Universidade do Minho
Escola de Economia e Gestão e Ciência Política

Carlota Maria Rodrigues Xavier

Equity Research Report of Adidas AG

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Escola de Economia e Gestão e Ciência Política

Carlota Maria Rodrigues Xavier

Equity Research Report of Adidas AG

Master's Project
Master in Finance

Supervised by
Professor Nelson Areal

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Finishing and submitting this project marks the end of one of the most important stages of my life and the end of my journey at the University of Minho.

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Finally, to my boyfriend, Diogo, and to all my friends, I would like to thank you for your presence and encouragement throughout my academic journey and for always celebrating my achievements.

RESUMO

O presente relatório consiste num Equity Research desenvolvido no âmbito do Mestrado de Finanças da Universidade do Minho e seguindo a estrutura proposta pelo CFA Institute. O foco deste relatório é a Adidas AG, uma das principais líderes da indústria de artigos desportivos.

A avaliação da empresa é baseada no método dos Fluxos de Caixa Descontados, e é também complementada por uma avaliação relativa baseada em múltiplos de mercado, uma análise de cenários e uma análise se sensibilidade. Neste contexto, todas as projeções financeiras são realizadas para um período de previsão definido de 10 anos, que refletem todos os pressupostos de crescimento das receitas, melhoria operacional e otimização da sua estrutura de custos.

Com base na avaliação, é obtido um preço alvo de €146.86, que comparando com a cotação no dia 10 de abril de 2026, de €137.80, corresponde a um potencial de valorização de 6.58%.
Estes resultados sugerem que a empresa se encontra subavaliada, embora que próxima do seu valor intrínseco.

De forma geral, a análise deste relatório reflete a recuperação gradual do desempenho operacional da Adidas, considerando a sua forte posição de mercado.

Palavras-Chaves: Adidas AG, Avaliação de Empresa; Fluxos de Caixa Descontados; Avaliação Relativa; Análise de Cenários; Análise de Sensibilidade; Preço Alvo

ABSTRACT

This report presents an Equity Research analysis developed within the scope of the Master's in Finance program at the University of Minho, following the framework proposed by the CFA Institute. The focus of this report is Adidas AG, one of the leading companies in the sportswear industry.

The company's valuation is primarily based on the Discounted Cash Flow method, and is further complemented by a relative valuation approach using market multiples, as well as scenario and sensitivity analysis. In this context, all financial projections are developed over a defined forecast period of 10 years, reflecting all assumptions regarding revenue growth, operational improvement, and cost structure optimization.

Based on the valuation, a target price of €146.86 is obtained, which, compared to the share price of €137.80 as of April 10, 2026, corresponds to a potential upside of 6.58%. These results suggest that the company is undervalued, although trading close to its intrinsic value.

Overall, the analysis in this report reflects a gradual recovery of Adidas' operational performance, considering its strong market position.

Keywords: Adidas AG; Company´s Valuation; Discounted Cash Flows; Relative Valuation; Scenario analysis; Sensitivity analysis; Target Price

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List of acronyms

CAPEX (CapEx) – Capital Expenditures
CAPM – Capital Asset Pricing Model
CAGR - Compound Annual Growth Rate
COGS - Cost of Goods Sold
DCF – Discounted Cash Flow
DTC - Direct-to-Consumer
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EBT - Earnings Before Taxes
ERP - Equity Risk Premium
ESG - Environmental, Social and Governance
ESRS - European Sustainability Reporting Standards
EV - Enterprise Value
EV/EBITDA – Enterprise Value to EBITDA
EV/Sales – Enterprise Value to Sales
FCFF – Free Cash Flow to the Firm
GDP – Gross Domestic Product
GHG – Greenhouse Gas
KPI – Key Performance Indicator
LT – Long-Term
NOPAT – Net Operating Profit After Taxes
P/E – Price-to-Earnings Ratio
PPE – Property, Plant and Equipment
ROA – Return on Assets
ROE – Return on Equity
ROIC – Return on Invested Capital
SBTi – Science Based Targets initiative
SG&A – Selling, General and Administrative Expenses
S-KPI – Social Key Performance Indicator
ST – Short-Term
WACC – Weighted Average Cost of Capital

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1. Basic Information

Adidas AG (ADS.DE), listed on the Frankfurt Stock Exchange (XETRA), is one the leading companies operating in the sportswear industry. Founded in 1945 by Adi Dassler the company aims to be "The Best Sports Brand in the World".

