sales performance will be negatively impacted by a reduction of the store base in this market segment. As a result, currency-neutral sales in Russia/CIS are expected to decline. In Latin America, the robust positioning of the adidas and Reebok brands is expected to more than compensate for the non-recurrence of the positive impetus from sales associated with the 2014 FIFA World Cup. As a result, we project currency-neutral sales in Latin America to increase at a low- to mid-single-digit rate, with both adidas and Reebok contributing to this development. In Japan, last year's increase in the consumption tax rate continues to dampen growth prospects in the region. Consequently, currency-neutral sales are forecasted to grow at a low-single-digit rate, with sales at both adidas and Reebok projected to be above the prior year level. Lastly, in MEAA we expect currency-neutral sales to grow at a high-single-digit rate, driven by markets such as South Korea and Southeast Asia, where both adidas and Reebok enjoy strong momentum.

Currency-neutral sales of Other Businesses to grow at a double-digit rate

In 2015, revenues of Other Businesses are expected to increase at a double-digit rate on a currency-neutral basis, driven by double-digit currency-neutral sales increases at TaylorMade-adidas Golf. After a year characterised by high inventory levels and discounting activities, TaylorMade-adidas Golf will see major product launches in core categories such as metalwoods and irons throughout the year. In addition, new product introductions in footwear should support growth at TaylorMade-adidas Golf. Currency-neutral sales at Reebok-CCM Hockey are expected to grow at a mid-single-digit rate, supported by new product introductions in the key categories skates and protective equipment.

Currency-neutral retail revenues around prior year level

adidas Group currency-neutral retail sales are projected to be around the prior year level. While comparable store sales are expected to remain stable compared to the prior year, the Group expects a net decrease of its store base of around 60 adidas and Reebok stores in 2015. We plan to open around 210 new stores, depending on the availability of desired locations. Approximately 270 stores will be closed over the course of the year, primarily in Russia/CIS. Around 100 stores will be remodelled.

Group gross margin expected to be negatively impacted by currency movements

In 2015, the adidas Group gross margin is forecasted to be at a level between 47.5% and 48.5% (2014: 47.6%). Higher product margins at TaylorMade-adidas Golf as a result of lower levels of clearance activity as well as a more favourable pricing and product mix at both adidas and Reebok are expected to positively influence the Group's gross margin development. However, adverse currency movements in emerging markets, in particular in Russia/CIS, are expected to negatively impact the Group's gross margin development. The wider than usual target corridor reflects the currently persisting high degree of uncertainty regarding future currency movements.

Group other operating expenses as a percentage of sales around prior year level

In 2015, the Group's other operating expenses as a percentage of sales are expected to be around the prior year level (2014: 42.7%). Sales and marketing working budget as a percentage of sales is projected to increase versus the prior year. Given the robust momentum at adidas and Reebok, we will step up marketing and point-of-sale investments in 2015 to secure and drive faster growth rates and market share gains, particularly in developed markets such as North America and Western Europe. As part of these marketing efforts, both adidas and Reebok launched major brand campaigns at the beginning of the year. Operating overhead expenditure as a percentage of sales is forecasted to be around the level recorded in 2014.

We expect the number of employees within the adidas Group to increase versus the prior year level. The adidas Group will continue to spend around 1% of Group sales on research and development in 2015. Areas of particular focus include cushioning and energy solutions, lightweight and digital sports technologies as well as sustainable product innovation. Additionally, investments and research emphasis will also include areas such as new manufacturing processes and advanced materials to drive the development of innovative products and industry-changing manufacturing approaches.

Operating margin excluding goodwill impairment to be between 6.5% and 7.0%

In 2015, we expect the operating margin excluding goodwill impairment for the adidas Group to be at a level between 6.5% and 7.0% (2014 excluding goodwill impairment losses: 6.6%). This development will be strongly influenced by currency movements.

42 ⁄ **adidas Group 2015 outlook [1]**

		Previous guidance [2]
Currency-neutral sales development (in %):		
adidas Group	mid-single-digit rate increase	
Western Europe	mid-single-digit rate increase	
North America	low- to mid-single-digit rate increase	
Greater China	high-single-digit rate increase	
Russia/CIS	decline	
Latin America	low- to mid-single-digit rate increase	
Japan	low-single-digit rate increase	
MEAA	high-single-digit rate increase	
Other Businesses	double-digit rate increase	
TaylorMade-adidas Golf	double-digit rate increase	
Reebok-CCM Hockey	mid-single-digit rate increase	
Gross margin	47.5% to 48.5%	
Other operating expenses as a percentage of sales	around prior year level	
Operating margin [3]	6.5% to 7.0%	
Net income from continuing operations [3]	to increase at a rate of 7% to 10%	
Average operating working capital in % of sales	moderate decline	
Capital expenditure	around € 600 million	
Store base	net decrease by around 60 stores	net decrease by around 70 stores
Gross borrowings	moderate decline	

1) Figures reflect continuing operations as a result of the planned divestiture of the Rockport business.
2) Figures as published on March 5, 2015.
3) Excluding goodwill impairment.

Net income from continuing operations excluding goodwill impairment to increase at a rate of 7% to 10%

Net income from continuing operations excluding goodwill impairment is projected to increase at a rate of 7% to 10%, thus outpacing the Group's expected top-line development (2014: net income from continuing operations excluding goodwill impairment losses of € 642 million). Interest rate expenses in 2015 are forecasted to remain at the prior year level, as the positive effects from lower interest rates as a result of the issuance of two Eurobonds will be offset by higher debt levels. Net foreign exchange losses in the financial result are expected to be below the prior year level. The Group's tax rate is expected to be at a level of around 29.5% and thus more favourable compared to the 2014 effective tax rate excluding goodwill impairment losses of 29.7%.

Average operating working capital as a percentage of sales to decrease moderately

In 2015, average operating working capital as a percentage of sales is expected to decrease moderately compared to the prior year level (2014: 22.4%). This is mainly due to working capital improvements we expect to achieve as we move through the year.

Capital expenditure of around € 600 million

In 2015, capital expenditure is expected to increase to a level of around € 600 million (2014: € 554 million). Investments will mainly focus on adidas and Reebok controlled space initiatives in emerging markets as well as in Western Europe and North America. These investments will account for the majority of total capital expenditure in 2015. Other areas of investment include the Group's logistics infrastructure as well as the further development of the adidas Group headquarters in Herzogenaurach. All investments within the adidas Group in 2015 are expected to be fully financed through cash generated from operating activities.

Excess cash to be used to support growth initiatives

In 2015, we expect continued positive cash flow from operating activities. Cash will be used to finance working capital needs, investment activities, dividend payments as well as the Group's share buyback programme. We intend to largely use excess cash to invest in our growth activities, in particular the further expansion and improvement of our controlled space initiatives. In 2015, gross borrowings of € 317 million will mature. In order to ensure long-term flexibility, we aim to maintain a ratio of net borrowings over EBITDA of less than two times as measured at year-end (2014: 0.1).

