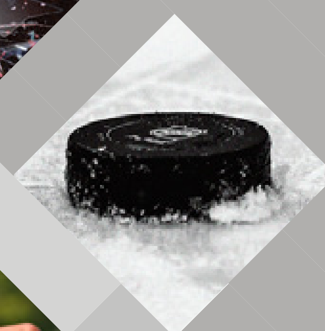
adidas GROUP



MAKE A DIFFERENCE

Nine Months Report
January – September
2015

01 / Nine Months Results at a Glance (€ in millions)

	Nine months 2015	Nine months 2014	Change	Third quarter 2015	Third quarter 2014	Change
Group [1]						
Net sales	12,748	10,924	16.7%	4,758	4,044	17.7%
Gross profit	6,202	5,303	16.9%	2,304	1,918	20.1%
Gross margin	48.6%	48.5%	0.1pp	48.4%	47.4%	1.0pp
Operating profit [2]	1,101	923	19.2%	505	399	26.5%
Operating margin [2]	8.6%	8.5%	0.2pp	10.6%	9.9%	0.7pp
Western Europe						
Net sales	3,508	3,017	16.3%	1,404	1,169	20.1%
Gross profit	1,671	1,373	21.6%	667	523	27.6%
Gross margin	47.6%	45.5%	2.1pp	47.5%	44.7%	2.8pp
Segmental operating profit	805	598	34.6%	345	246	40.2%
Segmental operating margin	23.0%	19.8%	3.1pp	24.6%	21.1%	3.5pp
North America						
Net sales	2,010	1,608	25.0%	776	619	25.5%
Gross profit	740	583	26.9%	289	219	32.0%
Gross margin	36.8%	36.3%	0.6pp	37.3%	35.4%	1.8pp
Segmental operating profit	63	81	(22.5%)	55	39	40.5%
Segmental operating margin	3.1%	5.0%	(1.9pp)	7.0%	6.3%	0.7pp
Greater China						
Net sales	1,852	1,304	42.0%	691	510	35.4%
Gross profit	1,048	750	39.8%	382	283	34.8%
Gross margin	56.6%	57.5%	(0.9pp)	55.3%	55.5%	(0.2pp)
Segmental operating profit	649	467	39.0%	225	185	22.1%
Segmental operating margin	35.1%	35.8%	(0.8pp)	32.6%	36.2%	(3.6pp)
Russia/CIS						
Net sales	562	835	(32.8%)	195	296	(34.1%)
Gross profit	311	494	(37.1%)	106	165	(36.1%)
Gross margin	55.3%	59.2%	(3.8pp)	54.1%	55.8%	(1.7pp)
Segmental operating profit	55	126	(56.3%)	22	47	(53.2%)
Segmental operating margin	9.8%	15.1%	(5.3pp)	11.3%	15.9%	(4.6pp)
Latin America						
Net sales	1,368	1,200	14.0%	489	426	14.9%
Gross profit	589	478	23.3%	215	168	28.5%
Gross margin	43.0%	39.8%	3.2pp	44.0%	39.4%	4.7pp
Segmental operating profit	188	165	13.8%	61	57	8.6%
Segmental operating margin	13.7%	13.8%	(0.0pp)	12.6%	13.3%	(0.7pp)
Japan						
Net sales	518	493	5.1%	186	173	7.4%
Gross profit	249	221	12.6%	90	78	15.3%
Gross margin	48.0%	44.8%	3.2pp	48.4%	45.1%	3.3pp
Segmental operating profit	90	74	21.7%	37	28	30.5%
Segmental operating margin	17.4%	15.0%	2.4pp	19.7%	16.2%	3.5pp

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

01 ⁄ Nine Months Results at a Glance (€ in millions)

	Nine months 2015	Nine months 2014	Change	Third quarter 2015	Third quarter 2014	Change
MEAA (Middle East, Africa and other Asian markets)						
Net sales	1,845	1,473	25.2%	674	561	20.0%
Gross profit	951	781	21.9%	346	300	15.4%
Gross margin	51.6%	53.0%	(1.4pp)	51.3%	53.4%	(2.0pp)
Segmental operating profit	546	458	19.3%	206	187	10.6%
Segmental operating margin	29.6%	31.1%	(1.5pp)	30.6%	33.2%	(2.6pp)
Other Businesses [1]						
Net sales	1,084	992	9.3%	342	290	18.1%
Gross profit	372	356	4.4%	118	93	25.9%
Gross margin	34.3%	35.9%	(1.6pp)	34.4%	32.3%	2.1pp
Segmental operating profit	(68)	(53)	(28.6%)	(23)	(34)	33.0%
Segmental operating margin	(6.3%)	(5.3%)	(0.9pp)	(6.7%)	(11.8%)	5.1pp
Sales by Brand						
adidas	10,540	8,904	18.4%	4,007	3,364	19.1%
Reebok	1,295	1,158	11.8%	476	447	6.6%
TaylorMade-adidas Golf	678	673	0.7%	159	138	15.4%
Reebok-CCM Hockey	232	188	23.3%	112	95	18.6%

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

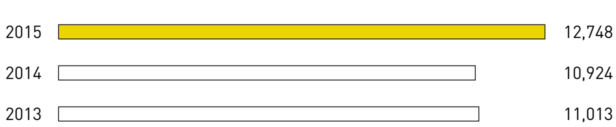
02 / Financial Highlights (IFRS)

	Nine months 2015	Nine months 2014	Change	Third quarter 2015	Third quarter 2014	Change
Operating Highlights (€ in millions)						
Net sales [1]	12,748	10,924	16.7%	4,758	4,044	17.7%
EBITDA [1]	1,360	1,140	19.2%	589	477	23.4%
Operating profit [1,2]	1,101	923	19.2%	505	399	26.5%
Net income attributable to shareholders [2,3]	696	630	10.5%	311	282	10.4%
Key Ratios (%)						
Gross margin [1]	48.6%	48.5%	0.1pp	48.4%	47.4%	1.0pp
Operating expenses in % of net sales [1]	41.3%	41.8%	(0.4pp)	38.8%	38.7%	0.1pp
Operating margin [1,2]	8.6%	8.5%	0.2pp	10.6%	9.9%	0.7pp
Effective tax rate [1,2]	31.9%	28.8%	3.1pp	31.9%	28.6%	3.3pp
Net income attributable to shareholders in % of net sales [2,3]	5.5%	5.8%	(0.3pp)	6.5%	7.0%	(0.4pp)
Average operating working capital in % of net sales [1,4]	20.7%	22.4%	(1.6pp)			
Equity ratio	44.0%	52.1%	(8.1pp)			
Net borrowings/EBITDA [1,5]	0.6	0.5				
Financial leverage	15.8%	8.9%	6.9pp			
Return on equity [3]	11.9%	10.3%	1.6pp			
Balance Sheet and Cash Flow Data (€ in millions)						
Total assets	12,989	11,750	10.5%			
Inventories	2,698	2,647	1.9%			
Receivables and other current assets	3,541	3,202	10.6%			
Working capital	2,393	2,188	9.4%			
Net borrowings	903	543	66.1%			
Shareholders' equity	5,716	6,119	(6.6%)			
Capital expenditure	311	373	(16.7%)	174	109	59.9%
Net cash generated from/(used in) operating activities [3]	314	(138)	n.a.			
Per Share of Common Stock (€)						
Basic earnings [2,3]	3.45	3.01	14.4%	1.55	1.35	15.4%
Diluted earnings [2,3]	3.45	3.01	14.4%	1.55	1.35	15.4%
Net cash generated from/(used in) operating activities [3]	1.50	(0.66)	n.a.			
Dividend	1.50	1.50	–			
Share price at end of period	72.01	59.25	21.5%			
Other (at end of period)						
Number of employees [1]	53,823	52,455	2.6%			
Number of shares outstanding	200,197,417	209,216,186	(4.3%)			
Average number of shares	201,987,657	209,216,186	(3.5%)	200,197,417	209,216,186	(4.3%)

1) Figures reflect continuing operations as a result of the divestiture of the Rockport business. 2) 2015 excluding goodwill impairment of € 18 million in the first quarter.
3) Includes continuing and discontinued operations. 4) Twelve-month trailing average. 5) EBITDA of last twelve months.

03 / Nine months net sales [1]

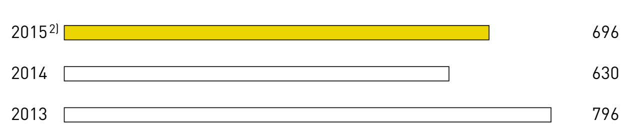
(€ in millions)



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

04 / Nine months 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 Q3

JULY

10.07.
Reebok Classics opens its first store in Harajuku, Tokyo, located on Cat Street, one of the most iconic areas for street fashion.

13.07.
Reebok and CrossFit celebrate five years of partnership and innovation with the launch of the Reebok CrossFit Nano 5.0, developed in association with the CrossFit community.

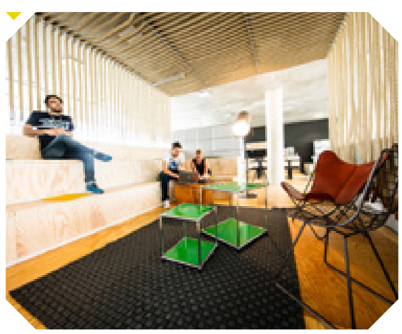
22.07.
adidas unveils the adigirl training collection, a new apparel line designed specifically for the teen athlete, combining performance attributes with street style.

30.07.
adidas opens its first Sportswear Collective store in Chengdu, China. This new retail experience is designed to bring consumers the most up-to-date sports trends.

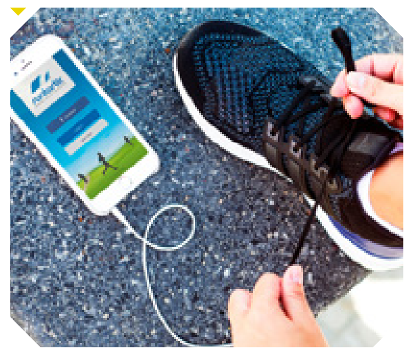
AUGUST

01.08.
adidas reunites with Manchester United and reveals the new home jersey for the 2015/16 season. The jerseys are well received and within the first five days deliver sales that were forecasted for a month.

03.08.
The adidas Group opens a new office building, PITCH, at the World of Sports in Herzogenaurach. The building will be used to test the Group's workplace of the future with creative meeting rooms, latest technology and innovative recreation zones.



05.08.
The adidas Group announces the acquisition of Runtastic, a leading fitness app provider. With more than 140 million downloads and about 70 million registered users, Runtastic has an industry-leading position.



07.08.
After captivating the world with the launch of the Supercolor in April, adidas presents the Supershell, characterised by artwork and designs by Pharrell Williams himself and other artists.

12.08.
adidas releases a set of brand-new colourways for the Ultra Boost, targeted at the young female urban runner.

OPERATIONAL AND SPORTING HIGHLIGHTS 2015 Q3

13.08.
adidas announces its partnership with shooting guard James Harden of the Houston Rockets, one of the NBA's most successful scorers and most recognisable players.

17.08.
TaylorMade sponsored Jason Day wins the 2015 PGA Championship in Whistling Straits/Wisconsin, USA. This victory helps him to temporarily take the number one spot in the official world golf ranking after also winning further championships.

20.08.
TaylorMade-adidas Golf announces the launch of its standalone analytics platform, myRoundPro, designed to enhance the golfer's performance and overall experience through the use of statistics and analytics.

20.08.
adidas announces a partnership with Justise Winslow, one of the top ten 2015 NBA draft picks. The versatile wing of the Miami Heat is heralded for his strong finishes at the rim, lockdown defence and tough, physical play.

SEPTEMBER

09.09.
TaylorMade launches M1, the brand's longest driver and most fittable product line. M1 offers the golfer TaylorMade's first-ever 'unmetalwood' line of drivers, fairways and rescue clubs that enable more ball speed, forgiveness and distance.

10.09.
adidas announces a multi-year partnership with quarterback Aaron Rodgers of the Green Bay Packers. The all-time leader in NFL passer rating and two-time winner of the MVP award will debut adidas cleats this season and collaborate on future product development.

10.09.
For the 16th consecutive time, adidas AG is selected to join the Dow Jones Sustainability Indices (DJSI). Within the 'Textiles, Apparel & Luxury Goods' industry, the adidas Group is rated best in class in the category Innovation Management and achieves high scores in further categories.

10.09.
The adidas Group Annual Report 2014 is ranked second among all DAX-30 companies in this year's 'Best Annual Report' ranking which focuses on the quality of content and transparency in reporting. Furthermore, 'Make a Difference' wins the Red Dot award that honours the quality of communication design and aesthetics.

11.09.
adidas releases the commercial 'Create The New Speed', the newest chapter of the brand's Sport 15 campaign. The film celebrates and inspires the creators and those who challenge the status quo.

15.09.
The National Hockey League (NHL) and adidas announce a seven-year partnership starting with the 2017/18 season. In addition, at the beginning of October, adidas announces a multi-year partnership with NHL All-Star Sidney Crosby, captain of the Pittsburgh Penguins.

22.09.
The adidas Group joins the UN Climate Neutral Now initiative, delivering a strong commitment to continue its efforts to minimise the company's carbon footprint.

24.09.
adidas introduces Sport Infinity, a research project funded by the European Commission which focuses on sporting goods that can be fully recycled. Every gram of worn sportswear will be broken down to be remoulded again in a waste-free, adhesive-free process.

adidas GROUP

Letter from the CEO

Herbert Hainer
ADIDAS GROUP CEO

Dear Shareholders,

I am very pleased to report to you today a very strong set of financial results for our Group. And what is even more important: They didn't come by chance. They are the direct consequence of our relentless focus on the consumer. The third quarter shows that this, in combination with our excellence in execution, is the perfect game plan to drive brand desirability and generate strong top- and bottom-line growth.

So, let's have a look at the highlights of this stellar financial performance in Q3:

- Sales growth accelerated, with Group revenues increasing a strong 13%. In euro terms, sales were even up an impressive 18% to € 4.8 billion, the highest quarterly turnover the Group has ever generated.
- Gross margin increased 1.0 percentage points to 48.4%, driven by the positive effects from a more favourable pricing and channel mix, which clearly reflects the strength of our core brands.
- The Group's operating margin was up 0.7 percentage points to 10.6%.
- Net income from continuing operations improved 20% to € 337 million.

Clearly, this quarter had many highlights. Allow me to briefly focus on three clear standouts.

Firstly, it is the strong momentum the adidas and Reebok brands are enjoying around the world. At adidas, brand heat is blistering, propelling sales up 14% in the third quarter. The gross margin improvement – 1.6 percentage points in Q3 and 1.0 percentage points year-to-date – is also proof positive of the strength the 3-Stripes are enjoying around the globe. The development in the third quarter is even more impressive if you take into account the difficult comparison the adidas brand faced in some markets following the German team's victory at the 2014 FIFA World Cup in July last year.