As of April 10, 2026, the shares were trading at €137.80 corresponding to a market capitalization of approximately €24.60 billion, calculated based on the current price and the latest reported number of shares outstanding (178.55 million shares) disclosed in the 2024 Annual Report. *(Table 1)*

Based on my valuation using a Discounted Cash Flow (DCF) methodology, I assign a Hold recommendation with a target price of €146.86 per share, implying a 6.58% upside relative to the current share price and also suggesting that the stock is broadly in line with its intrinsic value.

In addition, the company exhibits a widely dispersed ownership structure, with a free float of approximately 93%, supporting strong market liquidity.

***Table 1**- Financial Snapshot*

Investment Recommendation: HOLD	
Target Price (2026)	€146.86
Upside (downside)	6.588%
Current share price (April 10, 2026)	€137.8
Stock Exchange	Frankfurt Stock Exchange (XETRA)
Industry	Sportswear
Sector	Consumer Discretionary
Ticker (Refinitiv)	ADS.DE
52w price range	€129.95 - €227.70
Free float	93%
Shares outstanding (#M)	178.55

Source*: Refinitiv and Author´s estimates*

***Figure 1-** Adidas price per share evolution (last 5years)*



Source*:* Refinitiv Eikon Datastream

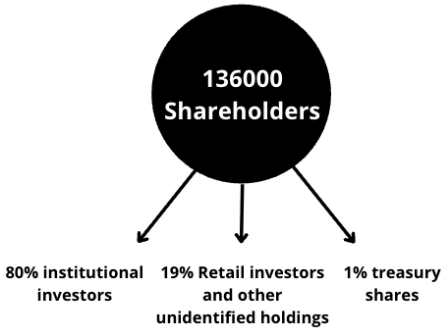
2. Business Description

2.1. Company Overview

Adidas AG is one of the largest global sporting goods companies, operating in multiple markets, and whose portfolio seeks to combine innovation, tradition, and culture.

It is a public company listed on the Frankfurt Stock Exchange and has a global and diversified shareholder base, reflecting market confidence in the brand. In 2024, it had more than 136,000 shareholders, 80% being institutional investors, 19% retail investors and other unidentified holdings, as well as 1% treasury shares, which Adidas holds for potential share

***Figure 2**- Shareholder Structure*



Source*: Annual Report 2024*

buybacks or even employee incentives programs *(Figure 2). (Adidas AG, 2024)*

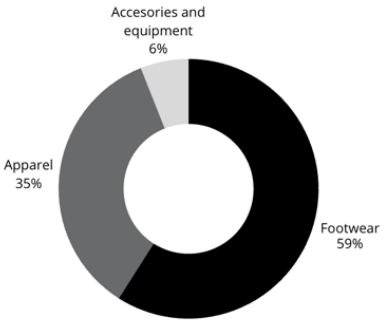
The history of Adidas begins in 1924, when Adolf (Adi) Dassler, together with his brother Rudolf, registered the "Gebrüder Dassler Schuhfabrik" (Dassler Brothers Shoe Factory), which produced some of the first studded sneakers used by medal-winning athletes at the Olympic Games. However, business and personal conflicts led to the brothers ´separation and, consequently, the creation of two rival brands, Adidas, founded by Adi, and Puma, founded by Rudolf. (Adidas AG, 2024)

It was then, in 1949, in Herzogenaurach, Germany, that Adi registered his company 'Adolf Dassler (adidas) Sportschuhfabrik', also widely known as the **"Three Stripes brand,"** which remains today a major symbol of identity and differentiation in the sports market. *(Figure 3)*

***Figure 3**- The Evolution of the Three Stripes*

Source*: Annual Report 2024*

***Figure 4**- Revenue Structure*



Source*: Annual Report 2024*

2.2. Business Model, Revenue and Cost Structure

Adidas structures its business model around footwear, apparel, accessories, and equipment. Despite this, footwear remains the company's strongest segment and main source of revenue, accounting for 59% of sales in 2024, followed by apparel, responsible for 35% of sales, and finally accessories, with 6% of sales *(Figure 4). (Adidas AG, 2024)*

However, Adidas has been experiencing growing and continuous success in its apparel and accessories line, which has also helped build and add more value to the brand, mainly through timeless iconic designs to preserve the desire for its products.