Management to propose dividend of € 1.50

The adidas AG Executive and Supervisory Boards intend to again recommend paying a dividend of € 1.50 to shareholders at the Annual General Meeting (AGM) on May 7, 2015 (2013: € 1.50). This reflects their confidence in the strength of the Group's financial position and long-term aspirations. Subject to shareholder approval, the dividend will be paid on May 8, 2015. The total payout of € 305 million (2013: € 314 million) reflects a payout ratio of 53.6% of net income attributable to shareholders, excluding goodwill impairment losses, versus 37.4% in the prior year. As part of its new five-year strategic business plan, the Group has increased the corridor for future dividend payments. In light of the expected strong cash generation as well as Management's commitment to sustainable value creation, we intend to pay out between 30% and 50% of net income attributable to shareholders going forward (previously: 20% – 40%).

Management Assessment of Overall Risks and Opportunities

Management aggregates all risks reported by the business units and functions. Taking into account the occurrence likelihood and the potential financial impact of the risks explained in the 2014 Annual Report, as well as the current business outlook, adidas Group Management does not foresee any material jeopardy to the viability of the Group as a going concern. Management remains confident that the Group's earnings strength forms a solid basis for our future business development and provides the necessary resource to pursue the opportunities available to the Group. Compared to the assessment in the 2014 Annual Report, the Group's risk profile remains unchanged.

43 ⁄ **Upcoming product launches in the remainder of 2015**

Product	Brand
F50 Green football boot	adidas
F50 Primeknit 2.0 football boot (limited edition)	adidas
F50 99g football boot (limited edition)	adidas
Manchester United licensed products	adidas
Springblade Problade running shoe	adidas
Climaheat Rocket Boost running shoe	adidas
D Rose 773 IV basketball shoe	adidas
Crazylight Boost Prime basketball shoe	adidas
J Wall 2 basketball shoe	adidas
adidas x Marvel Avengers collection	adidas
ClimaChill training collection	adidas
Originals Stan Smith shoe	adidas
Originals x Rita Ora line	adidas
Nano 5.0 training shoe	Reebok
UFC uniform collection	Reebok
TP EF wedges	TaylorMade
Daddy Long Legs putter	TaylorMade
R-Series sticks	Reebok Hockey
Tacks protective and gloves	CCM
RibCor skates	CCM
Ultra Tacks sticks	CCM

Consolidated Statement of Financial Position

adidas AG Consolidated Statement of Financial Position (IFRS) (€ in millions)

	March 31, 2015	March 31, 2014	Change in %	December 31, 2014
ASSETS				
Cash and cash equivalents	1,373	1,198	14.6	1,683
Short-term financial assets	5	5	8.2	5
Accounts receivable	2,456	2,176	12.9	1,946
Other current financial assets	695	159	336.6	398
Inventories	2,539	2,505	1.4	2,526
Income tax receivables	84	87	(3.7)	92
Other current assets	477	516	(7.5)	425
Assets classified as held for sale	282	11	2,383.4	272
Total current assets	**7,911**	**6,658**	**18.8**	**7,347**
Property, plant and equipment	1,523	1,313	16.0	1,454
Goodwill	1,226	1,203	1.9	1,169
Trademarks	1,616	1,419	13.8	1,432
Other intangible assets	166	156	6.3	162
Long-term financial assets	138	125	10.4	129
Other non-current financial assets	47	29	60.1	42
Deferred tax assets	680	507	34.0	577
Other non-current assets	108	77	40.4	105
Total non-current assets	**5,504**	**4,831**	**13.9**	**5,070**
Total assets	**13,415**	**11,488**	**16.8**	**12,417**

Rounding differences may arise in percentages and totals.

.. ⁄ **adidas AG Consolidated Statement of Financial Position (IFRS)** (€ in millions)

	March 31, 2015	March 31, 2014	Change in %	December 31, 2014
LIABILITIES AND EQUITY				
Short-term borrowings	456	801	(43.0)	288
Accounts payable	1,475	1,401	5.2	1,652
Other current financial liabilities	223	114	94.8	91
Income taxes	340	293	15.9	294
Other current provisions	480	440	9.0	470
Current accrued liabilities	1,381	1,105	24.9	1,249
Other current liabilities	384	347	10.5	287
Liabilities classified as held for sale	35	–	n.a.	46
Total current liabilities	**4,773**	**4,503**	**6.0**	**4,378**
Long-term borrowings	1,464	655	123.3	1,584
Other non-current financial liabilities	10	15	(34.3)	9
Pensions and similar obligations	294	259	13.6	284
Deferred tax liabilities	457	351	30.0	390
Other non-current provisions	39	17	126.0	38
Non-current accrued liabilities	71	56	25.3	81
Other non-current liabilities	44	28	57.3	35
Total non-current liabilities	**2,377**	**1,382**	**72.0**	**2,422**
Share capital	203	209	(2.9)	204
Reserves	1,088	239	355.6	581
Retained earnings	4,980	5,162	(3.5)	4,839
Shareholders' equity	**6,271**	**5,610**	**11.8**	**5,624**
Non-controlling interests	(6)	(7)	(7.4)	(7)
Total equity	**6,265**	**5,603**	**11.8**	**5,618**
Total liabilities and equity	**13,415**	**11,488**	**16.8**	**12,417**

Rounding differences may arise in percentages and totals.

Consolidated Income Statement

.. adidas AG Consolidated Income Statement (IFRS) (€ in millions)

	First quarter 2015	First quarter 2014	Change
Net sales	4,083	3,480	17.3%
Cost of sales	2,074	1,769	17.3%
Gross profit	**2,008**	**1,712**	**17.3%**
(% of net sales)	49.2%	49.2%	0.0pp
Royalty and commission income	27	24	13.2%
Other operating income	27	50	(45.0%)
Other operating expenses	1,700	1,478	15.0%
(% of net sales)	41.6%	42.5%	(0.8pp)
Goodwill impairment losses	18	–	n.a.
Operating profit	**345**	**307**	**12.3%**
(% of net sales)	8.4%	8.8%	(0.4pp)
Financial income	16	7	131.6%
Financial expenses	16	20	(22.4%)
Income before taxes	**345**	**294**	**17.4%**
(% of net sales)	8.4%	8.4%	0.0pp
Income taxes	108	85	27.5%
(% of income before taxes)	31.4%	28.9%	2.5pp
Net income from continuing operations	**237**	**209**	**13.3%**
(% of net sales)	5.8%	6.0%	(0.2pp)
Losses from discontinued operations, net of tax	(14)	(3)	360.8%
Net income	**223**	**206**	**8.1%**
(% of net sales)	5.5%	5.9%	(0.5pp)
Net income attributable to shareholders	**221**	**204**	**8.2%**
(% of net sales)	5.4%	5.9%	(0.5pp)
Net income attributable to non-controlling interests	**2**	**2**	**1.8%**
Basic earnings per share from continuing operations (in €)	1.15	0.99	16.2%
Diluted earnings per share from continuing operations (in €)	1.15	0.97	18.2%
Basic earnings per share from continuing and discontinued operations (in €)	1.08	0.98	10.9%
Diluted earnings per share from continuing and discontinued operations (in €)	1.08	0.96	12.8%

Rounding differences may arise in percentages and totals.