Talking about football, currency-neutral sales increased a strong 19% during the third quarter, with double-digit growth in key markets such as Western Europe, North America and Latin America. We continue to see very robust momentum on the footwear side, following the successful introduction of our new football footwear franchises 'Ace' and 'X'. In apparel, football revenues increased at a double-digit rate, driven by the highly anticipated and very prolific launch of our two new partnerships with Juventus Turin and, of course, Manchester United. Particularly teaming up with Manchester United has yielded unprecedented success so far with both a record-breaking first day and first week launch. Figures in the club's distribution channels were delivering over a month's worth of forecasted sales within the first five days. And in our own-retail stores and online shop, we have been experiencing similar success with outstanding demand.

In running too, our growth accelerated in the third quarter with currency-neutral revenues growing 9%. We remain very encouraged by the strong performance of our Boost franchise. Year-to-date we have sold almost eight million pairs of Boost running shoes alone. At the same time, the track record of our Boost franchise in the world's marathon scene speaks for itself. In total, Boost running shoes have been on the feet of the winners in 64 major marathon races since we brought the franchise to the market.

Looking at our lifestyle business, the momentum we are seeing at adidas Originals and also adidas NEO is just amazing. In Originals, the strong performance from the first half continued right into Q3, which represented the fifth consecutive quarter of double-digit growth. We are seeing unprecedented demand for our major footwear franchises Superstar, Stan Smith, ZX Flux and Tubular. But our Originals success is not only about footwear. Apparel sales also grew at double-digit rates both during the third quarter and the first nine months of the year.

At Reebok, with top-line growth of 3%, the third quarter represented the tenth consecutive quarter of growth – clear testimony that the brand is resonating well with the Fit Generation. With the exception of North America and Russia/CIS, sales increased in all markets, with particularly strong growth in Japan, MEAA and Latin America, where sales grew at strong double-digit rates each. Revenues in Greater China even doubled in Q3.

The second highlight of the third quarter is how we are delivering on our commitment to drive brand desirability in the long term by bringing our marketing investments to the next level. To me, there is absolutely no doubt that the key driver of the strong top-line development is the unparalleled consumer appeal of our brands. With the introduction of 'Creating the New' in March we told you that at the end of the day it all comes down to winning the hearts and minds of our consumers. And this is exactly what our brands have been doing ever since then. Both adidas and Reebok are enjoying great momentum across the globe as our products and marketing initiatives are resonating extremely well with the respective target audience – both in the lifestyle and the performance arena. Our increased brand investments – up almost 20% during the first nine months – have raised the bar when it comes to creating consumer excitement by establishing industry-leading product franchises and cutting-edge communication.

During the third quarter, we continued partnering up with the most talented and influential athletes and teams in sport. These partnerships give us the opportunity to activate our brands and their values. In addition, they further increased our visibility on and off the court. In September, we proudly announced a multi-year partnership with the reigning NFL MVP, quarterback Aaron Rodgers of the Green Bay Packers. One of the most prolific passers in league history, Rodgers debuts in adidas cleats this season and will collaborate on future product development across footwear, training apparel and equipment. A few weeks later, at the beginning of October, superstar shooting guard James Harden of the Houston Rockets, one of the NBA's best scorers and most recognisable players, joined the adidas family. Initiatives to activate this long-term partnership will include exclusive on- and off-court signature collections, product design collaborations and marketing involvement. And there is of course Manchester United. This reunification of two of the biggest names in football clearly underlines adidas' position as the world's number one football brand. Manchester United is a prime example of the benefits of our new marketing approach as it shows the different dimensions of how we can leverage our promotion partnerships and the vast opportunities that such partnerships offer us to connect with the consumer.

Given the strong financial performance during the first nine months of the year, we decided to further increase the planned marketing and point-of-sale investments in the fourth quarter to leverage the current momentum and drive long-term brand desirability.

The last highlight I want to focus on for the third quarter is the further progress we are making in North America, one of our strategically most important markets, where adidas revenue growth accelerated to a double-digit increase in Q3. We have made major inroads over the last couple of months to establish platforms to connect with the US consumer. Through grassroots events at the high school and college level, much higher visibility in all of the major US sports and highly emotional marketing campaigns, we are authenticating the adidas brand vis-à-vis the consumer as the true performance brand. In addition, through our hugely impactful partnerships with Kanye West and Pharrell Williams we are making sure the consumer understands that adidas can make them look cool on and off the pitch. And while we have always emphasised that our turnaround in the US is not a sprint but a marathon, we see that our efforts are clearly paying off.

Lastly, let me give you a brief update on how we are progressing with the turnaround of our golf business, where we are regaining traction and working hard in order to be successful again in the future.

Revenues at TaylorMade-adidas Golf increased 6% during the quarter. And while this year-over-year improvement also reflects a cleaner trading environment and first operational improvements, it is to a large degree the result of easier comparisons with the prior year.

And this is why – no matter what the outcome of the strategic review, which we expect to be concluded during the first quarter of 2016, will be – we continue to press ahead with our far-reaching restructuring plan, which aims at achieving operating efficiencies across the four pillars of manufacturing, assembly, margin and marketing working budget. In addition, TaylorMade-adidas Golf will continue to work on the redesign of the organisation through the streamlining of its global business and processes. As part of this, TaylorMade-adidas Golf will reduce its global workforce by 14% by the end of the year. While this will negatively impact profitability by a low-double-digit million euro amount in the fourth quarter, the immediate result will be a more nimble organisation, which will have a positive effect on the Group's profitability from 2016 onwards. And I am absolutely convinced that these measures, combined with our industry-leading product line-up, will bring TaylorMade-adidas Golf back to the top of the golf world.

Thanks to this outstanding performance in the first nine months we are reaching the 2015 goal line much faster than we had anticipated. As a result, we are increasing both our top- and bottom-line guidance for the full year. But just like true champions we will not rest on our laurels. Instead, we will continue to build on our current strength to prepare ourselves for the next stage. The additional investments into our brands and a leaner golf organisation will directly fuel next year's top- and bottom-line performance and set us up for sustainable profitability improvements from 2016 onwards.

Yours sincerely,

HERBERT HAINER
adidas Group CEO

Our Share

In the third quarter of 2015, the DAX-30 as well as most international stock markets suffered a negative and volatile quarter, continuing the downward trend from the previous three months. In particular the DAX-30 experienced a sharp correction during the three-month period, which ultimately led to a 12% decline. The adidas AG share on the other hand was able to escape the overall negative market sentiment, gaining 5% in the third quarter of 2015.

Equity markets suffer losses in the third quarter

Most international stock markets remained under significant pressure during the third quarter. In particular, the unexpected depreciation of the Chinese renminbi together with weak economic data from China weighed on international stock markets. Uncertainties regarding the interest rate policy of the Federal Reserve (Fed), fears of a weakening economy in emerging markets as well as falling commodity prices put pressure on equity markets. The third aid package for Greece, launched after lengthy negotiations, robust economic data from the euro area and the USA as well as the ECB's indication of a potential adjustment in its quantitative easing programme only temporarily supported stock markets. As a result, the DAX-30 continued its negative trend from the beginning of the year, declining 12% during the third quarter. The MSCI World Textiles, Apparel & Luxury Goods Index remained relatively flat compared to the end of June 2015.

adidas AG share escapes equity market weakness

At the beginning of the third quarter, the adidas AG share was able to recover from the negative market sentiment in the previous months. Extensive roadshow activities as well as positive analyst commentary prior to the adidas Group's first half results release provided positive stimulus to the share price in July. In August, while the publication of the adidas Group's first half results was positively perceived by market participants, the adidas AG share came under pressure from mid-August onwards, reflecting the overall challenging market environment caused by weakening economic data from China. During the first half of September, the overall market as well as the adidas AG share stabilised and traded sideways. The end of the third quarter was characterised by a strong improvement of the adidas AG share, supported by positive company-specific as well as sector-related newsflow. As a consequence, the adidas AG share finished the third quarter at € 72.01, representing an increase of 5% compared to the end of June 2015, thus clearly outperforming international stock markets.

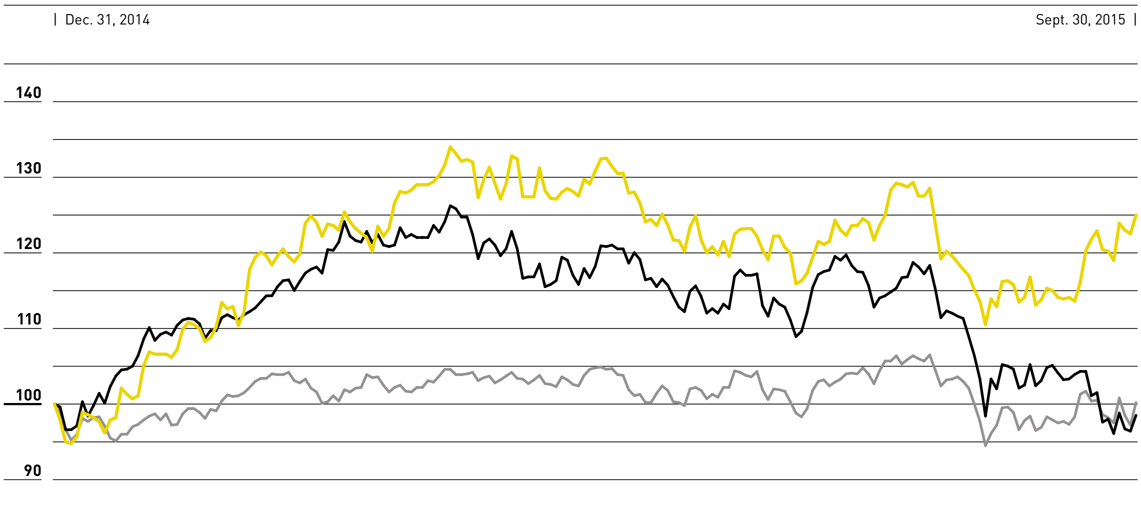
05 ⁄ **Historical performance of the adidas AG share and important indices at September 30, 2015** (in %)

	YTD	1 year	3 years	5 years	Since IPO
adidas AG	25	22	13	59	645
DAX-30	(1)	2	34	55	340
MSCI World Textiles, Apparel & Luxury Goods	0	6	38	62	398

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 nine months average	201,987,657
At September 30 [1]	200,197,417
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)
- ECPI Ethical Equity Indices (Euro and EMU)
- Ethibel Sustainability Indices (Global and Europe)
- Euronext Vigeo (Eurozone 120, Europe 120)
- FTSE4Good Index Series
- MSCI Global Sustainability Indices
- MSCI SRI Indices
- STOXX Global ESG Leaders

Number of ADRs increases

The number of Level 1 ADRs (American Depository Receipts) further increased during the three-month period between July and September 2015. At September 30, 2015, 11.2 million ADRs were outstanding, compared to 10.3 million at the end of the second quarter of 2015. The Level 1 ADR closed the quarter at US $ 40.34, reflecting an increase of 5% compared to the end of June 2015 and thus developing in line with the ordinary share.

Shareholder return programme

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. The total number of shares bought back so far by adidas AG amounts to 9,018,769 shares. This corresponds to a notional amount of € 9,018,769 in the nominal capital and consequently 4.31% of the company's nominal capital.

Changes in shareholder base

In the third 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.

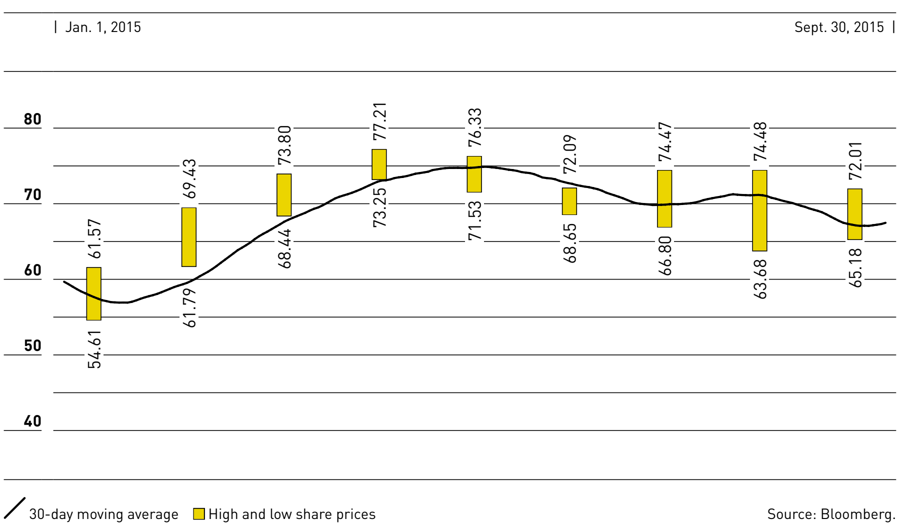
www.adidas-group.com/voting_rights_notifications

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 third quarter of 2015, adidas AG did not receive any notifications pursuant to § 15a WpHG.

www.adidas-group.com/directors_dealings

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



Source: Bloomberg.

1) Based on daily Xetra closing prices.

adidas Group Annual Report 2014 wins Red Dot Award and ranks second in 'Best Annual Report' ranking

For the second time in three years, the adidas Group has been awarded a Red Dot Communication Design Award for its Annual Report. Out of over 7,000 submissions, the Red Dot jury chose the best entries of the year for communication design. In addition, the adidas Group ranked second among all DAX-30 companies in the 'Best Annual Report' ranking of German business magazine 'Bilanz', which focuses on the quality of content and transparency in reporting amongst German corporations.

Group Business Performance

In the first nine months of 2015, the adidas Group delivered a stellar financial performance with strong momentum at both adidas and Reebok. Currency-neutral Group sales increased 9%. In euro terms, Group revenues grew 17% to € 12.748 billion from € 10.924 billion in 2014. The Group's gross margin increased 0.1 percentage points to 48.6% (2014: 48.5%). 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 increased 19% to € 1.101 billion compared to € 923 million in the first nine months of 2014, representing an operating margin of 8.6%, up 0.2 percentage points compared to the prior year (2014: 8.5%). The Group's net income from continuing operations excluding goodwill impairment losses was up 17% to € 737 million (2014: € 632 million). In the first nine months of 2015, the adidas Group incurred losses from discontinued operations of € 36 million (2014: gains of € 3 million). As a result, net income attributable to shareholders from continuing and discontinued operations excluding goodwill impairment losses was up 10% to € 696 million (2014: € 630 million). Basic and diluted earnings per share (EPS) from continuing and discontinued operations excluding goodwill impairment losses increased 14% to € 3.45 from € 3.01 in 2014.

Economic and Sector Development

Global economy grows in the third quarter

In the third quarter of 2015, the global economy strengthened at a moderate rate. Emerging markets again outperformed most developed economies, albeit at lower rates than in recent quarters. Growth in major economies was supported by modest GDP expansion in both the euro area and the USA as well as by low oil prices, increasing consumer spending, declining inflationary pressures and improving labour market conditions. Nevertheless, despite improvements in economic activity, many developed markets continued to face significant challenges, such as high unemployment, indebtedness and low investment spending. In addition, a number of developing countries recorded disappointing results, driven by lower industrial and domestic production, low commodity prices, political uncertainties and domestic policy tightening.