In addition to its main brand, Adidas has a diversified portfolio focused on different segments and audiences. Notable examples include Adidas Originals, oriented towards lifestyle; Adidas Performance, focused on sports performance; Adidas Terrex, dedicated to outdoor products; Y-3, created from the collaboration with Japanese designer Yohji Yamamoto; and Adidas by Stella McCartney, which combines fashion with women's performance wear *(Table 2). (Adidas AG, 2024)*

Additionally, Adidas also previously included in its portfolio the Reebok brand, which was sold in 2022 to Authentic Brands Group, as well as the Yeezy line, resulting from a partnership with Kanye West, which

***Table 2**- Adidas Portfolio*

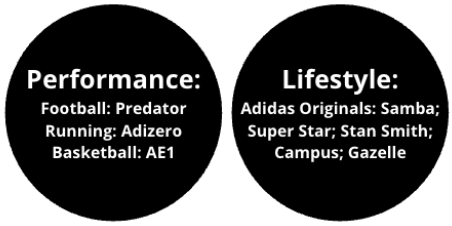
Adidas Portfolio			
Lifestyle	Performance	Outdoor	Colaborations
Adidas Originals	Adidas Perfomance	Adidas Terrex	• Y-3: Collaboration with designer Yohji Yamamoto • Adidas by Stella McCartney

Source*: Annual Report 2024*

***Figure 5**- Former brands in Adidas' portfolio*

Source*: Annual Report 2024*

***Figure 6**- Adidas footwear portfolio*



Source*: Annual Report 2024*

had a major commercial and cultural impact until it was discontinued in the same year. *(Figure 5)*

Currently, Adidas' performance reflects the success of its most iconic products and strategic collaborations, which strengthen the company's positioning in both performance and lifestyle.
Particularly in footwear, within of performance, the brand highlights models such as Predator for football, Adizero for running, and AE1 for basketball. At the lifestyle level, major names from the Adidas Originals line stand out, such as Samba, Superstar, Stan Smith, Campus, and Gazelle. *(Figure 6)*
In apparel, revenue growth has also been supported by the relaunch of classic designs such as the iconic Firebird tracksuits and a renewed focus on innovative, colorful and minimalist collections. (Adidas AG, 2024)

In addition to its revenue structure, Adidas' profitability is heavily influenced by its cost structure, namely cost of goods sold (COGS) and operating expenses *(Figure 7).*

The majority of costs are driven by COGS, as these reflect all logistics, manufacturing, and sourcing expenses. However, improvements in efficiency and supply chain management are being achieved, playing a key role in enhancing cost discipline and consequently, supporting profitability.

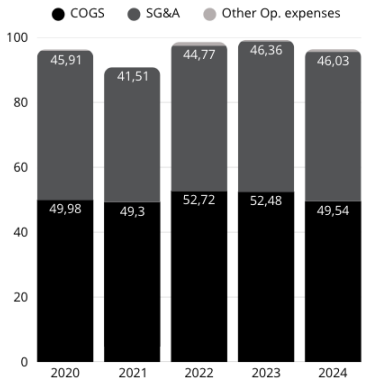
Regarding operating expenses, particularly sales and marketing expenses, they remain an essential component of Adidas' cost base, as the company is highly focused on global exposure through collaborations, while maintaining continuous investments in innovation.

Furthermore, Adidas´ strong brand recognition and its ongoing expansion of its Direct-to-Consumer (DTC) sales channels provide the company with certain degree of pricing power, contributing to both margin improvement and stability over time.

2.3. Distribution and Sales Channels

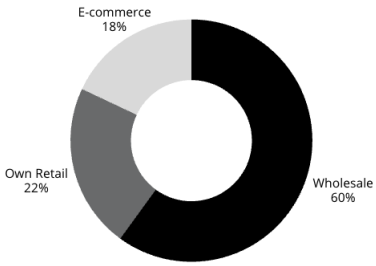
Regarding its sales strategy, Adidas operates through three primary sales channels: **Wholesale**, **Own Retail**, and **E-commerce** *(Figure 8). (Adidas AG, 2024)*
The most important for Adidas, accounting for 60% of sales, is Wholesale, which includes all major retailers that sell Adidas products and are provided with fast