Consolidated Statement of Comprehensive Income

adidas AG Consolidated Statement of Comprehensive Income (IFRS) (€ in millions)

	First quarter 2015	First quarter 2014
Net income after taxes	**223**	**206**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Remeasurements of defined benefit plans (IAS 19), net of tax [1]	(2)	(0)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**(2)**	**(0)**
Items of other comprehensive income that will be reclassified subsequently to profit or loss when specific conditions are met		
Net gain on cash flow hedges, net of tax	35	12
Currency translation differences	473	(96)
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss when specific conditons are met	**508**	**(84)**
Other comprehensive income	**506**	**(84)**
Total comprehensive income	**728**	**122**
Attributable to shareholders of adidas AG	728	121
Attributable to non-controlling interests	0	1

1) Includes actuarial gains or losses relating to defined benefit obligations, return on plan assets (excluding interest income) and the asset ceiling effect.
Rounding differences may arise in percentages and totals.

Consolidated Statement of Changes in Equity

.. ⁄ **adidas AG Consolidated Statement of Changes in Equity (IFRS)** (€ in millions)

	Share capital	Capital reserve	Cumulative currency translation differences	Hedging reserves	Other reserves [1]	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
Balance at December 31, 2013	**209**	**777**	**(363)**	**(34)**	**(59)**	**4,959**	**5,489**	**(8)**	**5,481**
Net income recognised directly in equity			(95)	12	(0)		(83)	(1)	(84)
Net income						204	204	2	206
Total comprehensive income			**(95)**	**12**	**(0)**	**204**	**121**	**1**	**122**
Balance at March 31, 2014	**209**	**777**	**(458)**	**(22)**	**(59)**	**5,162**	**5,610**	**(7)**	**5,603**
Balance at December 31, 2014	**204**	**777**	**(257)**	**176**	**(117)**	**4,839**	**5,624**	**(7)**	**5,618**
Net income recognised directly in equity			475	35	(2)		507	(1)	506
Net income						221	221	2	223
Total comprehensive income			**475**	**35**	**(2)**	**221**	**728**	**0**	**728**
Repurchase of treasury shares	(1)					(80)	(81)		(81)
Balance at March 31, 2015	**203**	**777**	**218**	**211**	**(119)**	**4,980**	**6,271**	**(6)**	**6,265**

1) Reserves for remeasurements of defined benefit plans (IAS 19), option plans and acquisition of shares from non-controlling interest shareholders.
Rounding differences may arise in percentages and totals.

Consolidated Statement of Cash Flows

adidas AG Consolidated Statement of Cash Flows (IFRS) (€ in millions)

	First quarter 2015	First quarter 2014
Operating activities:		
Income before taxes	345	294
Adjustments for:		
Depreciation, amortisation and impairment losses	96	71
Reversals of impairment losses	(1)	(1)
Unrealised foreign exchange losses, net	14	10
Interest income	(5)	(6)
Interest expense	16	17
Losses on sale of property, plant and equipment, net	2	1
Operating profit before working capital changes	**466**	**387**
Increase in receivables and other assets	(527)	(372)
Decrease in inventories	96	70
Decrease in accounts payable and other liabilities	(192)	(386)
Cash used in operations before interest and taxes	**(157)**	**(302)**
Interest paid	(11)	(10)
Income taxes paid	(89)	(48)
Net cash used in operating activities – continuing operations	**(256)**	**(360)**
Net cash used in operating activities – discontinued operations	(4)	(22)
Net cash used in operating activities	**(260)**	**(382)**
Investing activities:		
Purchase of trademarks and other intangible assets	(4)	(7)
Proceeds from sale of trademarks and other intangible assets	0	0
Purchase of property, plant and equipment	(49)	(148)
Proceeds from sale of property, plant and equipment	0	1
Acquisition of subsidiaries and other business units net of cash acquired	(7)	–
Proceeds from sale of short-term financial assets	0	37
Purchase of investments and other long-term assets	(11)	(1)
Interest received	5	6
Net cash used in investing activities – continuing operations	**(66)**	**(112)**
Net cash used in investing activities – discontinued operations	(1)	(0)
Net cash used in investing activities	**(68)**	**(112)**
Financing activities:		
Repayments of finance lease obligations	(1)	(1)
Repurchase of treasury shares	(81)	–
Proceeds from short-term borrowings	16	120
Net cash (used in)/generated from financing activities	**(66)**	**120**
Effect of exchange rates on cash	**83**	**(15)**
Decrease of cash and cash equivalents	(310)	(367)
Cash and cash equivalents at beginning of the year	1,683	1,587
Cash and cash equivalents at end of the period	**1,373**	**1,198**

Rounding differences may arise in percentages and totals.

Selected Explanatory Notes to the Interim Consolidated Financial Statements (IFRS) as at March 31, 2015

01 General

The interim consolidated financial statements of adidas AG and its direct and indirect subsidiaries (collectively the 'Group') for the first three months ending March 31, 2015 are prepared in compliance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). The Group applied all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and Interpretations of the IFRS Interpretations Committee effective as at March 31, 2015.

These interim consolidated financial statements have been prepared in compliance with International Accounting Standard IAS 34 'Interim Financial Reporting' and with German Accounting Standard GAS 16 'Interim Financial Reporting'. Accordingly, these interim consolidated financial statements do not include all of the information and notes required for consolidated financial statements at financial year-ends. Therefore, these interim consolidated financial statements should be read in conjunction with the 2014 annual consolidated financial statements. The accounting policies as well as principles and practices applied in the consolidated financial statements for the year ending December 31, 2014 also apply to the interim consolidated financial statements for the first three months ending March 31, 2015.

An exemption to this principle is the application of new/revised standards and interpretations which are effective for financial years starting from January 1, 2015. The application of new/revised standards does not have any material impact on the Group's financial position, results of operations and cash flows.

The interim consolidated financial statements and the interim Group management report have not been audited in accordance with § 317 German Commercial Code (Handelsgesetzbuch – HGB) or reviewed by an auditor.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim consolidated financial statements only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

The results of operations for the first three months ending March 31, 2015 are not necessarily indicative of results to be expected for the entire year.