In Western Europe, the region's economies grew at a slow pace, supported by declining oil prices, record low interest rates as well as rising consumer and government spending, with Spain and the UK in particular recording healthy GDP growth. Despite an improvement in consumer confidence levels, high unemployment levels in certain major markets inhibited investment and public debt dynamics resulted in lacklustre GDP increases in many of the region's countries. The Greek financial crisis remained a major source of uncertainty for the region, resulting in a slowdown of the overall economic recovery.

Most European emerging markets except Russia recorded positive GDP growth, with relatively healthy investment, robust domestic demand, wage increases 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 as reflected in dented investments, lower consumer spending and reduced export activity. Furthermore, sanctions against Russia and high inflationary pressures together with weak oil prices and the continuing weakness of the rouble put additional constraints on growth.

The US economy grew modestly in the third quarter, driven by low inflationary pressures, improving labour market conditions and low oil prices that bolstered consumer spending. However, lacklustre global growth and the continuing strength of the US dollar put further pressure on exports. In addition, the softness in export activity impacted the manufacturing sector, resulting in a slowdown of industrial production growth.

Asia remained the fastest-growing region in the third quarter, although economic expansion slowed compared to previous quarters. In China, growth decelerated due to lower industrial production, less activity in the construction sector as well as a weakening labour market. Japan's economy saw a modest recovery in the third quarter, driven by declining oil prices, accommodative monetary policy and uplifts to real disposable incomes. India's economy expanded in the third quarter, driven by growing consumer spending and domestic demand as well as declining inflation and lower oil prices.

In Latin America, GDP development varied across countries. Argentina's economic recovery slowed due to persisting inflation and ongoing labour market weakness, which weighed on private consumption and investment spending. In Brazil, low investment activity, weak consumer confidence, political instability, tighter credit conditions, declining commodity prices and an ongoing erosion of disposable income drove further economic contraction. Other regional economies such as Mexico, Colombia and Chile posted healthy GDP increases in the third quarter, with increasing private consumer spending, wage growth and stronger domestic demand fuelling expansion.

Sporting goods industry continues to grow in the third quarter

In the third 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 robust momentum, with both performance and lifestyle developing well. Running also grew, albeit at a slower pace compared to basketball, supported by growth in fashion running. The outdoor category was able to reverse the overall weakness from previous quarters, as the start of the fall/winter season resulted in stronger demand for winter and outdoor boots.

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

	Q3 2014	Q4 2014	Q1 2015	Q2 2015	Q3 2015
USA [2]	89.0	93.1	101.4	99.8	103.0
Euro area [3]	(11.5)	(11.0)	(3.7)	(5.6)	(7.1)
Japan [4]	39.6	37.5	41.1	41.9	41.7
China [5]	105.4	105.8	107.1	105.5	104.5
Russia [6]	(7.0)	(18.0)	(32.0)	(23.0)	(24.0)
Brazil [7]	109.7	109.2	100.0	96.2	96.3

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	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Average rate 2015 [2]
USD	1.3296	1.2141	1.0759	1.1189	1.1203	1.1150
GBP	0.8066	0.7789	0.7273	0.7114	0.7385	0.7273
JPY	140.44	145.23	128.95	137.01	134.69	134.89
RUB	50.737	68.303	62.902	62.126	74.205	66.175
CNY	8.1919	7.4291	6.6084	6.8405	7.1266	6.9637

1) Spot rates at quarter-end.
2) Average rate for the first nine months 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 the continuing weakness 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 income and low inflationary pressures within the region. Basketball footwear continued to be in strong demand, fuelled by growth in both performance and lifestyle basketball, outperforming other categories. During the third quarter, casual athletic footwear posted a robust performance, driven by stronger demand in lifestyle fashion athletic and classic styles. US sporting footwear and apparel sales also showcased a modest increase throughout the third quarter. Many sporting goods retailers focused on high-performance and technically innovative products to help support higher prices and to drive sales. Although indications of a slow recovery in the golf market appeared during the third quarter, structural changes continue to persist and weigh on the overall golf market.

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. Sporting goods sales in Japan saw improvements as the quarter developed, driven by stronger consumer spending and domestic demand. In India, the size of the sector continued to expand at a strong pace.

The sporting goods industry in Latin America contracted during the third quarter, due to high inflationary pressures, low consumer confidence and subdued domestic demand, offsetting lower unemployment levels and wage increases. In particular Argentina and Brazil, the markets which benefited the most in the prior year from the 2014 World Cup, were negatively impacted by these developments.

Income Statement

Focus on continuing operations

Due to the completion of the divestiture of the Rockport business segment on July 31, 2015, income and expenses of the Rockport business segment are reported as discontinued operations at the end of September 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 13% in the third quarter of 2015

In the third quarter of 2015, Group revenues grew 13% on a currency-neutral basis, mainly as a result of double-digit increases at adidas. Reebok revenues grew at a low-single-digit rate and sales at TaylorMade-adidas Golf were up at a mid-single-digit rate. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 18% to € 4.758 billion in the third quarter of 2015 from € 4.044 billion in 2014.

Double-digit growth at adidas drives Group sales development in the third quarter

In the third quarter of 2015, currency-neutral adidas revenues grew 14%. This development was driven by double-digit sales increases in the football category as well as at adidas Originals and adidas NEO. In addition, sales in the running and outdoor categories grew at a high-single-digit rate each. Currency-neutral Reebok sales were up 3% versus the prior year, reflecting double-digit sales increases in Classics and the studio category. Growth in the training and running categories also contributed to this development. Revenues at TaylorMade-adidas Golf increased 6% currency-neutral, driven by double-digit increases in key categories, in particular metalwoods.

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

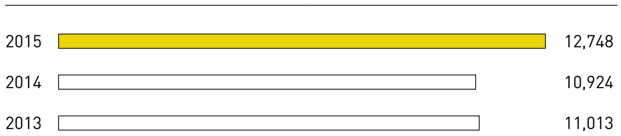
In the first nine months of 2015, Group revenues increased 9% on a currency-neutral basis, due to double-digit growth at adidas and mid-single-digit increases at Reebok. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 17% to € 12.748 billion in the first nine months of 2015 from € 10.924 billion in 2014.

see Diagram 11

First nine months Group sales increase due to strong growth at adidas and Reebok

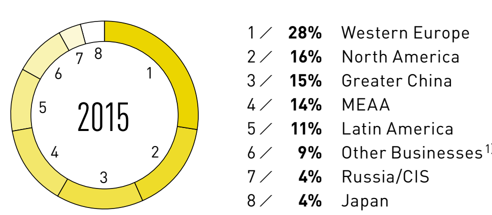
In the first nine months of 2015, currency-neutral adidas revenues grew 11%, driven by double-digit sales increases at adidas Originals and adidas NEO. High-single-digit growth in the running category as well as mid-single-digit growth in the training category also contributed to the increase. Currency-neutral Reebok sales were up 6% versus the prior year, mainly as a result of double-digit sales increases in the training and studio categories as well as high-single-digit growth in the running category and in Classics. Revenues at TaylorMade-adidas Golf decreased 13% currency-neutral, due to sales declines in most categories, in particular metalwoods and irons.

11 ⁄ **Nine months net sales [1]** (€ in millions)



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

12 ⁄ **Nine months net sales by segments**



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

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

	Nine months 2015	Nine months 2014	Change	Change (currency-neutral)
Footwear	6,405	5,091	25.8%	17.8%
Apparel	5,111	4,621	10.6%	3.9%
Hardware	1,232	1,212	1.7%	(6.4%)
Total	**12,748**	**10,924**	**16.7%**	**9.2%**

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

Group sales up in footwear and apparel

In the first nine months of 2015, currency-neutral footwear sales grew 18%, mainly due to double-digit increases in the football category as well as at adidas Originals and adidas NEO. In addition, high-single-digit growth in running contributed to this development. Apparel revenues grew 4% on a currency-neutral basis. This development was supported by double-digit growth in the running category, at adidas Originals and adidas NEO as well as high-single-digit growth in the training category. Currency-neutral hardware sales were down 6% compared to the prior year, as a result of declines at TaylorMade-adidas Golf. Currency translation effects had a positive impact on sales in euro terms.

see Table 13

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

see Table 14

14 ⁄ **Major product launches in Q3 2015**

Product	Brand
Manchester United club kit	adidas
Juventus home and away kit	adidas
ACE and X Primeknit football boots	adidas
Springblade problade running shoe	adidas
Ultra Boost running shoe	adidas
adizero xt Primeknit Boost running shoe	adidas
J Wall 2 basketball shoe	adidas
D Rose 6 basketball shoe	adidas
Crazylight Boost Primeknit basketball shoe	adidas
Messi training collection	adidas
Standard 19 training collection	adidas
StellaSport training collection	adidas
alloutdoor apparel line	adidas
Originals Superstar Supershell shoe	adidas
Originals Tubular shoe	adidas
adidas NEO for Selena Gomez autumn collection	adidas
Nano 5.0 training shoe	Reebok
ZPump back-to-school running shoe packs	Reebok
All-Terrain Series Extreme running shoe	Reebok
Skyscape Viva, Dare and CVO walking shoes	Reebok
Reebok Classics x Kendrick Lamar Ventilator shoe	Reebok
Cushion 3.0 running shoe	Reebok
PSi irons	TaylorMade
M1 driver line	TaylorMade
myRoundPro analytics platform	TaylorMade
RBZ SpeedBurner stick	CCM Hockey
JetSpeed skate	CCM Hockey

Currency-neutral sales grow in nearly all market segments

In the first nine months 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 14% 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 4%. Revenues in Greater China grew 18% on a currency-neutral basis, while currency-neutral sales in Russia/CIS declined 9%. In Latin America, revenues grew 12% on a currency-neutral basis, driven by double-digit growth in Argentina, Mexico, Chile, Peru and Colombia. In Japan, sales increased 2% on a currency-neutral basis. Revenues in MEAA grew 13% on a currency-neutral basis, driven by double-digit growth in South Korea, the United Arab Emirates, Turkey and Australia.

Revenues in Other Businesses were down 3% on a currency-neutral basis. Double-digit sales increases at Reebok-CCM Hockey and in Other centrally managed businesses were more than offset by sales declines 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)

	Nine months 2015	Nine months 2014	Change	Change (currency-neutral)
Western Europe	3,508	3,017	16.3%	14.2%
North America	2,010	1,608	25.0%	4.2%
Greater China	1,852	1,304	42.0%	18.4%
Russia/CIS	562	835	(32.8%)	(8.7%)
Latin America	1,368	1,200	14.0%	11.8%
Japan	518	493	5.1%	1.6%
MEAA	1,845	1,473	25.2%	12.7%
Other Businesses	1,084	992	9.3%	(3.0%)
Total	**12,748**	**10,924**	**16.7%**	**9.2%**

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

Group sales development supported by double-digit growth in retail

In the first nine months of 2015, retail revenues increased 10% on a currency-neutral basis, mainly as a result of double-digit sales growth at adidas. Reebok revenues increased at a low-single-digit rate. Concept stores and factory outlets were both up versus the prior year. While concession corners were below the prior year level, this decline reflects the reclassification of a number of concession corners to the wholesale channel. eCommerce grew 44% on a currency-neutral basis. Currency translation effects had a minor negative impact on retail revenues in euro terms. Sales grew 9% to € 3.056 billion from € 2.799 billion in the prior year. Currency-neutral comparable store sales increased 2% versus the prior year, due to sales growth across nearly all markets.

At September 30, 2015, the adidas Group, as part of the adidas and Reebok own-retail activities, operated 2,679 stores compared to the prior year-end level of 2,913. This mainly reflects the planned store closures in Russia/CIS as well as the reclassification of a number of concession corners to the wholesale channel. Of the total number of stores, 1,466 were adidas and 363 were Reebok branded (December 31, 2014: 1,616 adidas stores, 446 Reebok stores). In addition, the adidas Group operated 850 multi-branded adidas and Reebok factory outlets (December 31, 2014: 851). During the first nine months of 2015, the Group opened 192 new stores, 272 stores were closed, 154 were reclassified and 74 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	192	116	66	10
Closed	272	188	67	17
Opened (net)	(80)	(72)	(1)	(7)
Reclassified	(154)	–	–	(154)
September 30, 2015	**2,679**	**1,674**	**850**	**155**

17 ⁄ Retail number of stores by store format

	Sept. 30, 2015	Dec. 31, 2014
Concept stores	**1,674**	1,746
Factory outlets	**850**	851
Concession corners	**155**	316
Total	**2,679**	2,913

September 30, 2015 ☐ December 31, 2014

Group gross margin increases 0.1 percentage points

In the first nine months of 2015, gross profit for the adidas Group increased 17% to € 6.202 billion versus € 5.303 billion in the prior year. Gross margin of the adidas Group increased 0.1 percentage points to 48.6% (2014: 48.5%), driven by a more favourable pricing and channel mix at adidas and Reebok, which more than offset higher input costs, negative currency effects as well as lower product margins at TaylorMade-adidas Golf.

see Diagram 18
see Diagram 19

Royalty and commission income increases

Royalty and commission income for the adidas Group was up 17% to € 90 million in the first nine months of 2015 compared to € 77 million in the prior year. On a currency-neutral basis, royalty and commission income increased 2%.

Other operating income decreases

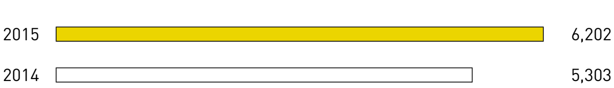
Other operating income includes items such as gains from the disposal of fixed assets and releases of accruals and provisions as well as insurance compensation. In the first nine months of 2015, other operating income decreased 28% to € 75 million (2014: € 104 million), due to a decline in the release of other operational and non-operational provisions.

Other operating expenses as a percentage of sales down 0.4 percentage points

Other operating expenses, including depreciation and amortisation, consist of items such as sales and marketing investments as well as operating overhead costs. In the first nine months of 2015, other operating expenses increased 15% to € 5.265 billion (2014: € 4.561 billion), reflecting an increase in sales and marketing investments as well as higher sales expenditure. As a percentage of sales, other operating expenses decreased 0.4 percentage points to 41.3% (2014: 41.8%). Sales and marketing investments amounted to € 1.704 billion, which represents an increase of 19% versus the prior year level (2014: € 1.435 billion). The increase was due to higher investments at both adidas and Reebok. By brand, adidas sales and marketing investments increased 19% to € 1.350 billion in the first nine months of 2015 compared to € 1.137 billion in the prior year. Sales and marketing investments for Reebok increased 29%, amounting to € 205 million (2014: € 159 million). As a percentage of sales, the Group's sales and marketing investments grew 0.2 percentage points to 13.4% (2014: 13.1%).