***Figure 7**- Cost Structure (% of sales)*



Source*: Adidas ´Annual Reports*

***Figure 8**- Sales mix by Distribution Channel*

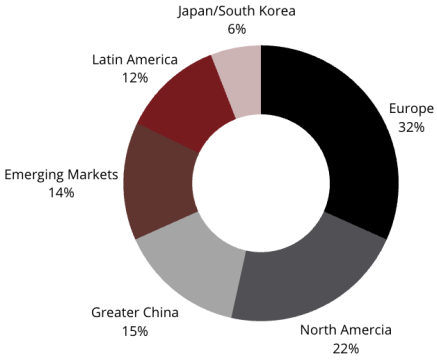


Source*: Annual Report 2024*

***Figure 9**- Adidas Platforms*

Source*: Annual Report 2024*

***Figure 10**- Regional Revenue Breakdown*



Source*: Annual Report 2024*

service and tailored product offerings, that the brand ensures.
The Own Retail channel, accounts for 22% of total sales and includes the brand's physical stores, allowing consumers to experience a direct and immersive interaction with the brand.

Finally, the E-commerce channel represents 18% of total sales, but has been playing an increasingly central role in Adidas' strategy, offering various benefits and advantages to consumers through platforms such as adiClub and Adidas Running App, which help strengthen consumer connection and loyalty to the brand. *(Figure 9)*

2.4. Geographic Exposure

Adidas generates revenue across multiple geographic regions, reflecting the global scale of its operations.
In 2024, Europe represented the company´s largest market, accounting for 32% of total sales, followed by North America, which accounted for 22% of sales, Greater China with 15%, Emerging Markets with 14%, and Latin America, which reported 12% of sales. The Japan and South Korea region, which is less representative for the brand, reported 6%, while other business segments represented approximately 0.4% of sales *(Figure 10). (Adidas AG, 2024)*

Despite its global prominence, Adidas maintains a local mindset, striving to ensure its products are tailored to both local tastes and trends, allowing each region to adapt products, strategies, and marketing to the preferences of its consumer market.
To support this approach, in addition to its headquarters in Herzogenaurach, Germany, which ensures the brand's global structure and manages the European market, Adidas has other regional organizations responsible for maintaining relevance in each market. The North American market is managed from Portland; Greater China from Shanghai; Emerging Markets from Dubai; Latin America from Panama City; and, Japan/South Korea from Tokyo and Seoul.
Furthermore, the company has invested in several regional creation centers, namely in Portland, Los Angeles, Shanghai, and Tokyo, to facilitate the adaptation of the brand's portfolio to diverse cultural preferences, highlighting its proximity to consumers *(Figure 11). (Adidas AG, 2024)*

***Figure 11**- Headquarters and Creation centers*



Source*: Annual Report 2024*

***Figure 12**- Adidas collaborations*



Source*: Adidas official website*

***Figure 13**- Adidas goal and mission*



Source*: Annual Report 2024*

2.5. Strategic Positioning and Brand Strength

Adidas´s positioning is supported by a strong brand identity that combines performance and lifestyle, which allows the company to reach a diversified consumer base. Besides that, this dual positioning enables Adidas to remain relevant both in sports and in global fashion streetwear.

Several strategic collaborations with designers, luxury brands and celebrities like Bad Bunny, Fear of God, Clot, Gucci, and Stella McCartney have helped to boost the brand's image, increase consumer desirability and expand its reach across different market segments. *(Figure 12)*

In the performance segment, especially in football, partnerships with major names and teams such as the national squads of Argentine and Spain, winners of major international competitions in 2024, have contributed to linking the brand with success and international prestige.

Since its founding, Adidas has always aimed to provide its athletes with the best possible equipment and believes that **"Through Sport, We Have the Power to Change Lives."** This philosophy, combined with its mission to **"Be The Best Sports Brand in The World,"** reinforces the company´s long-term strategic vision and supports its ability to maintain a strong global positioning within the sportswear industry *(Figure 13). (Adidas AG, 2024)*

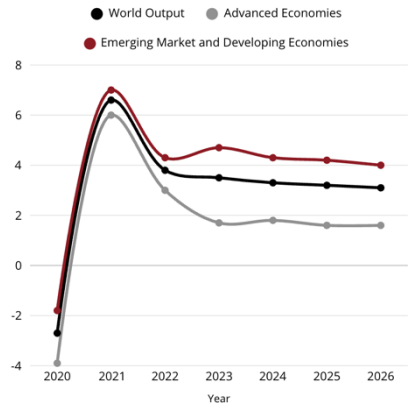
3. Industry Overview

3.1. Macroeconomic Overview

Adidas' performance is strongly conditioned by the global macroeconomic environment, particularly economic cycles and consumer confidence, especially as it operates within the discretionary consumer sector.