The interim consolidated financial statements are presented in euros (€) and, unless otherwise stated, all values are presented in millions of euros (€ in millions). Due to rounding principles, numbers presented may not sum up exactly to totals provided.

02 Seasonality

The sales of the Group in certain product categories are seasonal and therefore revenues and attributable earnings may vary within the financial year. Sales and earnings tend to be strongest in the first and third quarters of the financial year because these coincide with the launch of the spring/summer and fall/winter collections, respectively. This is especially relevant for the adidas and Reebok brands, whose sales account for approximately 90% of the Group's net sales. However, shifts in the share of sales and attributable earnings of particular product categories, brands or the regional composition may occur throughout the year.

03 Discontinued operations

At December 31, 2014, due to concrete plans to sell the Rockport operating segment, divestiture within the next twelve months was considered as highly probable. As a consequence, the Rockport operating segment was reported as discontinued operations for the first time in the 2014 consolidated financial statements. The 2014 figures of the consolidated income statement and the consolidated statement of cash flows have been restated to show the discontinued operations separately from continuing operations.

On January 23, 2015, the adidas Group signed a definitive agreement to sell the Rockport operating segment. The transaction, which is subject to customary closing conditions, is expected to be completed in the second half of 2015. As a result, the Rockport operating segment is further reported as discontinued operations as at March 31, 2015.

The results of the Rockport operating segment are shown as discontinued operations in the consolidated income statement for all periods:

Discontinued operations (€ in millions)

	First quarter 2015	First quarter 2014
Net sales	61	53
Expenses	(66)	(57)
Loss from operating activities	**(5)**	**(4)**
Income taxes	1	1
Loss from operating activities, net of tax	**(4)**	**(3)**
Loss recognised on the measurement to fair value less costs to sell	(15)	–
Income taxes	4	–
Loss recognised on the measurement to fair value less costs to sell, net of tax	**(10)**	**–**
Losses from discontinued operations, net of tax	**(14)**	**(3)**
Basic earnings per share from discontinued operations (€)	(0.07)	(0.01)
Diluted earnings per share from discontinued operations (€)	(0.07)	(0.01)

Losses from discontinued operations for the first three months ending March 31, 2015 in an amount of € 14 million (2014: losses of € 3 million) are entirely attributable to the shareholders of adidas AG.

04 Acquisitions

Effective January 2, 2015, Reebok International Limited completed the acquisition of Refuel (Brand Distribution) Limited ('Refuel') and consequently owns 100% of the voting rights. Based in London (UK), Refuel mainly markets and distributes apparel of Mitchell & Ness. With this acquisition, the adidas Group has taken over all distribution rights of Mitchell & Ness in Europe. The entire business of Refuel was acquired for a purchase price of GBP 10.6 million in cash.

The acquisition had the following effect on the Group's assets and liabilities, based on a preliminary purchase price allocation:

Net assets of Refuel (Brand Distribution) Limited at the acquisition date (€ in millions)

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Cash and cash equivalents	6	–	6
Accounts receivable	2	–	2
Inventories	1	–	1
Property, plant and equipment	0	–	0
Other intangible assets	–	6	6
Accounts payable	(1)	–	(1)
Deferred tax liabilities	(0)	–	(0)
Net assets	**8**	**6**	**14**
Goodwill arising on acquisition			–
Purchase price settled in cash			**14**
Less: cash and cash equivalents acquired			(6)
Cash outflow on acquisition			**7**

The acquired subsidiary generated net sales in an amount of € 3 million as well as net income in an amount of € 0 million for the period from January 2 to March 31, 2015.

05 Assets/liabilities classified as held for sale

At March 31, 2015, part of the assets of adidas AG, which mainly comprise land amounting to € 11 million (December 31, 2014: € 11 million), are still presented as held for sale following a signed contract of sale, which is still awaiting certain conditions to be fulfilled that are not in the area of influence of the adidas Group.

In addition, at March 31, 2015 and December 31, 2014, all assets and liabilities of the Rockport operating segment are presented as a disposal group held for sale due to the signing of a definitive agreement and due to the concrete plans to sell the operating segment, respectively. The Rockport operating segment is part of Other Businesses.

For the first three months ending March 31, 2015, impairment losses (before transaction costs) of € 10 million (2014: € 0 million) for write-downs of the disposal group Rockport to the lower of its carrying amount and its fair value less costs to sell have been included in 'Losses from discontinued operations, net of tax' (see Note 03). At March 31, 2015, the fair value less costs to sell amounts to € 234 million (December 31, 2014: € 211 million). The impairment losses have been applied to reduce the carrying amount of goodwill, trademarks and other intangible assets as well as property, plant and equipment.

At March 31, 2015 and December 31, 2014, the disposal group Rockport was stated at fair value less costs to sell and comprised the following major classes of assets and liabilities:

Classes of assets and liabilities (€ in millions)

	Mar. 31, 2015	Dec. 31, 2014
Accounts receivable	42	49
Other current financial assets	1	1
Inventories	94	88
Other current assets	2	0
Total current assets	**139**	**139**
Property, plant and equipment	8	7
Trademarks	121	112
Other intangible assets	2	1
Other non-current financial assets	1	0
Other non-current assets	0	0
Total non-current assets	**131**	**121**
Total assets	**270**	**260**
Accounts payable	26	37
Other current financial liabilities	0	0
Other current provisions	2	1
Current accrued liabilities	6	6
Other current liabilities	2	2
Total current liabilities	**35**	**46**
Other non-current liabilities	0	–
Total non-current liabilities	**0**	**–**
Total liabilities	**35**	**46**

The non-recurring fair value measurement for the disposal group has been categorised as a Level 3 fair value. The fair value is based on the sale and purchase agreement for the Rockport business which was signed on January 23, 2015. The agreement foresees a total consideration of up to US $ 280 million, most of which will be paid in cash with the remainder comprised of fixed and contingent promissory notes.

06 Goodwill

Due to the implementation of an omni-channel sales approach in connection with the new organisational structure and the associated change in segmental reporting, the carrying amounts of acquired goodwill have been reallocated to the new groups of cash-generating units.

The groups of cash-generating units are defined as the regional markets which are responsible for the joint distribution of adidas and Reebok as well as the already existing and unchanged operating segments TaylorMade-adidas Golf and Reebok-CCM Hockey. The regional markets are: Western Europe, North America, Greater China, Russia/CIS, Latin America, Japan, Middle East, South Korea, and Southeast Asia/Pacific.

Due to the cessation of the subdivision into the distribution channels Wholesale and Retail in the regional markets as well as the consolidation of the former markets Brazil and SLAM (Latin America excluding Brazil) into the new market Latin America, the number of groups of cash-generating units, to which goodwill is allocated, decreased from 22 to 11 compared to December 31, 2014. This did not result in a new composition of cash-generating units; however, the monitoring of goodwill is not performed on the same level anymore.