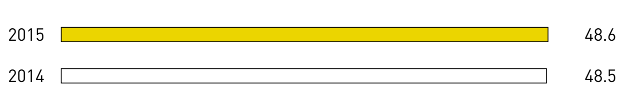
see Diagram 20

18 ⁄ **Nine months gross profit** [1] (€ in millions)



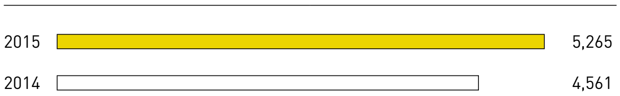
1) Figures reflect continuing operations as a result of the divestiture of the Rockport business.

19 ⁄ **Nine months gross margin** [1] (in %)



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

20 ⁄ **Nine months other operating expenses** [1] (€ in millions)



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

21 ⁄ **Nine months operating profit** [1] (€ in millions)

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

Number of Group employees up 3%

At the end of the first nine months of 2015, the Group employed 53,823 people. This represents an increase of 3% versus the prior year level of 52,455. New hirings related to the Group's own-retail activities were the main driver of this development. On a full-time equivalent basis, the number of employees increased 3% to 46,506 at the end of the first nine months of 2015 (2014: 45,287).

Goodwill impairment in an amount of € 18 million

As a result of the change in the composition of the Group's operating segments and associated cash-generating units, respectively, the Group determined in the first quarter of 2015 that goodwill impairment was required. 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 nine months ending September 30, 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 0.2 percentage points to 8.6%

Group operating profit increased 17% to € 1.083 billion in the first nine months of 2015 versus € 923 million in 2014. The operating margin of the adidas Group remained stable at 8.5% (2014: 8.5%). Excluding the goodwill impairment losses, operating profit grew 19% to € 1.101 billion from € 923 million in the first nine months of 2014, representing an operating margin of 8.6%, up 0.2 percentage points from the prior year level (2014: 8.5%). This development was due to an increase in gross margin as well as lower other operating expenses as a percentage of sales.

see Diagram 21

see Diagram 22

Financial income increases strongly

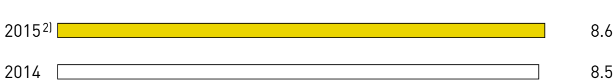
Financial income increased to € 32 million in the first nine months of 2015 from € 14 million in the prior year, as a result of positive exchange rate effects.

Financial expenses grow 2%

Financial expenses increased 2% to € 51 million in the first nine months of 2015 (2014: € 50 million). This development was due to the non-recurrence of negative exchange rate effects as well as an increase in interest expenses compared to the prior year period.

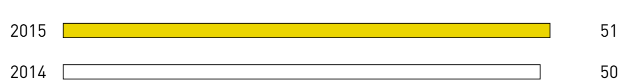
see Diagram 23

22 ⁄ **Nine months operating margin** 1) (in %)



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

23 ⁄ **Nine months financial expenses** 1) (€ in millions)



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

Income before taxes excluding goodwill impairment up 22%

Income before taxes (IBT) for the adidas Group increased 20% to € 1.064 billion from € 888 million in 2014. IBT as a percentage of sales increased 0.2 percentage points to 8.3% in the first nine months of 2015 (2014: 8.1%). Excluding the goodwill impairment losses, IBT was up 22% to € 1.082 billion from € 888 million in 2014 and, as a percentage of sales, increased 0.4 percentage points to 8.5% from 8.1% in the prior year.

see Diagram 24

Net income from continuing operations excluding goodwill impairment increases 17%

The Group's net income from continuing operations increased 14% to € 719 million in the first nine months of 2015 from € 632 million in 2014. Excluding the goodwill impairment losses, net income from continuing operations was up 17% to € 737 million (2014: € 632 million). The Group's tax rate increased 3.6 percentage points to 32.4% in the first nine months of 2015 (2014: 28.8%). Excluding the goodwill impairment losses, the effective tax rate grew 3.1 percentage points to 31.9% from 28.8% in 2014, mainly due to the non-recognition of deferred tax assets.

Basic and diluted EPS from continuing operations excluding goodwill impairment up 21%

Basic and diluted EPS from continuing operations increased 18% to € 3.54 in the first nine months of 2015 (2014: € 3.00). Excluding the goodwill impairment losses, basic and diluted EPS from continuing operations increased 21% to € 3.62 from € 3.00 in 2014. The weighted average number of shares used in the calculation was 201,987,657 (2014: 209,216,186).

Losses from discontinued operations total € 36 million

In the first nine months of 2015, the Group incurred losses from discontinued operations of € 36 million, net of tax, related to the Rockport operating segment (2014: gains of € 3 million). Losses from discontinued operations were due to a loss from the sale of discontinued operations in the amount of € 27 million as well as a loss from Rockport's operating activities of € 9 million.

24 ⁄ **Nine months income before taxes**[1] (€ in millions)

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

Net income attributable to shareholders excluding goodwill impairment increases 10%

The Group's net income attributable to shareholders, which in addition to net income from continuing operations includes the losses from discontinued operations, grew 8% to € 678 million in the first nine months of 2015 from € 630 million in 2014. Excluding the goodwill impairment losses, net income attributable to shareholders was up 10% to € 696 million (2014: € 630 million).

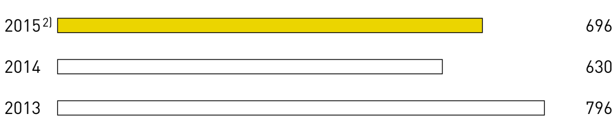
see Diagram 25

Basic and diluted EPS from continuing and discontinued operations excluding goodwill impairment grows 14%

Basic and diluted EPS from continuing and discontinued operations increased 11% to € 3.36 in the first nine months of 2015 (2014: € 3.01). Excluding the goodwill impairment losses, basic and diluted EPS from continuing and discontinued operations increased 14% to € 3.45 from € 3.01 in 2014. The weighted average number of shares used in the calculation was 201,987,657 (2014: 209,216,186).

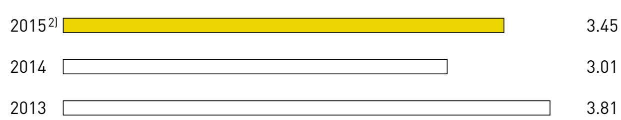
see Diagram 26

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



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

26 ⁄ **Nine months 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

Rockport divestiture impacts balance sheet items

On July 31, 2015, the divestiture of the Rockport operating segment was completed. As a result, all relevant assets and liabilities were derecognised from the consolidated statement of financial position as of the closing date. A restatement of the 2014 balance sheet items is not permitted under IFRS.

Assets

At the end of September 2015, total assets increased 11% to € 12.989 billion versus € 11.750 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 5%. The share of current assets within total assets increased to 56%, while the share of non-current assets decreased to 44% at the end of September 2015. This compares to 55% and 45%, respectively, at the end of September 2014. see Diagram 27

Total current assets increased 13% to € 7.318 billion at the end of September 2015 compared to € 6.498 billion in 2014. Cash and cash equivalents increased 68% to € 1.060 billion at the end of September 2015 from € 632 million 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 2% to € 2.698 billion at the end of September 2015 versus € 2.647 billion in 2014. On a currency-neutral basis, inventories grew 6%. Inventories from continuing operations increased 6% (+10% currency-neutral), reflecting the Group's growth expectations. The Group's accounts receivable increased 8% to € 2.502 billion at the end of September 2015 (2014: € 2.322 billion). On a currency-neutral basis, receivables increased 7%. Receivables from continuing operations rose 10% (+9% currency-neutral), reflecting the sales increase in the third quarter of 2015. Other current financial assets increased 26% to € 424 million at the end of September 2015 from € 337 million in 2014. This development was driven by an increase in the fair value of financial instruments. Other current assets increased 14% to € 531 million at the end of September 2015 (2014: € 465 million), mainly due to an increase in tax receivables other than income taxes and prepayments.

see Diagram 29

see Diagram 30

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

	Sept. 30, 2015	Sept. 30, 2014
Assets (€ in millions)	**12,989**	11,750
Cash and cash equivalents	**8.2%**	5.4%
Accounts receivable	**19.3%**	19.8%
Inventories	**20.8%**	22.5%
Fixed assets	**37.3%**	38.4%
Other assets	**14.5%**	13.9%

Sept. 30, 2015 / Sept. 30, 2014

Rounding differences may arise in percentages and totals.
1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 48.

Total non-current assets grew 8% to € 5.671 billion at the end of September 2015 from € 5.253 billion in 2014. Fixed assets increased 7% to € 4.848 billion at the end of September 2015 versus € 4.515 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 € 763 million were primarily related to our own-retail activities, investments into the Group's logistics and IT infrastructure, the acquisition of Runtastic as well as the further development of the Group's headquarters in Herzogenaurach. Currency translation effects of € 268 million also contributed to the increase in fixed assets. Additions and positive currency translation effects were partly offset by depreciation and amortisation of € 352 million, goodwill impairment of € 96 million, disposals of € 26 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 in the fourth quarter of 2014. Compared to December 31, 2014, fixed assets increased by 12%. Other non-current financial assets grew to € 102 million at the end of September 2015 from € 29 million at the end of the first nine months of 2014. This development was driven by fixed and contingent promissory notes related to the divestiture of the Rockport business as well as an increase in embedded derivatives.

Liabilities and equity

Total current liabilities increased 14% to € 4.925 billion at the end of September 2015 from € 4.309 billion in 2014. Accounts payable increased 15% to € 1.476 billion at the end of September 2015 versus € 1.281 billion in 2014. On a currency-neutral basis, accounts payable grew 14%. Accounts payable from continuing operations increased 18% and, on a currency-neutral basis, were up 17%. At the end of September 2015, other current financial liabilities grew 43% to € 130 million from € 91 million in 2014, primarily as a result of the increase in the negative fair value of financial instruments. Short-term borrowings declined 14% to € 508 million at the end of September 2015 (2014: € 593 million). This development was mainly due to a decrease in bank liabilities. Other current provisions were up 7% to € 468 million at the end of September 2015 versus € 436 million in 2014, mainly as a result of an increase in provisions for returns reflecting the sales increase in the third quarter. Currency effects of € 5 million also contributed to this development. Current accrued liabilities grew 30% to € 1.630 billion at the end of September 2015 from € 1.252 billion in 2014, mainly due to an increase in accruals for customer discounts, invoices not yet received and personnel. Currency translation effects of € 31 million also contributed to the increase in current accrued liabilities. Other current liabilities increased 12% to € 347 million at the end of September 2015 from € 310 million in 2014, mainly due to an increase in customers with credit balances as well as payables due to personnel.

see Diagram 31

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

	Sept. 30, 2015	Sept. 30, 2014
Liabilities and equity (€ in millions)	**12,989**	11,750
Short-term borrowings	**3.9%**	5.0%
Accounts payable	**11.4%**	10.9%
Long-term borrowings	**11.2%**	5.0%
Other liabilities	**29.5%**	27.1%
Total equity	**43.9%**	52.0%

■ Sept. 30, 2015 □ Sept. 30, 2014

Rounding differences may arise in percentages and totals.
1) For absolute figures see adidas AG Consolidated Statement of Financial Position, p. 49.

Total non-current liabilities increased 77% to € 2.356 billion at the end of September 2015 from € 1.329 billion in the prior year. Long-term borrowings grew to € 1.460 billion at the end of September 2015 from € 588 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 € 44 million at the end of September 2015 versus € 17 million in 2014. This primarily relates to an increase in other operational provisions. Currency translation effects of € 2 million also contributed to the increase in other non-current provisions. Non-current accrued liabilities grew 90% to € 103 million at the end of September 2015 from € 54 million in 2014, mainly due to an increase in accruals for personnel. Other non-current liabilities increased 51% to € 53 million at the end of September 2015 from € 35 million in 2014, mainly related to the acquisition of Runtastic.

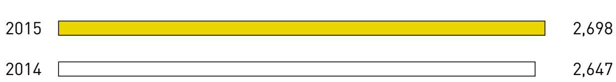
Shareholders' equity decreased 7% to € 5.716 billion at the end of September 2015 versus € 6.119 billion in 2014. The net income generated during the last twelve months as well as positive currency translation effects of € 38 million were more than offset mainly by the repurchase of treasury shares in an amount of € 601 million and the dividend of € 303 million paid to shareholders for the 2014 financial year. The Group's equity ratio at the end of September 2015 decreased to 44.0% compared to 52.1% in the prior year.

see Diagram 32

Operating working capital

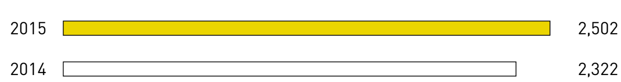
Operating working capital increased 1% to € 3.724 billion at the end of September 2015 compared to € 3.689 billion in 2014. Operating working capital from continuing operations grew 4% (+7% currency-neutral), driven by an increase in inventories and accounts receivable, reflecting the Group's growth expectations. Average operating working capital as a percentage of sales from continuing operations decreased 1.6 percentage points to 20.7% (2014: 22.4%).

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



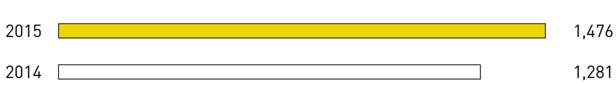
1) At September 30.

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



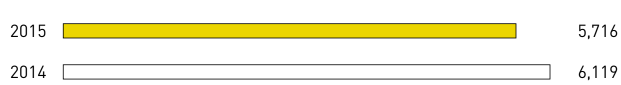
1) At September 30.

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



1) At September 30.

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



1) At September 30, excluding non-controlling interests.

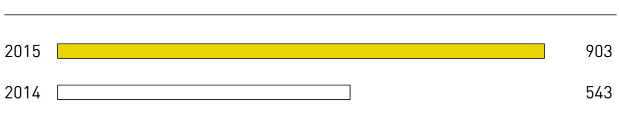
Liquidity analysis

In the first nine months of 2015, net cash generated from operating activities increased to € 314 million (2014: net cash used in operating activities of € 138 million). Net cash generated from continuing operating activities increased to € 300 million (2014: net cash used in continuing operating activities of € 132 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 increased to € 394 million (2014: € 348 million). Net cash used in continuing investing activities increased to € 388 million (2014: € 344 million), mainly as a result of the acquisition of Runtastic, partly offset by proceeds from the divestiture of the Rockport business and lower purchases of property, plant and equipment. The majority of investing activities in the first nine months of 2015 related to spending for property, plant and equipment, such as investments in the furnishing and fitting of our own-retail stores, investments in the Group's logistics infrastructure and IT systems as well as the acquisition of Runtastic. Net cash used in financing activities totalled € 544 million (2014: € 500 million), mainly related to the dividend paid to shareholders of € 303 million as well as the repurchase of treasury shares in the amount of € 301 million. Exchange rate effects positively impacted the Group's cash position by € 2 million in the first nine months of 2015 (2014: € 30 million). As a result of all these developments, cash and cash equivalents decreased by € 622 million to € 1.060 billion at the end of September 2015 compared to € 1.683 billion at the end of December 2014.