At March 31, 2015, the group of cash-generating units Rockport is still classified as 'discontinued operations' and is shown in 'Assets/liabilities classified as held for sale' due to the concrete plans to divest the operating segment.

The allocation of goodwill to the new groups of cash-generating units was performed by aggregating goodwill so far allocated to Wholesale and Retail within the regional markets. The carrying amounts of acquired goodwill allocated to the respective groups of cash-generating units are as follows:

Allocation of goodwill (€ in millions)

	Mar. 31, 2015	Jan. 1, 2015
Western Europe	521	481
Greater China	201	186
TaylorMade-adidas Golf	292	290
Other	210	211
Total	**1,226**	**1,169**

'Other' comprises the groups of cash-generating units for which the respective carrying amount of allocated goodwill is not significant in comparison with the Group's total carrying amount of goodwill. Goodwill allocated to the groups of cash-generating units North America and Reebok-CCM Hockey was already fully impaired at December 31, 2014.

Due to a change in the composition of the Group's reportable segments and associated cash-generating units respectively, the Group assessed whether goodwill impairment is required in the first quarter of 2015. The underlying value drivers and key assumptions for impairment testing purposes basically remained unchanged compared to the impairment test performed for the consolidated financial statements at December 31, 2014.

Goodwill impairment losses for the first three months ending March 31, 2015 amounted to € 18 million. Due to the consolidation of the groups of cash-generating units Retail SLAM and Retail Brazil with Wholesale SLAM and Wholesale Brazil as well as Retail Russia/CIS with Wholesale Russia/CIS, the carrying amount of the respective new groups of cash-generating units Latin America and Russia/CIS was determined to be higher than the recoverable amount of € 438 million and € 130 million, respectively. The goodwill impairment amount for the first three months ending March 31, 2015 comprises impairment losses of € 15 million within the segment Latin America and € 3 million within the segment Russia/CIS. Goodwill for these groups of cash-generating units is completely impaired.

Future changes in expected cash flows and discount rates may lead to impairments of the reported goodwill in the future.

The reconciliation of goodwill is as follows:

Reconciliation of goodwill, net (€ in millions)

	Western Europe	Greater China	TaylorMade-adidas Golf	Other	Total
January 1, 2015	**481**	**186**	**290**	**211**	**1,169**
Currency translation differences	40	15	2	17	75
Impairment losses	–	–	–	(18)	(18)
March 31, 2015	**521**	**201**	**292**	**210**	**1,226**

07 Shareholders' equity

In the period from January 1, 2015 to March 31, 2015, the nominal capital of adidas AG did not change. Consequently, on March 31, 2015, the nominal capital of adidas AG amounted to € 209,216,186, divided into 209,216,186 registered no-par-value shares ('registered shares').

Based on the authorisation to repurchase treasury shares granted to the Executive Board of adidas AG by the Annual General Meeting on May 8, 2014, the share buyback programme commenced on November 7, 2014, with the first tranche, which was concluded on December 12, 2014. The share buyback programme was resumed on March 6, 2015 in the form of a second tranche. In March 2015, 1,140,735 shares were repurchased at an average price of € 71.15, corresponding to a notional amount of € 1,140,735 in the nominal capital and consequently to 0.55% of the nominal capital.

As at the balance sheet date, the company held a total of 6,029,877 treasury shares (including the shares repurchased in 2014), corresponding to a notional amount of € 6,029,877 in the nominal capital and consequently 2.88% of the nominal capital. In accordance with § 71b German Stock Corporation Act (Aktiengesetz - AktG), the treasury shares held directly or indirectly do not confer any rights to the company.

08 Financial instruments

Carrying amounts of financial instruments as at March 31, 2015, according to categories of IAS 39 and their fair values

(€ in millions)	Category according to IAS 39	Carrying amount Mar. 31, 2015	Measurement according to IAS 39			Measurement according to IAS 17	Fair value Mar. 31, 2015
			Amortised cost	Fair value recognised in equity	Fair value recognised in net income		
Financial assets							
Cash and cash equivalents	n.a.	1,373	1,373				1,373
Short-term financial assets	FAHfT	5			5		5
Accounts receivable	LaR	2,456	2,456				2,456
Other current financial assets							
Derivatives being part of a hedge	n.a.	443		443			443
Derivatives not being part of a hedge	FAHfT	110			110		110
Other financial assets	LaR	141	141				141
Long-term financial assets							
Other equity investments	FAHfT	80			80		80
Available-for-sale financial assets	AfS	57	19	38			57
Loans	LaR	0	0				0
Other non-current financial assets							
Derivatives being part of a hedge	n.a.	2		2			2
Derivatives not being part of a hedge	FAHfT	10			10		10
Other financial assets	LaR	36	36				36
Assets classified as held for sale	LaR	42	42				42
Financial liabilities							
Short-term borrowings							
Bank borrowings	FLAC	210	210				210
Private placements	FLAC	246	246				255
Eurobond	FLAC	–	–				–
Convertible bond	FLAC	–	–				–
Accounts payable	FLAC	1,475	1,475				1,475
Current accrued liabilities	FLAC	559	559				559
Other current financial liabilities							
Derivatives being part of a hedge	n.a.	173		173			173
Derivatives not being part of a hedge	FLHfT	14			14		14
Other financial liabilities	FLAC	32	32				32
Finance lease obligations	n.a.	3				3	3
Long-term borrowings							
Bank borrowings	FLAC	–	–				–
Private placements	FLAC	–	–				–
Eurobond	FLAC	990	990				1,028
Convertible bond	FLAC	474	474				591
Non-current accrued liabilities	FLAC	9	9				9
Other non-current financial liabilities							
Derivatives being part of a hedge	n.a.	2		2			2
Derivatives not being part of a hedge	FLHfT	1			1		1
Other financial liabilities	FLAC	0	0				0
Finance lease obligations	n.a.	7				7	7
Liabilities classified as held for sale	FLAC	29	29				29
Thereof: aggregated by category according to IAS 39							
Financial assets at fair value through profit or loss		205					
Thereof: designated as such upon initial recognition (Fair Value Option – FVO)		–					
Thereof: Held for Trading (FAHfT)		205					
Loans and Receivables (LaR)		2,675					
Available-for-Sale Financial Assets (AfS)		57					
Financial Liabilities Measured at Amortised Cost (FLAC)		4,024					
Financial Liabilities at fair value through profit or loss Held for Trading (FLHfT)		15					

Carrying amounts of financial instruments as at December 31, 2014, according to categories of IAS 39 and their fair values

(€ in millions)	Category according to IAS 39	Carrying amount Dec. 31, 2014	Measurement according to IAS 39			Measurement according to IAS 17	Fair value Dec. 31, 2014
			Amortised cost	Fair value recognised in equity	Fair value recognised in net income		
Financial assets							
Cash and cash equivalents	n.a.	1,683	1,683				1,683
Short-term financial assets	FAHfT	5			5		5
Accounts receivable	LaR	1,946	1,946				1,946
Other current financial assets							
Derivatives being part of a hedge	n.a.	224		224			224
Derivatives not being part of a hedge	FAHfT	46			46		46
Other financial assets	LaR	128	128				128
Long-term financial assets							
Other equity investments	FAHfT	80			80		80
Available-for-sale financial assets	AfS	49	16	33			49
Loans	LaR	0	0				0
Other non-current financial assets							
Derivatives being part of a hedge	n.a.	5		5			5
Derivatives not being part of a hedge	FAHfT	10			10		10
Other financial assets	LaR	27	27				27
Assets classified as held for sale	LaR	51	51				51
Financial liabilities							
Short-term borrowings							
Bank borrowings	FLAC	194	194				194
Private placements	FLAC	95	95				100
Eurobond	FLAC	–	–				–
Convertible bond	FLAC	–	–				–
Accounts payable	FLAC	1,652	1,652				1,652
Current accrued liabilities	FLAC	500	500				500
Other current financial liabilities							
Derivatives being part of a hedge	n.a.	44		44			44
Derivatives not being part of a hedge	FLHfT	9			9		9
Other financial liabilities	FLAC	35	35				35
Finance lease obligations	n.a.	3				3	3
Long-term borrowings							
Bank borrowings	FLAC	–	–				–
Private placements	FLAC	123	123				129
Eurobond	FLAC	990	990				1,000
Convertible bond	FLAC	471	471				545
Non-current accrued liabilities	FLAC	9	9				9
Other non-current financial liabilities							
Derivatives being part of a hedge	n.a.	–		–			–
Derivatives not being part of a hedge	FLHfT	2			2		2
Other financial liabilities	FLAC	0	0				0
Finance lease obligations	n.a.	7				7	7
Liabilities classified as held for sale	FLAC	41	41				41
Thereof: aggregated by category according to IAS 39							
Financial assets at fair value through profit or loss		141					
Thereof: designated as such upon initial recognition (Fair Value Option – FVO)		–					
Thereof: Held for Trading (FAHfT)		141					
Loans and Receivables (LaR)		2,152					
Available-for-Sale Financial Assets (AfS)		49					
Financial Liabilities Measured at Amortised Cost (FLAC)		4,110					
Financial Liabilities at fair value through profit or loss Held for Trading (FLHfT)		11					

Fair value hierarchy of financial instruments according to IFRS 13 as at March 31, 2015

(€ in millions)	Fair value Mar. 31, 2015	Level 1	Level 2	Level 3
Short-term financial assets	5		5	
Derivative financial instruments				
Derivatives being part of a hedge	445		445	
Derivatives not being part of a hedge	120		120	
Long-term financial assets	118		38	80 [1]
Financial assets	**688**		**608**	**80**
Short-term borrowings	465		465	
Derivative financial instruments				
Derivatives being part of a hedge	175		175	
Derivatives not being part of a hedge	15		15	
Long-term borrowings	1,619	1,619		
Financial liabilities	**2,274**	**1,619**	**655**	

	Fair value Jan. 1, 2015	Gains	Losses	Fair value Mar. 31, 2015
1) This category relates to an 8.33% investment in FC Bayern München AG of € 80 million. Dividends are distributed by FC Bayern München AG instead of regular interest payments. These dividends are recognised in other financial income.	80	–	–	80

Level 1 is based on quoted prices in active markets for identical assets or liabilities.
Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value hierarchy of financial instruments according to IFRS 13 as at December 31, 2014

(€ in millions)	Fair value Dec. 31, 2014	Level 1	Level 2	Level 3
Short-term financial assets	5		5	
Derivative financial instruments				
Derivatives being part of a hedge	229		229	
Derivatives not being part of a hedge	56		56	
Long-term financial assets	113		33	80 [1]
Financial assets	**403**		**323**	**80**
Short-term borrowings	294		294	
Derivative financial instruments				
Derivatives being part of a hedge	44		44	
Derivatives not being part of a hedge	11		11	
Long-term borrowings	1,674	1,545	129	
Financial liabilities	**2,023**	**1,545**	**478**	

	Fair value Jan. 1, 2014	Gains	Losses	Fair value Dec. 31, 2014
1) This category relates to an 8.33% investment in FC Bayern München AG of € 80 million. Dividends are distributed by FC Bayern München AG instead of regular interest payments. These dividends are recognised in other financial income.	80	1	–	80

Level 1 is based on quoted prices in active markets for identical assets or liabilities.
Level 2 is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3 is based on inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The valuation methods used in measuring Level 1, Level 2 and Level 3 fair values remain unchanged and can be found in the notes to the 2014 consolidated financial statements.

09 Other operating income and other operating expenses

Other operating income mainly includes income from the release of accrued liabilities and other provisions as well as sundry income.

Other operating expenses include expenses for marketing, sales and research and development, as well as for logistics and central administration. In addition, they include impairment losses as well as depreciation on tangible assets and amortisation on intangible assets (except goodwill impairment losses), with the exception of depreciation and amortisation which is included in the cost of sales. In the first three months of 2015, depreciation and amortisation expense for tangible and intangible assets (excluding goodwill) and impairment losses amounted to € 77 million (2014: € 70 million).

10 Earnings per share

Basic earnings per share from continuing operations are calculated by dividing the net income from continuing operations attributable to shareholders by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by the adidas Group and held as treasury shares.

Basic earnings per share from continuing and discontinued operations are calculated by dividing the net income attributable to shareholders by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by the adidas Group and held as treasury shares.

It is not necessary to include dilutive potential shares arising from the convertible bond issuance in March 2012 in the calculation of diluted earnings per share for the first three months ending March 31, 2015 as the conversion right has no value at the balance sheet date. It is necessary to include dilutive potential shares arising from the convertible bond issuance in March 2012 in the calculation of diluted earnings per share as at March 31, 2014 as the conversion right has a value as at the balance sheet date. The average share price reached € 84.30 per share during the first three months of 2014 and thus exceeded the conversion price of € 83.10 per share. Additionally, the conversion of the convertible bond into ordinary shares would have led to a decrease in earnings per share. Therefore, the convertible bond is assumed to be converted into ordinary shares at the beginning of the period and net income attributable to shareholders is adjusted to eliminate the interest expense on the convertible bond, net of taxes.