Net borrowings at September 30, 2015 amounted to € 903 million, compared to net borrowings of € 543 million in 2014, representing an increase of € 359 million. This development is mainly a result of the utilisation of cash for the share buyback programme in an amount of € 601 million. Currency translation had a positive effect of € 50 million on net borrowings. The Group's ratio of net borrowings over EBITDA amounted to 0.6 at the end of September 2015 (2014: 0.5).

see Diagram 33

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



1) At September 30.

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, Runtastic 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, Runtastic and Other centrally managed businesses, including brands such as Y-3 and Five Ten, are aggregated under Other Businesses. Segmental operating expenses primarily relate to sales and marketing investments as well as expenditure for sales force, administration and logistics.

Western Europe

Western Europe third quarter sales development

In the third quarter of 2015, sales in Western Europe increased 18% on a currency-neutral basis, mainly due to double-digit sales growth at adidas. Sales at Reebok were up at a mid-single-digit rate. From a market perspective, the main contributors to the increase were the UK, Italy and France, where revenues grew at double-digit rates each. Currency translation effects positively impacted revenues in euro terms. Sales in Western Europe grew 20% to € 1.404 billion in the third quarter of 2015 from € 1.169 billion in 2014.

Western Europe first nine months results

In the first nine months of 2015, sales in Western Europe increased 14% 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 16% to € 3.508 billion from € 3.017 billion in the first nine months of 2014.

see Table 34

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

	Nine months 2015	Nine months 2014	Change
Net sales	3,508	3,017	16.3%
Gross profit	1,671	1,373	21.6%
Gross margin	47.6%	45.5%	2.1pp
Segmental operating profit	805	598	34.6%
Segmental operating margin	23.0%	19.8%	3.1pp

Gross margin in Western Europe increased 2.1 percentage points to 47.6% in the first nine months of 2015 from 45.5% in 2014. This development was driven by positive currency effects as well as a more favourable product and channel mix. Gross profit in Western Europe increased 22% to € 1.671 billion versus € 1.373 billion in 2014. see Table 34

Operating expenses were up 12% to € 865 million versus € 775 million in the first nine months of 2014. This development reflects an increase in sales and marketing investments as well as higher sales expenditure. Operating expenses as a percentage of sales decreased 1.0 percentage points to 24.7% (2014: 25.7%).

Operating margin improved 3.1 percentage points to 23.0% (2014: 19.8%), 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 35% to € 805 million versus € 598 million in the prior year. see Table 34

Western Europe development by brand

adidas revenues in Western Europe grew 15% on a currency-neutral basis in the first nine months of 2015. This development was driven by double-digit sales growth at adidas Originals and adidas NEO as well as a high-single-digit increase in the football category. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Western Europe increased 17% to € 3.230 billion (2014: € 2.768 billion).

Reebok revenues in Western Europe increased 10% on a currency-neutral basis in the first nine months of 2015. This development was mainly due to double-digit sales growth in the training, running and studio categories as well as a mid-single-digit increase in Classics. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Western Europe were up 12% to € 278 million from € 249 million in the prior year.

North America

North America third quarter sales development

In the third quarter of 2015, sales in North America increased 6% on a currency-neutral basis, due to double-digit growth at adidas. Currency translation effects positively impacted revenues in euro terms. Sales in North America grew 26% to € 776 million from € 619 million in the third quarter of 2014.

North America first nine months results

In the first nine months of 2015, sales in North America increased 4% 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 25% to € 2.010 billion from € 1.608 billion in the first nine months of 2014. see Table 35

Gross margin in North America increased 0.6 percentage points to 36.8% in the first nine months of 2015 from 36.3% in 2014. This development was mainly due to the positive effects from a more favourable pricing and channel mix, partly offset by higher input costs as well as a less favourable product mix. Gross profit in North America increased 27% to € 740 million versus € 583 million in 2014. see Table 35

Operating expenses were up 33% to € 708 million versus € 531 million in the first nine months of 2014. This was due to significantly higher sales and marketing investments as well as higher sales expenditure. As a result, operating expenses as a percentage of sales increased 2.2 percentage points to 35.2% (2014: 33.0%).

Operating margin decreased 1.9 percentage points to 3.1% (2014: 5.0%), as the positive effect from the gross margin increase was more than offset by higher operating expenses as a percentage of sales. Operating profit in North America decreased 22% to € 63 million (2014: € 81 million). see Table 35

North America development by brand

adidas revenues in North America grew 8% on a currency-neutral basis in the first nine months of 2015, driven by double-digit sales growth at adidas Originals and adidas NEO as well as increases in the football and training categories. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in North America increased 29% to € 1.629 billion (2014: € 1.263 billion).

Reebok revenues in North America decreased 8% on a currency-neutral basis in the first nine months of 2015, as sales growth in the training and studio categories was more than offset by declines in the running and walking categories as well as in Classics. The development also reflects the brand's continued efforts to further streamline 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 10% to € 381 million from € 346 million in the prior year.

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

	Nine months 2015	Nine months 2014	Change
Net sales	2,010	1,608	25.0%
Gross profit	740	583	26.9%
Gross margin	36.8%	36.3%	0.6pp
Segmental operating profit	63	81	(22.5%)
Segmental operating margin	3.1%	5.0%	(1.9pp)

Greater China

Greater China third quarter sales development

In the third quarter of 2015, sales in Greater China increased 15% on a currency-neutral basis, driven by double-digit sales increases at adidas and strong growth at Reebok, where sales more than doubled during the quarter. Currency translation effects positively impacted revenues in euro terms. Sales in Greater China grew 35% to € 691 million from € 510 million in the third quarter of 2014.

Greater China first nine months results

In the first nine months of 2015, sales in Greater China increased 18% on a currency-neutral basis, as a result of double-digit sales growth at both adidas and Reebok. Currency translation effects positively impacted revenues in euro terms. Sales in Greater China grew 42% to € 1.852 billion from € 1.304 billion in the first nine months of 2014. see Table 36

Gross margin in Greater China decreased 0.9 percentage points to 56.6% in the first nine months of 2015 from 57.5% in 2014. The positive effects from a better pricing, product and channel mix were more than offset by higher input costs. Gross profit in Greater China increased 40% to € 1.048 billion versus € 750 million in 2014. see Table 36

Operating expenses were up 41% to € 399 million versus € 282 million in the first nine months of 2014. This was due to higher sales and marketing investments as well as higher sales expenditure. Operating expenses as a percentage of sales decreased 0.1 percentage points to 21.5% (2014: 21.7%).

Operating margin decreased 0.8 percentage points to 35.1% (2014: 35.8%), as 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 39% to € 649 million versus € 467 million in the prior year. see Table 36

Greater China development by brand

adidas revenues in Greater China grew 18% on a currency-neutral basis in the first nine months of 2015. The increase was mainly due to double-digit sales growth 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 41% to € 1.811 billion (2014: € 1.284 billion).

Reebok revenues in Greater China increased 74% on a currency-neutral basis in the first nine months of 2015, driven by a significant sales increase in Classics, where revenues more than doubled, as well as double-digit sales growth in the running and walking categories. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Greater China more than doubled to € 42 million from € 20 million in the prior year.

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

	Nine months 2015	Nine months 2014	Change
Net sales	1,852	1,304	42.0%
Gross profit	1,048	750	39.8%
Gross margin	56.6%	57.5%	(0.9pp)
Segmental operating profit	649	467	39.0%
Segmental operating margin	35.1%	35.8%	(0.8pp)

Russia/CIS

Russia/CIS third quarter sales development

In the third quarter of 2015, sales in Russia/CIS decreased 7% on a currency-neutral basis, as a result of sales declines at both adidas and Reebok. Currency translation effects negatively impacted revenues in euro terms. Revenues in Russia/CIS declined 34% to € 195 million from € 296 million in the third quarter of 2014.

Russia/CIS first nine months results

In the first nine months of 2015, sales in Russia/CIS decreased 9% on a currency-neutral basis, due to sales declines at both adidas and Reebok. Currency translation effects negatively impacted revenues in euro terms. Revenues in Russia/CIS declined 33% to € 562 million from € 835 million in the first nine months of 2014. see Table 37

Gross margin in Russia/CIS decreased 3.8 percentage points to 55.3% in the first nine months of 2015 from 59.2% in 2014. The positive impact from a significantly more favourable pricing mix was more than offset by negative currency effects as well as higher input costs. Gross profit in Russia/CIS decreased 37% to € 311 million versus € 494 million in 2014. see Table 37

Operating expenses were down 31% to € 256 million versus € 368 million in the first nine months of 2014. This was primarily due to significantly lower sales expenditure, reflecting the reduction in the number of stores. Operating expenses as a percentage of sales increased 1.5 percentage points to 45.5% (2014: 44.1%).

Operating margin decreased 5.3 percentage points to 9.8% (2014: 15.1%), due to the gross margin decline as well as the negative effect of higher operating expenses as a percentage of sales. Operating profit in Russia/CIS decreased 56% to € 55 million versus € 126 million in the prior year. see Table 37

Russia/CIS development by brand

adidas revenues decreased 10% on a currency-neutral basis in Russia/CIS in the first nine months of 2015. This development was due to sales declines in most categories. Currency translation effects had a negative impact on revenues in euro terms. adidas sales in Russia/CIS declined 34% to € 437 million (2014: € 663 million).

Reebok revenues in Russia/CIS decreased 3% on a currency-neutral basis in the first nine months of 2015, as growth in the training and studio categories was more than offset by sales declines in the running and walking categories as well as in Classics. Currency translation effects had a negative impact on revenues in euro terms. Reebok sales in Russia/CIS were down 28% to € 124 million from € 172 million in the prior year.

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

	Nine months 2015	Nine months 2014	Change
Net sales	562	835	(32.8%)
Gross profit	311	494	(37.1%)
Gross margin	55.3%	59.2%	(3.8pp)
Segmental operating profit	55	126	(56.3%)
Segmental operating margin	9.8%	15.1%	(5.3pp)

Latin America

Latin America third quarter sales development

In the third quarter of 2015, sales in Latin America increased 20% on a currency-neutral basis, as a result of double-digit sales growth at both adidas and Reebok. From a market perspective, the top-line development was driven by double-digit sales growth in Argentina, Mexico, Colombia, Chile and Peru. Currency translation effects negatively impacted revenues in euro terms. Sales in Latin America grew 15% to € 489 million from € 426 million in the third quarter of 2014.

Latin America first nine months results

In the first nine months of 2015, sales in Latin America increased 12% on a currency-neutral basis, as a result of double-digit sales growth at both adidas and Reebok. From a market perspective, the top-line development was driven by double-digit sales growth in Argentina, Mexico, Chile, Peru and Colombia. Currency translation effects positively impacted revenues in euro terms. Sales in Latin America grew 14% to € 1.368 billion from € 1.200 billion in the first nine months of 2014. see Table 38

Gross margin in Latin America increased 3.2 percentage points to 43.0% in the first nine months of 2015 from 39.8% in 2014. This development was driven by a significantly more favourable pricing mix, partly offset by negative currency effects as well as higher input costs. Gross profit in Latin America increased 23% to € 589 million versus € 478 million in 2014. see Table 38

Operating expenses were up 28% to € 401 million versus € 312 million in the first nine months of 2014. This was primarily due to higher sales expenditure as well as higher sales and marketing investments. Operating expenses as a percentage of sales increased 3.3 percentage points to 29.3% (2014: 26.0%).

Operating margin remained stable at 13.7% (2014: 13.8%) as the increase in gross margin was offset by the negative effect of higher operating expenses as a percentage of sales. Operating profit in Latin America increased 14% to € 188 million versus € 165 million in the prior year. see Table 38

Latin America development by brand

adidas revenues grew 11% on a currency-neutral basis in Latin America in the first nine months of 2015. This development was supported by 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 Latin America increased 12% to € 1.164 billion (2014: € 1.037 billion).

Reebok revenues in Latin America increased 18% on a currency-neutral basis in the first nine months of 2015, driven by double-digit sales growth in the running, training and walking categories as well as in Classics. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Latin America were up 24% to € 204 million from € 164 million in the prior year.

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

	Nine months 2015	Nine months 2014	Change
Net sales	1,368	1,200	14.0%
Gross profit	589	478	23.3%
Gross margin	43.0%	39.8%	3.2pp
Segmental operating profit	188	165	13.8%
Segmental operating margin	13.7%	13.8%	(0.0pp)

Japan

Japan third quarter sales development

In the third quarter of 2015, sales in Japan increased 6% on a currency-neutral basis, due to sales growth at both adidas and Reebok. Currency translation effects positively impacted revenues in euro terms. Sales in Japan increased 7% to € 186 million from € 173 million in the third quarter of 2014.

Japan first nine months results

In the first nine months of 2015, sales in Japan increased 2% on a currency-neutral basis, as a result of double-digit sales growth at Reebok. Currency translation effects positively impacted revenues in euro terms. Sales in Japan grew 5% to € 518 million from € 493 million in the first nine months of 2014.

see Table 39

Gross margin in Japan increased 3.2 percentage points to 48.0% in the first nine months of 2015 from 44.8% in 2014. The increase was driven by a more favourable pricing and channel mix, partly offset by negative currency effects, higher input costs as well as a less favourable product mix. Gross profit in Japan increased 13% to € 249 million versus € 221 million in 2014.

see Table 39

Operating expenses were up 7% to € 168 million versus € 158 million in the first nine months of 2014, mainly as a result of higher sales expenditure. Operating expenses as a percentage of sales increased 0.4 percentage points to 32.4% (2014: 32.0%).

Operating margin improved 2.4 percentage points to 17.4% (2014: 15.0%) as the gross margin increase more than offset the negative effect of higher operating expenses as a percentage of sales. Operating profit in Japan increased 22% to € 90 million versus € 74 million in the prior year.

see Table 39

Japan development by brand

adidas revenues decreased 1% on a currency-neutral basis in Japan in the first nine months of 2015. Double-digit increases in the running category as well as at adidas Originals were more than offset by declines in the training and football categories, the latter being mainly due to the non-recurrence of last year's World Cup related sales. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in Japan increased 3% to € 470 million (2014: € 456 million).

Reebok revenues in Japan increased 29% on a currency-neutral basis in the first nine months of 2015, driven by significant sales growth in the running category and in Classics, where revenues more than doubled. In addition, sales in the training category grew at a double-digit rate. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in Japan were up 33% to € 49 million from € 37 million in the prior year.

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

	Nine months 2015	Nine months 2014	Change
Net sales	518	493	5.1%
Gross profit	249	221	12.6%
Gross margin	48.0%	44.8%	3.2pp
Segmental operating profit	90	74	21.7%
Segmental operating margin	17.4%	15.0%	2.4pp

MEAA (Middle East, Africa and other Asian markets)

MEAA third quarter sales development

In the third quarter of 2015, sales in MEAA increased 14% on a currency-neutral basis, due to double-digit sales growth at both adidas and Reebok. From a market perspective, the top-line development was driven by double-digit sales growth in South Korea, the United Arab Emirates, South Africa and Australia. Currency translation effects positively impacted revenues in euro terms. Sales in MEAA grew 20% to € 674 million from € 561 million in the third quarter of 2014.