Earnings per share

	First quarter 2015	First quarter 2014
Net income from continuing operations (€ in millions)	237	209
Net income attributable to non-controlling interests (€ in millions)	2	2
Net income from continuing operations attributable to shareholders (€ in millions)	**235**	**207**
Weighted average number of shares	204,153,362	209,216,186
Basic earnings per share from continuing operations (in €)	**1.15**	**0.99**
Net income from continuing operations attributable to shareholders (€ in millions)	235	207
Interest expense on convertible bond, net of taxes (€ in millions)	–	2
Net income from continuing operations used to determine diluted earnings per share from continuing operations (€ in millions)	**235**	**209**
Weighted average number of shares	204,153,362	209,216,186
Weighted assumed conversion of the convertible bond	–	6,016,954
Weighted average number of shares for diluted earnings per share from continuing operations	**204,153,362**	**215,233,140**
Diluted earnings per share from continuing operations (in €)	**1.15**	**0.97**
Net income attributable to shareholders (€ in millions)	221	204
Weighted average number of shares	204,153,362	209,216,186
Basic earnings per share from continuing and discontinued operations (in €)	**1.08**	**0.98**
Net income attributable to shareholders (€ in millions)	221	204
Interest expense on convertible bond, net of taxes (in € millions)	–	2
Net income used to determine diluted earnings per share from continuing and discontinued operations (€ in millions)	**221**	**206**
Weighted average number of shares	204,153,362	209,216,186
Weighted assumed conversion of the convertible bond	–	6,016,954
Weighted average number of shares for diluted earnings per share from continuing and discontinued operations	**204,153,362**	**215,233,140**
Diluted earnings per share from continuing and discontinued operations (in €)	**1.08**	**0.96**

For further information on basic and diluted earnings per share from discontinued operations. see Note 03, p. 54

11 Segmental information

In connection with the new strategic business plan announced at the beginning of 2015, the Group has realigned its internal organisational structure and changed the composition of its reportable segments accordingly. The new organisational structure is based on a Group-wide omni-channel go-to-market approach. The internal reporting of the Group for management purposes for the brands adidas and Reebok is structured by markets rather than by distribution channels. As a consequence, of the six initial operating segments, the operating segments Wholesale and Retail were replaced by regional markets. Reflecting this development, the Group has restated the segmental information for the three months ending March 31, 2014 and for the year ending December 31, 2014.

Following the Group's new internal management reporting by markets and in accordance with the definition of IFRS 8 'Operating Segments', 13 operating segments were identified: Western Europe, North America, Greater China, Russia/CIS, Latin America, Japan, Middle East, South Korea, Southeast Asia/Pacific, TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other centrally managed businesses. The markets Middle East, South Korea and Southeast Asia/Pacific were aggregated to the segment MEAA ('Middle East, Africa and other Asian markets'). According to the criteria of IFRS 8 for reportable segments, the business segments Western Europe, North America, Greater China, Russia/CIS, Latin America, Japan and MEAA are reported separately. The remaining operating segments are aggregated under Other Businesses due to their only subordinate materiality.

Each market comprises all wholesale, retail and e-commerce business activities relating to the distribution and sale of adidas and Reebok products to retail customers and end consumers.

The operating segment TaylorMade-adidas Golf comprises the brands TaylorMade, adidas Golf, Adams Golf and Ashworth.

Other centrally managed businesses primarily includes the business activities of the labels Y-3 and Porsche Design Sport by adidas as well as the business activities of the brand Five Ten in the outdoor action sports sector. Furthermore, the segment also comprises the own-retail activities of the adidas NEO label as well as International Clearance Management.

Certain centralised Group functions do not meet the definition of IFRS 8 for a reportable operating segment. This includes functions such as Global Brands and Global Sales (central brand and distribution management for the brands adidas and Reebok), central treasury and global sourcing as well as other headquarter departments. Income and expenses relating to these corporate functions are presented together with other non-allocable items and intersegment eliminations in the reconciliation of segmental operating profit.

There are no intersegment sales between the reportable segments.

The results of the operating segments are reported in the line item 'Segmental operating profit'. This was formerly defined as gross profit minus costs directly attributable to the segment or the group of segments (primarily sales and logistics costs) before marketing working budget expenditures and operating overhead costs not directly attributable. As of January 1, 2015, segmental operating profit is defined as gross profit minus other operating expenses (including marketing working budget expenditures) plus royalty and commission income and other operating income attributable to the segment or group of segments.

Compared to the interim consolidated financial statements for the first three months ending March 31, 2014, the Rockport operating segment is presented as discontinued operations in the segmental reporting.

Segmental assets include accounts receivable as well as inventories.

Segmental liabilities only contain accounts payable from operating activities as there are no other liability items reported regularly to the chief operating decision maker.

Segments I (€ in millions)

	Net sales (non-Group) [1]		Segmental operating profit [1]		Segmental assets [2]		Segmental liabilities [2]	
	2015	2014	2015	2014	2015	2014	2015	2014
Western Europe	1,143	1,011	280	227	1,171	1,059	50	54
North America	591	462	(9)	13	803	723	81	63
Greater China	597	414	218	153	370	254	157	73
Russia/CIS	162	245	2	24	215	356	21	8
Latin America	423	374	58	56	696	671	84	73
Japan	155	139	24	15	215	234	15	70
MEAA	635	503	201	173	637	504	58	47
Other Businesses (continuing operations)	377	333	(5)	(21)	823	717	135	156
Other Businesses (discontinued operations)	61	53	(5)	(4)	137	130	26	15
Other Businesses (total)	438	386	(11)	(25)	960	847	161	171
Total	**4,144**	**3,533**	**763**	**635**	**5,066**	**4,648**	**626**	**558**

1) First quarter.
2) At March 31.

Segments II (€ in millions)

	Capital expenditure [1]		Depreciation and amortisation [1]		Impairment losses and reversals of impairment losses [1]	
	2015	2014	2015	2014	2015	2014
Western Europe	4	4	7	6	(0)	(0)
North America	7	5	5	4	–	–
Greater China	7	4	10	7	(0)	(1)
Russia/CIS	6	11	7	10	(0)	–
Latin America	2	2	5	4	–	–
Japan	1	0	2	2	–	–
MEAA	5	4	6	5	(0)	(0)
Other Businesses (continuing operations)	3	5	5	4	(0)	(0)
Other Businesses (discontinued operations)	1	1	2	2	–	–
Other Businesses (total)	4	6	7	5	(0)	(0)
Total	**35**	**35**	**48**	**42**	**(1)**	**(1)**

1) First quarter.

Reconciliations

The following tables include reconciliations of segmental information to the aggregate numbers of the consolidated financial statements, taking into account items which are not directly attributable to a segment or a group of segments.