MEAA first nine months results

In the first nine months of 2015, sales in MEAA increased 13% on a currency-neutral basis, as a result of double-digit sales growth at both adidas and Reebok. From a market perspective, the main contributors to the increase were South Korea, the United Arab Emirates, Turkey and Australia, where revenues grew at double-digit rates each. Currency translation effects positively impacted revenues in euro terms. Sales in MEAA grew 25% to € 1.845 billion from € 1.473 billion in the first nine months of 2014.

see Table 40

Gross margin in MEAA decreased 1.4 percentage points to 51.6% in the first nine months of 2015 from 53.0% in 2014. The positive impact from a more favourable pricing and product mix was more than offset by negative currency effects and higher input costs. Gross profit in MEAA increased 22% to € 951 million versus € 781 million in 2014.

see Table 40

Operating expenses were up 25% to € 406 million versus € 324 million in the first nine months of 2014. This was primarily due to higher sales expenditure as well as an increase in sales and marketing investments. Operating expenses as a percentage of sales remained stable at 22.0% (2014: 22.0%).

Operating margin decreased 1.5 percentage points to 29.6% (2014: 31.1%) due to the gross margin decline. Operating profit in MEAA increased 19% to € 546 million versus € 458 million in the prior year.

see Table 40

MEAA development by brand

adidas revenues in MEAA grew 13% on a currency-neutral basis in the first nine months of 2015. This development was mainly due to double-digit sales increases in the running category as well as at adidas Originals and adidas NEO. In addition, high-single-digit increases in the training category contributed to the sales growth. Currency translation effects had a positive impact on revenues in euro terms. adidas sales in MEAA increased 25% to € 1.631 billion (2014: € 1.305 billion).

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

	Nine months 2015	Nine months 2014	Change
Net sales	1,845	1,473	25.2%
Gross profit	951	781	21.9%
Gross margin	51.6%	53.0%	(1.4pp)
Segmental operating profit	546	458	19.3%
Segmental operating margin	29.6%	31.1%	(1.5pp)

Reebok revenues in MEAA increased 13% on a currency-neutral basis in the first nine months of 2015, mainly as a result of double-digit growth in Classics and in the training and studio categories as well as a high-single-digit improvement in running. Currency translation effects had a positive impact on revenues in euro terms. Reebok sales in MEAA were up 27% to € 214 million from € 168 million in the prior year.

Other Businesses

Other Businesses third quarter sales development

In the third quarter of 2015, revenues of Other Businesses were up 10% on a currency-neutral basis, as a result of sales increases at TaylorMade-adidas Golf and Reebok-CCM Hockey as well as in Other centrally managed businesses. Currency translation effects positively impacted revenues in euro terms. Sales of Other Businesses increased 18% to € 342 million (2014: € 290 million).

Other Businesses first nine months results

In the first nine months of 2015, revenues of Other Businesses were down 3% on a currency-neutral basis. Double-digit sales increases at Reebok-CCM Hockey as well as in Other centrally managed businesses were more than offset by sales declines at TaylorMade-adidas Golf. Currency translation effects positively impacted revenues in euro terms. Sales of Other Businesses increased 9% to € 1.084 billion (2014: € 992 million). see Table 41

Gross margin in Other Businesses decreased 1.6 percentage points to 34.3% (2014: 35.9%), mainly due to lower product margins at TaylorMade-adidas Golf and Reebok-CCM Hockey. Gross profit was up 4% to € 372 million in the first nine months of 2015 versus € 356 million in 2014. see Table 41

Operating expenses increased 7% to € 447 million from € 415 million in 2014, as a result of higher sales expenditure as well as higher marketing investments. Operating expenses as a percentage of sales decreased 0.7 percentage points to 41.2% (2014: 41.9%).

In the first nine months of 2015, Other Businesses recorded an operating loss of € 68 million (2014: operating loss of € 53 million). This resulted in a negative operating margin of 6.3% compared to a negative operating margin of 5.3% in 2014. The positive effect of lower operating expenses as a percentage of sales was more than offset by the decline in gross margin. see Table 41

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

	Nine months 2015	Nine months 2014	Change
Net sales	1,084	992	9.3%
TaylorMade-adidas Golf	678	673	0.7%
Reebok-CCM Hockey	232	188	23.3%
Other centrally managed businesses	171	131	31.2%
Gross profit	372	356	3.6%
Gross margin	34.3%	35.9%	(1.6pp)
Segmental operating profit	(68)	(53)	(28.6%)
Segmental operating margin	(6.3%)	(5.3%)	(0.9pp)

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

Other Businesses development by segment

TaylorMade-adidas Golf revenues declined 13% on a currency-neutral basis in the first nine months of 2015. This development was due to sales decreases in most categories, in particular metalwoods and irons. Currency translation effects positively impacted TaylorMade-adidas Golf sales in euro terms. Revenues increased 1% to € 678 million from € 673 million in the prior year.

see Table 41

Currency-neutral Reebok-CCM Hockey sales were up 12%. This increase was mainly due to double-digit growth in key categories such as skates, sticks and protective equipment. In addition, double-digit increases in apparel contributed to this development. Currency translation effects positively impacted sales in euro terms. Reebok-CCM Hockey revenues increased 23% to € 232 million in the first nine months of 2015 from € 188 million in 2014.

see Table 41

Other centrally managed businesses revenues increased 29% on a currency-neutral basis, as a result of strong double-digit sales growth at all sub-brands. Currency translation effects had a positive impact on sales in euro terms. Revenues in Other centrally managed businesses increased 31% to € 171 million in the first nine months of 2015 (2014: € 131 million).

see Table 41

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 our extensive pipeline of new and innovative products 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 now forecast adidas Group sales to increase at a high-single-digit rate on a currency-neutral basis, driven by the strong momentum at both adidas and Reebok. Given the continuous strength 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 forecasted to be at a level between 48.0% and 48.5% and the Group's 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 around 10%.

Subsequent Events

No subsequent events

Since the end of the third 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 is projected to increase by 2.4% in 2015. Growth is forecasted 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. Concerns about future demand as a result of the expected slowdown of the Chinese economy as well as ongoing uncertainties over the timing and magnitude of tightening by the US Federal Reserve are also projected to weigh on the global outlook. At 1.8%, developed economies are expected to grow slightly faster than last year, supported by improving labour markets, growing consumer spending, low inflation rates and lower oil prices. At 3.9%, growth in developing countries should benefit from the accelerated recovery in high-income markets, the continued support from accommodative monetary policy stances as well as lower inflationary pressures. Oil prices are forecasted to remain low, encouraging global growth and resulting in a divergent outlook for oil-exporting and oil-importing countries. However, in an environment of declining commodity prices, reduced capital flows into emerging markets and pressure on their currencies, downside risks have risen, particularly for emerging markets.

1) Sources: IMF, HSBC Global Research.

In Western Europe, external demand is expected to improve slightly despite slowdowns in emerging markets such as Russia and China. Private investment is forecasted to gradually pick up and consumer spending is projected to remain resilient as a result of stronger real wages from declining oil prices. In addition, accommodative monetary policies are predicted to support economic activity, gradually lifting inflation from previous low levels. Moreover, low interest rates are expected to spur private consumption and further support household borrowing. As a result, the region's GDP is expected to expand at a rate of 1.5%. In Germany, the economy is also projected to grow 1.5%, with buoyant domestic and private consumer demand as well as robust labour markets prevailing as the major drivers of growth, which is however forecasted to be held back by subdued investment spending. In the long term, increased fears and uncertainty about a global slowdown are expected to have a negative impact on demand and investment activity.

European emerging markets are expected to grow at a moderate pace of 0.7% 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. Russia's economy will be particularly affected and, as a result, is forecasted to contract 4.0% this year.

In the USA, consumer spending is projected to remain the major source of growth, supported by declining unemployment rates and weak oil prices. Despite low inflationary pressures, the strong US dollar and slower global growth will continue to weigh on exports, tempering the overall GDP expansion for the remainder of the year. With regard to monetary policy, the US Federal Reserve is expected to commence policy normalisation by the end of the year by lifting interest rates. The US economy is forecasted to grow at around 2.4% in 2015.

Asia's GDP is projected to increase 3.9% in 2015. With the exception of Japan, growth is expected to remain relatively high during the remainder of the year, supported by healthy industrial activity, weak oil prices, declining inflationary pressures and significant wage increases, which are bolstering consumer spending. While concerns regarding a slowdown in the Chinese economy grew during the third quarter, the nation's GDP is forecasted to expand by 7.1% in 2015, fuelled by accommodative fiscal and monetary policies, rising consumer spending and significant wage growth. However, export growth is forecasted to weaken, weighing on manufacturing output and investment growth and putting pressure on industrial production. While Japan is predicted to continue to grow at subdued levels, supported by low inflationary pressures and accommodative monetary policies, India is expected to drive growth through strong private domestic demand, strengthened investment, low commodity prices and growing consumer spending.

In Latin America, GDP growth is expected to increase 0.3% in 2015. Positive performance in several countries is forecasted to offset the adverse economic conditions of the largest economies, e.g. Brazil and Argentina, where currency fluctuations, political instability, weakening commodity prices, high inflationary pressures and the weakness in the job market are expected to slow down the region's overall 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 the European emerging markets, the projected decline in real wages from low oil prices and the geopolitical tensions in Russia and Ukraine provide 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. 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 sales momentum gained from the 2014 FIFA World Cup in Brazil, headwinds from high inflation, weakness in the labour market, low commodity prices 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 expected to increase at a high-single-digit rate in 2015

We expect adidas Group sales to increase at a high-single-digit rate (previously: mid-single-digit rate) on a currency-neutral basis in 2015. Despite the continued 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. Group sales development will be driven by the strong 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 as well as the expected sales decline at TaylorMade-adidas Golf. Currency translation is expected to positively impact our top-line development in reported terms, given the continuous strength 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 nearly all 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 prior year, gradual macroeconomic improvements, the build-up to the UEFA EURO 2016 and, in particular, the strong brand momentum at adidas and Reebok will positively impact sales development. As a result, we forecast currency-neutral sales in Western Europe to grow at a double-digit rate, with both adidas and Reebok contributing to the strong sales increase. In North America, currency-neutral sales are projected to grow at a mid-single-digit rate (previously: 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 key categories. Currency-neutral Reebok sales are projected to be below the prior year level. In Greater China, currency-neutral sales are forecasted to increase at a double-digit rate, with both adidas and Reebok projected to contribute to the increase. This development will be supported by further expanding and solidifying our distribution footprint in the market. In Russia/CIS, depressed 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 high-single-digit rate (previously: mid-single-digit rate), with both adidas and Reebok contributing to this development. In Japan, last year's increase in the consumption tax rate is expected to dampen growth prospects in the region. Consequently, currency-neutral sales are forecasted to grow at a low-single-digit rate. Lastly, in MEAA we expect currency-neutral sales to grow at a double-digit rate, driven by markets such as South Korea, the United Arab Emirates and Turkey, where both adidas and Reebok enjoy strong momentum.

Currency-neutral sales of Other Businesses expected to be below the prior year level

In 2015, currency-neutral revenues of Other Businesses are expected to be below the prior year level. Currency-neutral sales at Reebok-CCM Hockey are projected to grow at a high-single-digit rate (previously: mid-single-digit rate), supported by new product introductions in the key categories skates and protective equipment. At TaylorMade-adidas Golf, currency-neutral revenues are forecasted to decrease versus the prior year level. The slower-than-expected recovery of the golf business reflects the continued weakness in the equipment market, which is negatively impacting TaylorMade-adidas Golf's sales development in 2015. In addition, further restructuring measures initiated at TaylorMade-adidas Golf are expected to weigh on TaylorMade-adidas Golf's top-line development in 2015.

Currency-neutral retail revenues to increase at a mid- to high-single-digit rate

adidas Group currency-neutral retail sales are projected to grow at a mid- to high-single-digit rate (previously: mid-single-digit rate), driven by significant increases in eCommerce. Comparable store sales are expected to increase at a low- to mid-single-digit rate (previously: to remain stable). The Group expects a net closure of around 50 adidas and Reebok stores in 2015 (previously: net closure of around 40 stores). We plan to open around 280 new stores, depending on the availability of desired locations. Approximately 330 stores will be closed over the course of the year, primarily in Russia/CIS. Around 150 stores will be remodelled.

Group gross margin expected to grow to a level between 48.0% and 48.5%

In 2015, the adidas Group gross margin is forecasted to increase to a level between 48.0% and 48.5% (previously: between 47.5% and 48.5%) compared to the prior year level of 47.6%. The more favourable pricing and product mix at both adidas and Reebok together with the more favourable channel mix as a result of the further expansion and improvement of our controlled space initiatives are expected to positively influence the Group's gross margin development. However, adverse currency movements in emerging markets, in particular in Russia/CIS, higher input costs as well as lower product margins at TaylorMade-adidas Golf are projected to negatively impact the Group's gross margin development.

Group other operating expenses as a percentage of sales to increase moderately due to higher sales and marketing investments

In 2015, the Group's other operating expenses as a percentage of sales are expected to increase moderately compared to the prior year level of 42.7% (previously: around the prior year level). Sales and marketing investments as a percentage of sales are projected to increase versus the prior year. Given the robust momentum at adidas and Reebok, we are stepping up marketing and point-of-sale investments in 2015 to secure and drive brand desirability and, as a result, generate faster growth rates and market share gains, particularly in developed markets such as North America and Western Europe. Operating overhead expenditure as a percentage of sales is forecasted to be around the level recorded in 2014.

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.

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

		Previous guidance [2]
Currency-neutral sales development (in %):		
adidas Group	high-single-digit rate increase	mid-single-digit rate increase
Western Europe	double-digit rate increase	
North America	mid-single-digit rate increase	low- to mid-single-digit rate increase
Greater China	double-digit rate increase	
Russia/CIS	decline	
Latin America	high-single-digit rate increase	mid-single-digit rate increase
Japan	low-single-digit rate increase	
MEAA	double-digit rate increase	
Other Businesses	below prior year level	
TaylorMade-adidas Golf	below prior year level	
Reebok-CCM Hockey	high-single-digit rate increase	mid-single-digit rate increase
Gross margin	48.0% to 48.5%	47.5% to 48.5%
Other operating expenses in % of sales	moderate increase	around prior year level
Operating margin [3]	6.5% to 7.0%	
Net income from continuing operations [3]	to increase at a rate of around 10%	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 closure of around 50 stores	net closure of around 40 stores
Gross borrowings	moderate decline	

1) Figures reflect continuing operations as a result of the divestiture of the Rockport business.
2) Figures as published on August 6, 2015.
3) Excluding goodwill impairment.

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.

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

Net income from continuing operations excluding goodwill impairment is projected to increase at a rate of around 10% (previously: to increase at a rate of between 7% and 10%) compared to net income from continuing operations excluding goodwill impairment losses of € 642 million in 2014. 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 projected to be at a level of around 32.0% (previously: around 30.0%) and thus above the prior year level 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 projected to decrease moderately compared to the prior year level (2014: 22.4%). This is mainly due to the targeted working capital improvements.

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 € 374 million 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 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, overall the Group's risk profile remains unchanged.

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

Product	Brand
Messi 10/10 limited-edition football boot	adidas
Q0 Ultra Boost and Supernova Glide running packages	adidas
adizero Primeknit Boost running shoe	adidas
ClimaHeat training collection	adidas
Terrex Tech Rock ClimaHeat outdoor jacket	adidas
adidas Originals NMD shoe	adidas
adidas Originals x Rita Ora collection	adidas
adidas Originals x Palace collection	adidas
adidas Originals x Kanye West Yeezy Season 1 apparel collection	adidas
ZPump Rise basketball shoe	Reebok
project (a) golf balls	TaylorMade
Boost golf footwear	adidas Golf
Blue hybrid	Adams

Consolidated Statement of Financial Position

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

	September 30, 2015	September 30, 2014	Change in %	December 31, 2014
ASSETS				
Cash and cash equivalents	1,060	632	67.9	1,683
Short-term financial assets	5	5	4.2	5
Accounts receivable	2,502	2,322	7.7	1,946
Other current financial assets	424	337	25.6	398
Inventories	2,698	2,647	1.9	2,526
Income tax receivables	84	78	7.2	92
Other current assets	531	465	14.4	425
Assets classified as held for sale	13	11	17.8	272
Total current assets	**7,318**	**6,498**	**12.6**	**7,347**
Property, plant and equipment	1,561	1,417	10.2	1,454
Goodwill	1,379	1,259	9.6	1,169
Trademarks	1,595	1,555	2.6	1,432
Other intangible assets	179	156	14.5	162
Long-term financial assets	134	128	4.3	129
Other non-current financial assets	102	29	256.3	42
Deferred tax assets	595	601	(0.9)	577
Other non-current assets	125	108	15.7	105
Total non-current assets	**5,671**	**5,253**	**8.0**	**5,070**
Total assets	**12,989**	**11,750**	**10.5**	**12,417**

Rounding differences may arise in percentages and totals.

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

	September 30, 2015	September 30, 2014	Change in %	December 31, 2014
LIABILITIES AND EQUITY				
Short-term borrowings	508	593	(14.2)	288
Accounts payable	1,476	1,281	15.3	1,652
Other current financial liabilities	130	91	43.1	91
Income taxes	365	347	5.0	294
Other current provisions	468	436	7.4	470
Current accrued liabilities	1,630	1,252	30.2	1,249
Other current liabilities	347	310	12.0	287
Liabilities classified as held for sale	0	–	n.a.	46
Total current liabilities	**4,925**	**4,309**	**14.3**	**4,378**
Long-term borrowings	1,460	588	148.5	1,584
Other non-current financial liabilities	8	10	(19.8)	9
Pensions and similar obligations	294	205	43.8	284
Deferred tax liabilities	393	420	(6.4)	390
Other non-current provisions	44	17	161.2	38
Non-current accrued liabilities	103	54	89.9	81
Other non-current liabilities	53	35	50.8	35
Total non-current liabilities	**2,356**	**1,329**	**77.3**	**2,422**
Share capital	200	209	(4.3)	204
Reserves	599	636	(5.9)	581
Retained earnings	4,917	5,274	(6.8)	4,839
Shareholders' equity	**5,716**	**6,119**	**(6.6)**	**5,624**
Non-controlling interests	(8)	(7)	8.7	(7)
Total equity	**5,708**	**6,112**	**(6.6)**	**5,618**
Total liabilities and equity	**12,989**	**11,750**	**10.5**	**12,417**

Rounding differences may arise in percentages and totals.

Consolidated Income Statement

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

	Nine months 2015	Nine months 2014	Change	Third quarter 2015	Third quarter 2014	Change
Net sales	12,748	10,924	16.7%	4,758	4,044	17.7%
Cost of sales	6,546	5,621	16.5%	2,454	2,126	15.4%
Gross profit	**6,202**	**5,303**	**16.9%**	**2,304**	**1,918**	**20.1%**
(% of net sales)	48.6%	48.5%	0.1pp	48.4%	47.4%	1.0pp
Royalty and commission income	90	77	17.0%	32	27	17.3%
Other operating income	75	104	(28.4%)	14	19	(26.5%)
Other operating expenses	5,265	4,561	15.4%	1,845	1,565	17.9%
(% of net sales)	41.3%	41.8%	(0.4pp)	38.8%	38.7%	0.1pp
Goodwill impairment losses	18	–	n.a.	–	–	–
Operating profit	**1,083**	**923**	**17.3%**	**505**	**399**	**26.5%**
(% of net sales)	8.5%	8.5%	0.0pp	10.6%	9.9%	0.7pp
Financial income	32	14	125.0%	8	5	81.1%
Financial expenses	51	50	2.2%	18	12	53.8%
Income before taxes	**1,064**	**888**	**19.9%**	**495**	**392**	**26.3%**
(% of net sales)	8.3%	8.1%	0.2pp	10.4%	9.7%	0.7pp
Income taxes	345	256	34.8%	158	112	40.8%
(% of income before taxes)	32.4%	28.8%	3.6pp	31.9%	28.6%	3.3pp
Net income from continuing operations	**719**	**632**	**13.8%**	**337**	**280**	**20.5%**
(% of net sales)	5.6%	5.8%	(0.1pp)	7.1%	6.9%	0.2pp
(Losses)/gains from discontinued operations, net of tax	(36)	3	n.a.	(23)	4	n.a.
Net income	**683**	**635**	**7.6%**	**314**	**284**	**10.4%**
(% of net sales)	5.4%	5.8%	(0.5pp)	6.6%	7.0%	(0.4pp)
Net income attributable to shareholders	**678**	**630**	**7.6%**	**311**	**282**	**10.4%**
(% of net sales)	5.3%	5.8%	(0.4pp)	6.5%	7.0%	(0.4pp)
Net income attributable to non-controlling interests	**5**	**5**	**5.6%**	**3**	**2**	**11.2%**
Basic earnings per share from continuing operations (in €)	3.54	3.00	18.0%	1.67	1.33	26.0%
Diluted earnings per share from continuing operations (in €)	3.54	3.00	18.0%	1.67	1.33	26.0%
Basic earnings per share from continuing and discontinued operations (in €)	3.36	3.01	11.5%	1.55	1.35	15.4%
Diluted earnings per share from continuing and discontinued operations (in €)	3.36	3.01	11.5%	1.55	1.35	15.4%

Rounding differences may arise in percentages and totals.

Consolidated Statement of Comprehensive Income

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

	Nine months 2015	Nine months 2014
Net income after taxes	**683**	**635**
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)	(1)
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**(2)**	**(1)**
Items of other comprehensive income that are or will be reclassified subsequently to profit or loss when specific conditions are met		
Net loss on cash flow hedges, net of tax	(95)	138
Reclassification of foreign currency differences on loss of significant influence	5	–
Currency translation differences	110	176
Subtotal of items of other comprehensive income that are or will be reclassified subsequently to profit or loss when specific conditions are met	**19**	**314**
Other comprehensive income	**18**	**313**
Total comprehensive income	**701**	**948**
Attributable to shareholders of adidas AG	696	944
Attributable to non-controlling interests	5	4

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

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 reserve	Other reserves[1]	Retained earnings	Shareholders' 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			177	137	(1)		314	(1)	313
Net income						630	630	5	635
Total comprehensive income			**177**	**137**	**(1)**	**630**	**944**	**4**	**948**
Dividend payment						(314)	(314)	(4)	(318)
Balance at September 30, 2014	**209**	**777**	**(185)**	**103**	**(60)**	**5,274**	**6,119**	**(7)**	**6,112**
Balance at December 31, 2014	**204**	**777**	**(257)**	**176**	**(117)**	**4,839**	**5,624**	**(7)**	**5,618**
Net income recognised directly in equity			114	(95)	(2)		18	(0)	18
Net income						678	678	5	683
Total comprehensive income			**114**	**(95)**	**(2)**	**678**	**696**	**5**	**701**
Repurchase of treasury shares	(4)					(297)	(301)		(301)
Dividend payment						(303)	(303)	(6)	(309)
Balance at September 30, 2015	**200**	**777**	**(142)**	**81**	**(118)**	**4,917**	**5,716**	**(8)**	**5,708**

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

Consolidated Statement of Cash Flows

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

	Nine months 2015	Nine months 2014
Operating activities:		
Income before taxes	1,064	888
Adjustments for:		
Depreciation, amortisation and impairment losses	263	220
Reversals of impairment losses	(2)	(1)
Unrealised foreign exchange losses, net	14	5
Interest income	(13)	(13)
Interest expense	49	46
Losses on sale of property, plant and equipment, net	7	4
Payment for external funding of pension obligations (CTA)	–	(65)
Operating profit before working capital changes	**1,382**	**1,085**
Increase in receivables and other assets	(810)	(412)
Increase in inventories	(197)	(4)
Increase/(decrease) in accounts payable and other liabilities	258	(533)
Cash generated from operations before interest and taxes	**633**	**136**
Interest paid	(33)	(53)
Income taxes paid	(300)	(214)
Net cash generated from/(used in) operating activities – continuing operations	**300**	**(132)**
Net cash generated from/(used in) operating activities – discontinued operations	13	(6)
Net cash generated from/(used in) operating activities	**314**	**(138)**
Investing activities:		
Purchase of trademarks and other intangible assets	(22)	(27)
Proceeds from sale of trademarks and other intangible assets	0	1
Purchase of property, plant and equipment	(289)	(342)
Proceeds from sale of property, plant and equipment	3	4
Acquisition of subsidiaries and other business units net of cash acquired	(217)	–
Proceeds from disposal of discontinued operations net of cash	165	–
(Purchase of)/proceeds from sale of short-term financial assets	(0)	37
Purchase of investments and other long-term assets	(42)	(29)
Interest received	13	13
Net cash used in investing activities – continuing operations	**(388)**	**(344)**
Net cash used in investing activities – discontinued operations	(6)	(5)
Net cash used in investing activities	**(394)**	**(348)**
Financing activities:		
Repayments of long-term borrowings	(10)	–
Repayment of eurobond	–	(500)
Repayments of finance lease obligations	(2)	(2)
Dividend paid to shareholders of adidas AG	(303)	(314)
Dividend paid to non-controlling interest shareholders	(6)	(4)
Repurchase of treasury shares	(301)	–
Proceeds from short-term borrowings	181	375
Repayments of short-term borrowings	(103)	(56)
Net cash used in financing activities	**(544)**	**(500)**
Effect of exchange rates on cash	**2**	**30**
Decrease of cash and cash equivalents	(622)	(956)
Cash and cash equivalents at beginning of the year	1,683	1,587
Cash and cash equivalents at end of the period	**1,060**	**632**

Rounding differences may arise in percentages and totals.

Selected Explanatory Notes to the Interim Consolidated Financial Statements (IFRS) as at September 30, 2015

01 General

The interim consolidated financial statements of adidas AG and its direct and indirect subsidiaries (collectively the 'Group') for the first nine months ending September 30, 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 September 30, 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 nine months ending September 30, 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 nine months ending September 30, 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.

On January 23, 2015, the adidas Group signed a definitive agreement to sell the Rockport operating segment. The transaction was completed on July 31, 2015 for a preliminary cash consideration of US $ 181 million plus fixed and contingent promissory notes.

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.

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

Discontinued operations (€ in millions)

	Nine months 2015	Nine months 2014
Net sales	158	192
Expenses	(171)	(188)
Loss/income from operating activities	**(13)**	**4**
Income taxes	4	(1)
Losses/gains from operating activities, net of tax	**(9)**	**3**
Loss from the sale of discontinued operations	(39)	–
Income taxes	12	–
Loss from the sale of discontinued operations, net of tax	**(27)**	**–**
Losses/gains from discontinued operations, net of tax	**(36)**	**3**
Basic earnings per share from discontinued operations (€)	(0.18)	0.01
Diluted earnings per share from discontinued operations (€)	(0.18)	0.01

The loss from discontinued operations for the first nine months ending September 30, 2015 in an amount of € 36 million (2014: gain of € 3 million) is entirely attributable to the shareholders of adidas AG.

04 Acquisitions

Effective August 5, 2015, adidas International B.V. completed the acquisition of runtastic GmbH ('Runtastic') and consequently owns 100% of the voting rights. Founded in 2009 and headquartered in Pasching near Linz/Austria, Runtastic is a health and fitness apps and related hardware company. With over 140 million downloads and over 70 million registered users, Runtastic is a leader in the digital health and fitness space. The company provides a comprehensive ecosystem for tracking and managing health and fitness data. With this acquisition, the adidas Group intends to further expand its market position within the digital health and fitness space. Runtastic was acquired for a purchase price of € 213 million plus earn-out components which are measured based on the discounted cash flow method. The earn-out components are dependent on retention of the Runtastic management as well as on the achievement of certain performance measures over the first three years after the acquisition.

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

Net assets of runtastic GmbH at the acquisition date (€ in millions)

	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Cash and cash equivalents	3	–	3
Accounts receivable	2	–	2
Inventories	0	–	0
Other current assets	1	–	1
Property, plant and equipment	1	–	1
Trademarks	0	44	44
Other intangible assets	0	25	25
Accounts payable	(1)	–	(1)
Income taxes	(1)	–	(1)
Other current provisions	(1)	–	(1)
Current accrued liabilities	(2)	–	(2)
Other current liabilities	(0)	–	(0)
Deferred tax liabilities	–	(17)	(17)
Net assets	**2**	**52**	**54**
Goodwill arising on acquisition			181
Purchase price in consideration of contingent payments			**235**
Less: contingent payments in subsequent years			(22)
Purchase price settled in cash			**213**
Less: cash and cash equivalents acquired			(3)
Cash outflow on acquisition			**210**

The fair value of intangible assets has been measured provisionally pending completion of an independent valuation.

The following valuation methods for the acquired assets were applied:

⁄ **Trademarks:** The 'relief-from-royalty method' was applied for the trademarks/trade names. The fair value was determined by discounting notional royalty savings after tax and adding a tax amortisation benefit, resulting from the amortisation of the acquired asset.

⁄ **Other intangible assets:** For the valuation of customer relationships, the 'multi-period-excess-earnings method' was used. The respective future excess cash flows were identified and adjusted in order to eliminate all elements not associated with these assets. Future cash flows were measured on the basis of the expected net sales by deducting variable and sales-related imputed costs for the use of contributory assets. Subsequently, the outcome was discounted using the appropriate discount rate and adding a tax amortisation benefit. For the valuation of technology (internally generated software), the 'depreciated-replacement-cost method' was used. The replacement costs are determined by applying an index to the asset's historical cost. The replacement costs are then adjusted for the loss in value caused by depreciation.