Net sales (non-Group) (€ in millions)

	First quarter 2015	First quarter 2014
Reportable segments	3,706	3,147
Other Businesses	438	386
Reclassification to discontinued operations	(61)	(53)
Total	**4,083**	**3,480**

Operating profit (€ in millions)

	First quarter 2015	First quarter 2014
Operating profit for reportable segments	774	660
Operating profit for Other Businesses	(11)	(25)
Segmental operating profit	**763**	**635**
HQ/Consolidation	(257)	(209)
Central marketing working budget	(149)	(123)
Goodwill impairment losses	(18)	–
Reclassification to discontinued operations	5	4
Operating profit	**345**	**307**
Financial income	16	7
Financial expenses	(16)	(20)
Income before taxes	**345**	**294**

Operating profit of centralised functions which do not represent a segment, such as Global Brands and Global Sales (central brand and distribution management for the brands adidas and Reebok), central treasury and global sourcing as well as other headquarter departments, is shown under HQ/Consolidation.

Capital expenditure (€ in millions)

	First quarter 2015	First quarter 2014
Reportable segments	31	29
Other Businesses	4	6
Reclassification to discontinued operations	(1)	(1)
HQ/Consolidation	19	122
Total	**53**	**156**

Depreciation and amortisation (€ in millions)

	First quarter 2015	First quarter 2014
Reportable segments	42	37
Other Businesses	7	5
Reclassification to discontinued operations	(2)	(2)
HQ/Consolidation	31	30
Total	**78**	**71**

Impairment losses and reversals of impairment losses (€ in millions)

	First quarter 2015	First quarter 2014
Reportable segments	(1)	(1)
Other Businesses	(0)	(0)
HQ/Consolidation	18	–
Total	**17**	**(1)**

Assets (€ in millions)

	Mar. 31, 2015	Mar. 31, 2014
Accounts receivable and inventories of reportable segments	4,107	3,801
Accounts receivable and inventories of Other Businesses	960	847
Segmental assets	**5,066**	**4,648**
Non-segmental accounts receivable and inventories	66	33
Current financial assets	2,073	1,362
Other current assets	843	615
Non-current assets	5,504	4,831
Reclassification to assets classified as held for sale	(137)	–
Total	**13,415**	**11,488**

Liabilities (€ in millions)

	Mar. 31, 2015	Mar. 31, 2014
Accounts payable of reportable segments	465	388
Accounts payable of Other Businesses	161	171
Segmental liabilities	**626**	**558**
Non-segmental accounts payable	875	843
Current financial liabilities	679	916
Other current liabilities	2,619	2,186
Non-current liabilities	2,377	1,382
Reclassification to liabilities classified as held for sale	(26)	–
Total	**7,150**	**5,885**

12 Events after the balance sheet date

In April 2015, the company repurchased 1,032,568 shares at an average price of € 75.07 within the context of its current share buyback programme, corresponding to a notional amount of € 1,032,568 in the nominal capital and consequently to 0.49% of the nominal capital. On April 9, 2015, adidas AG (including the shares repurchased in 2014) exceeded the reportable threshold of 3% of the shares in adidas AG as defined by § 26 section 1 sentence 2 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The share of voting rights amounted to 3.002% (6,281,429 shares) on this date.

In the context of the second tranche, adidas AG thus repurchased a total of 2,173,303 shares in the period from March 6 up to and including April 29, 2015 for a total price of € 158,676,293 (excluding incidental purchasing costs), i.e. for an average price of € 73.01 per share. As at April 30, 2015, the company holds 7,062,445 treasury shares (including the shares repurchased in 2014), corresponding to a notional amount of € 7,062,445 in the nominal capital and consequently 3.38% of the nominal capital. In accordance with § 71b AktG, the treasury shares held directly or indirectly do not confer any rights to the company.

The second tranche of the share buyback programme was discontinued at the end of the day on April 29, 2015 due to the upcoming Annual General Meeting of the company on May 7, 2015 and will be resumed in alignment with the published parameters on May 11, 2015.

Between the end of the first three months of 2015 and the finalisation of these interim consolidated financial statements on April 30, 2015, there were no other major Group-specific matters which we expect to influence our business materially going forward.

Herzogenaurach, April 30, 2015
The Executive Board of adidas AG

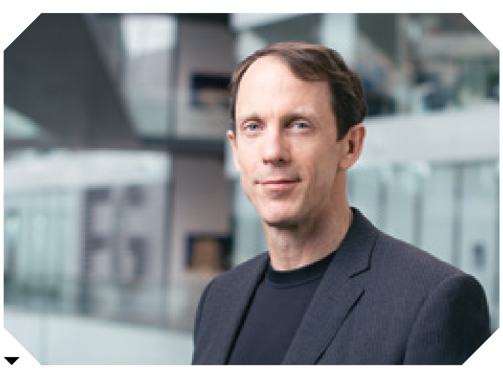
Executive and Supervisory Boards

Executive Board

Herbert Hainer
CHIEF EXECUTIVE OFFICER

Roland Auschel
GLOBAL SALES

Glenn Bennett
GLOBAL OPERATIONS



Eric Liedtke
GLOBAL BRANDS

Robin J. Stalker
CHIEF FINANCIAL OFFICER

Biographical information on our Executive Board members
as well as on mandates of the members of the Executive Board is available at

WWW.ADIDAS-GROUP.COM / EXECUTIVE-BOARD

Supervisory Board

Igor Landau
CHAIRMAN

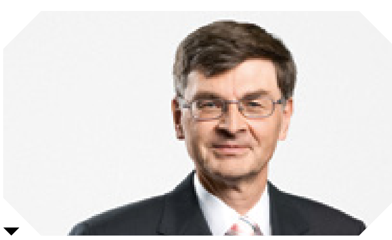
Sabine Bauer*
DEPUTY CHAIRWOMAN

Willi Schwerdtle
DEPUTY CHAIRMAN

Dieter Hauenstein*

Dr. Wolfgang Jäger*

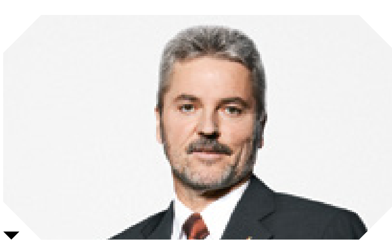
Dr. Stefan Jentzsch



Herbert Kauffmann

Katja Kraus

Kathrin Menges



Roland Nosko*

Hans Ruprecht*

Heidi Thaler-Veh*

* Employee representative.

Biographical information on our Supervisory Board members
as well as on mandates of the members of the Supervisory Board is available at

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Financial Calendar

2015

MAY

07

Annual General Meeting

FUERTH (BAVARIA), GERMANY

Webcast

08

Dividend payment

(Subject to Annual General Meeting approval)

AUG

06

First Half 2015 Results

Press release, conference call and webcast
Publication of First Half 2015 Report

NOV

05

Nine Months 2015 Results

Press release, conference call and webcast
Publication of Nine Months 2015 Report

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