The excess of the acquisition cost paid versus the net of the amounts of the fair values assigned to all assets acquired and liabilities assumed, taking into consideration the respective deferred taxes, was recognised as goodwill. It mainly arose from expected synergies. Any acquired asset that did not meet the identification and recognition criteria for an asset was included in the amount recognised as goodwill.

The goodwill arising on this acquisition is to be allocated to the cash-generating units at the time of acquisition. The goodwill is not deductible for tax purposes and is denominated in euro as the local functional currency.

The acquired subsidiary generated net sales in an amount of € 3 million as well as profits in an amount of € 0.5 million for the period from August 5 to September 30, 2015. If this acquisition had occurred on January 1, 2015, total Group net sales would have been € 12.8 billion and net income attributable to shareholders would have been € 680 million for the first nine months ending September 30, 2015.

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 € 8 million as well as profits in an amount of € 0 million for the period from January 2 to September 30, 2015.

05 Assets/liabilities classified as held for sale

At September 30, 2015, assets held for sale mainly comprise land of adidas AG, following a signed contract which is still awaiting certain conditions to be fulfilled that are not in the area of influence of the adidas Group.

The sale of the Rockport operating segment was completed on July 31, 2015. The following assets and liabilities which were reported as assets/liabilities held for sale since December 31, 2014 are consequently derecognised from the consolidated statement of financial position as of July 31, 2015:

Effect of disposal on the financial position of the Group (€ in millions)

	July 31, 2015
Cash and cash equivalents	(1)
Current assets	(138)
Non-current assets	(123)
Liabilities	60
Net assets	**(202)**

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.

The allocation of goodwill to the new groups of cash-generating units was performed in the first quarter of 2015 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)

	Sept. 30, 2015	Jan. 1, 2015
Western Europe	507	481
Greater China	195	186
TaylorMade-adidas Golf	292	290
Other	385	211
Total	**1,379**	**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. At September 30, 2015 'Other' includes goodwill arising from a preliminary purchase price allocation in connection with the Runtastic acquisition in the amount of € 181 million to be allocated to the cash-generating units. 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 operating segments and associated cash-generating units respectively, the Group assessed in the first quarter of 2015 whether goodwill impairment was required. The underlying value drivers and key assumptions for impairment testing purposes remained in principle unchanged compared to the impairment test performed for the consolidated financial statements at December 31, 2014. Goodwill impairment losses in the first quarter of 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 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	26	10	1	10	47
Increase in companies consolidated	–	–	–	181	181
Impairment losses	–	–	–	(18)	(18)
September 30, 2015	**507**	**195**	**292**	**385**	**1,379**

07 Shareholders' equity

In the period from January 1, 2015 to September 30, 2015, the nominal capital of adidas AG ('the company') did not change. Consequently, on September 30, 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 of the company 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 which was concluded on June 15, 2015. The total number of shares repurchased within the second tranche of the share buyback programme in the period from March 6, 2015 up to and including June 15, 2015 amounted to 4,129,627 shares. This corresponded to a notional amount of € 4,129,627 in the nominal capital and consequently 1.97% of the nominal capital of the company. The shares were repurchased at an average price of € 72.65. In the context of the second tranche, shares in the total amount of € 299,999,992 (excluding incidental purchasing costs) were repurchased.

On April 9, 2015, the company exceeded (including the shares repurchased in 2014) the threshold of 3% of shares in adidas AG reportable in accordance with § 26 section 1 sentence 2 German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). At that time, the voting rights amounted to 3.002% (6,281,429 shares).

As at the balance sheet date, the company held a total of 9,018,769 treasury shares (including the shares repurchased in 2014), corresponding to a notional amount of € 9,018,769 in the nominal capital and consequently 4.31% 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 September 30, 2015, according to categories of IAS 39 and their fair values

(€ in millions)	Category according to IAS 39	Carrying amount Sept. 30, 2015	Measurement according to IAS 39			Measurement according to IAS 17	Fair value Sept. 30, 2015
			Amortised cost	Fair value recognised in equity	Fair value recognised in net income		
Financial assets							
Cash and cash equivalents	n.a.	1,060	1,060				1,060
Short-term financial assets	FAHfT	5			5		5
Accounts receivable	LaR	2,502	2,502				2,502
Other current financial assets							
Derivatives being part of a hedge	n.a.	203		203			203
Derivatives not being part of a hedge	FAHfT	84			84		84
Other financial assets	LaR	136	136				136
Long-term financial assets							
Other equity investments	FAHfT	80			80		80
Available-for-sale financial assets	AfS	53	18	35			53
Loans	LaR	0	0				0
Other non-current financial assets							
Derivatives being part of a hedge	n.a.	3		3			3
Derivatives not being part of a hedge	FAHfT	17			17		17
Contingent promissory notes	AfS	40		40			40
Other financial assets	LaR	43	43				43
Assets classified as held for sale	LaR	0	0				0
Financial liabilities							
Short-term borrowings							
Bank borrowings	FLAC	374	374				374
Private placements	FLAC	134	134				136
Eurobond	FLAC	–	–				–
Convertible bond	FLAC	–	–				–
Accounts payable	FLAC	1,476	1,476				1,476
Current accrued liabilities	FLAC	567	567				567
Other current financial liabilities							
Derivatives being part of a hedge	n.a.	56		56			56
Derivatives not being part of a hedge	FLHfT	29			29		29
Other financial liabilities	FLAC	42	42				42
Finance lease obligations	n.a.	3				3	3
Long-term borrowings							
Bank borrowings	FLAC	–	–				–
Private placements	FLAC	–	–				–
Eurobond	FLAC	981	981				1,001
Convertible bond	FLAC	480	480				574
Non-current accrued liabilities	FLAC	8	8				8
Other non-current financial liabilities							
Derivatives being part of a hedge	n.a.	–					–
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
Earn-out components	n.a.	22			22		22
Liabilities classified as held for sale	FLAC	0	0				0
Thereof: aggregated by category according to IAS 39							
Financial assets at fair value through profit or loss		186					
Thereof: designated as such upon initial recognition (Fair Value Option – FVO)		–					
Thereof: Held for Trading (FAHfT)		186					
Loans and Receivables (LaR)		2,681					
Available-for-Sale Financial Assets (AfS)		93					
Financial Liabilities Measured at Amortised Cost (FLAC)		4,061					
Financial Liabilities at fair value through profit or loss Held for Trading (FLHfT)		31					

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 September 30, 2015

(€ in millions)	Fair value Sept. 30, 2015	Level 1	Level 2	Level 3
Short-term financial assets	5		5	
Derivative financial instruments				
Derivatives being part of a hedge	206		206	
Derivatives not being part of a hedge	100		100	
Long-term financial assets	115		35	80 [1]
Contingent promissory notes	40			40
Financial assets	**466**		**346**	**120**
Short-term borrowings	511		511	
Derivative financial instruments				
Derivatives being part of a hedge	56		56	
Derivatives not being part of a hedge	31		31	
Long-term borrowings	1,575	1,575		
Earn-out components	22			22
Financial liabilities	**2,194**	**1,575**	**598**	**22**

	Fair value Jan. 1, 2015	Gains	Losses	Fair value Sept. 30, 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 nine months of 2015, depreciation and amortisation expense for tangible and intangible assets (excluding goodwill) and impairment losses amounted to € 257 million (2014: € 217 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 nine months ending September 30, 2015 as the conversion right has no value at the balance sheet date. The average share price reached € 69.08 per share during the first nine months of 2015 and thus did not exceed the conversion price of € 82.50 per share. As a consequence of contractual provisions relating to dividend protection, the conversion price was adjusted from € 82.56 to € 82.50 per share. This adjustment became effective on May 8, 2015.

Earnings per share

	Nine months 2015	Nine months 2014
Net income from continuing operations (€ in millions)	719	632
Net income attributable to non-controlling interests (€ in millions)	5	5
Net income from continuing operations attributable to shareholders (€ in millions)	**714**	**627**
Weighted average number of shares	201,987,657	209,216,186
Basic and diluted earnings per share from continuing operations (in €)	**3.54**	**3.00**
Net income attributable to shareholders (€ in millions)	678	630
Weighted average number of shares	201,987,657	209,216,186
Basic and diluted earnings per share from continuing and discontinued operations (in €)	**3.36**	**3.01**

Further information on basic and diluted earnings per share from discontinued operations is provided in Note 03.

see Note 03, p. 55

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 first nine months ending September 30, 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', 14 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, Runtastic 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 investments 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 investments) 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 nine months ending September 30, 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	3,508	3,017	805	598	1,327	1,163	64	57
North America	2,010	1,608	63	81	908	806	75	72
Greater China	1,852	1,304	649	467	379	327	136	124
Russia/CIS	562	835	55	126	194	321	12	16
Latin America	1,368	1,200	188	165	678	674	85	77
Japan	518	493	90	74	236	247	25	55
MEAA	1,845	1,473	546	458	656	591	71	69
Other Businesses (continuing operations)	1,084	992	(68)	(53)	694	667	108	98
Other Businesses (discontinued operations)	158	192	(17)	4	0	143	0	32
Other Businesses (total)	1,243	1,184	(86)	(49)	694	810	108	131
Total	**12,906**	**11,116**	**2,311**	**1,920**	**5,072**	**4,940**	**577**	**601**

1) Nine months.
2) At September 30.

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	25	19	21	20	(0)	(0)
North America	29	21	15	12	–	–
Greater China	40	27	32	23	0	(1)
Russia/CIS	11	26	21	31	(2)	–
Latin America	15	15	15	12	–	–
Japan	6	4	5	5	–	–
MEAA	19	19	19	14	1	(0)
Other Businesses (continuing operations)	13	17	15	12	(0)	(0)
Other Businesses (discontinued operations)	4	4	4	5	(0)	(0)
Other Businesses (total)	17	20	19	17	(0)	(0)
Total	**160**	**151**	**148**	**133**	**(1)**	**(1)**

1) Nine months.

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)

	Nine months 2015	Nine months 2014
Reportable segments	11,664	9,932
Other Businesses	1,243	1,184
Reclassification to discontinued operations	(158)	(192)
Total	**12,748**	**10,924**

Operating profit (€ in millions)

	Nine months 2015	Nine months 2014
Operating profit for reportable segments	2,397	1,969
Operating profit for Other Businesses	(86)	(49)
Segmental operating profit	**2,311**	**1,920**
HQ/Consolidation	(778)	(594)
Central marketing working budget	(449)	(400)
Goodwill impairment losses	(18)	–
Reclassification to discontinued operations	17	(4)
Operating profit	**1,083**	**923**
Financial income	32	14
Financial expenses	(51)	(50)
Income before taxes	**1,064**	**888**

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)

	Nine months 2015	Nine months 2014
Reportable segments	143	131
Other Businesses	17	20
Reclassification to discontinued operations	(4)	–
HQ/Consolidation	159	222
Total	**315**	**373**

Depreciation and amortisation (€ in millions)

	Nine months 2015	Nine months 2014
Reportable segments	130	116
Other Businesses	19	17
Reclassification to discontinued operations	(4)	(5)
HQ/Consolidation	95	90
Total	**240**	**218**

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

	Nine months 2015	Nine months 2014
Reportable segments	(1)	(1)
Other Businesses	(0)	(0)
Reclassification to discontinued operations	0	0
HQ/Consolidation	18	–
Total	**17**	**(1)**

Assets (€ in millions)

	Sept. 30, 2015	Sept. 30, 2014
Accounts receivable and inventories of reportable segments	4,378	4,130
Accounts receivable and inventories of Other Businesses	694	810
Segmental assets	**5,072**	**4,940**
Non-segmental accounts receivable and inventories	128	30
Current financial assets	1,490	974
Other current assets	629	554
Non-current assets	5,671	5,253
Reclassification to assets classified as held for sale	0	–
Total	**12,989**	**11,750**

Liabilities (€ in millions)

	Sept. 30, 2015	Sept. 30, 2014
Accounts payable of reportable segments	468	470
Accounts payable of Other Businesses	108	131
Segmental liabilities	**577**	**601**
Non-segmental accounts payable	900	680
Current financial liabilities	639	684
Other current liabilities	2,810	2,345
Non-current liabilities	2,356	1,329
Reclassification to liabilities classified as held for sale	0	–
Total	**7,281**	**5,638**

12 Events after the balance sheet date

Between the end of the first nine months of 2015 and the finalisation of these interim consolidated financial statements on November 2, 2015, there were no major Group-specific matters which we expect to influence our business materially going forward.

Herzogenaurach, November 2, 2015
The Executive Board of adidas AG

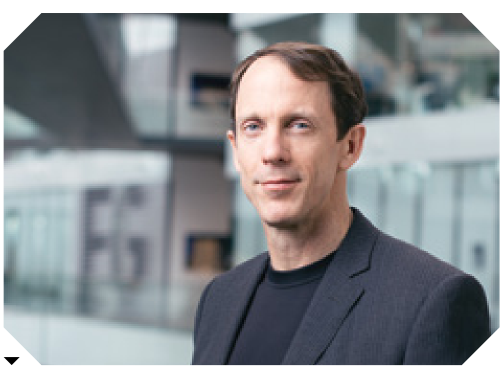
Executive and Supervisory Boards

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

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Supervisory Board

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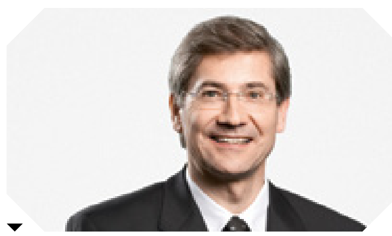
CHAIRMAN

Sabine Bauer*
DEPUTY CHAIRWOMAN

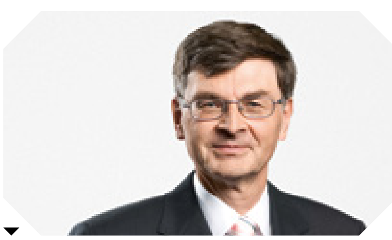
Willi Schwerdtle
DEPUTY CHAIRMAN

Dieter Hauenstein*



Dr. Wolfgang Jäger*

Dr. Stefan Jentzsch



Herbert Kauffmann

Katja Kraus

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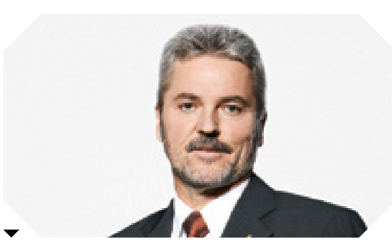

Roland Nosko*

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

2016

MAR

03

Full Year 2015 Results

Analyst and press conferences in Herzogenaurach, Germany
Press release, conference call and webcast
Publication of 2015 Annual Report

MAY

04

First Quarter 2016 Results

Press release, conference call and webcast
Publication of First Quarter 2016 Report

MAY

12

Annual General Meeting

FUERTH (BAVARIA), GERMANY
Webcast

13

Dividend payment

(subject to Annual General Meeting approval)

AUG

04

First Half 2016 Results

Press release, conference call and webcast
Publication of First Half 2016 Report

NOV

03

Nine Months 2016 Results

Press release, conference call and webcast
Publication of Nine Months 2016 Report

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