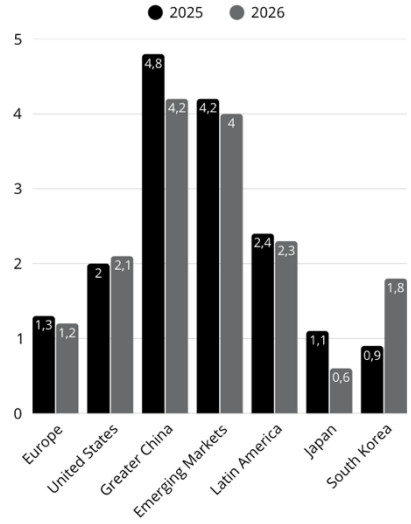
According to (International Monetary Fund, 2025c), global economic growth is expected to be around 3.2% in 2025 and 3.1% in 2026, indicating a slight slowdown compared to the 3.3% recorded in 2024. This growth is mainly driven by emerging and developing economies, where growth is projected to be slightly above 4%, while advanced economies are expected to experience more modest growth around 1.6%. *(Figure 14)*

***Figure 14**- Real GDP, annual % change*



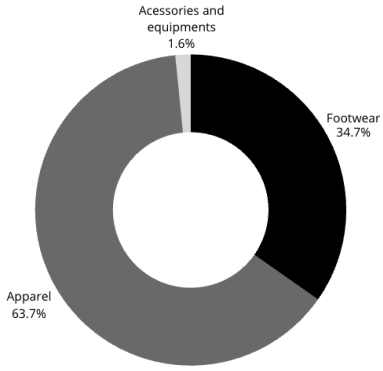
Source*: International Monetary Fund*

***Figure 15**- Regional Economic Growth*



Source*: International Monetary Fund and Euronews*

***Figure 16**- Global Sportswear Market Share, by product, 2026 forecast*



Source*: Fortune Business Insights*

In Adidas' case, its macroeconomic environment varies across regions, allowing for a more stable but uneven growth environment.

In **Europe**, growth is expected to be subdued, at around 1.3% in 2025 and 1.2% in 2026, mainly due to high energy costs and inflation still above target, which keeps consumers cautious and negatively affects discretionary spending (Euronews, 2025). In contrast, the **United States**, a more resilient economy is projected to grow by 2% in 2025 and 2.1% in 2026, supported by steadier demand, easing inflation levels, and more confident consumers. However, it remains a challenging market due to a highly competitive environment. *(Figure 15)*

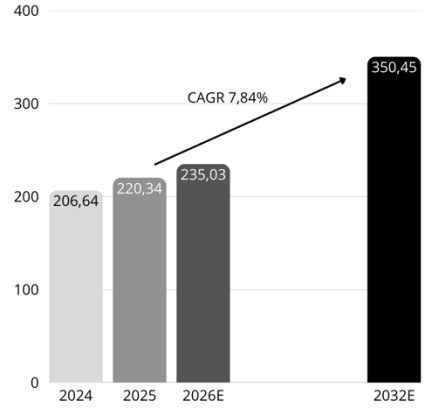
In **Greater China and Emerging Markets**, regions that have been supporting global economic growth (Abellon, 2025), growth is expected to reach 4.8% and 4.2%, respectively, in 2025, slowing to 4.2% and 4% in 2026. This deceleration is mainly driven by increased trade uncertainty caused by higher tariffs imposed by the United States. Despite this, growth continues to be supported by the expansion of private consumption, rising investment, and the rapid growth of e-commerce, which facilitates access to global brands such as Adidas. However, these regions still present structural risks, currency volatility and geopolitical uncertainties. *(Figure 15)*

In the **Latin American** market, more modest growth is expected, at 2.4% in 2025 and 2.3% in 2026, constrained by persistent inflation and high interest rates, which ultimately limit local purchasing power *(Figure 15).* (International Monetary Fund, 2025a)

Finally, in **Japan and South Korea**, the IMF estimates growth of 1.1% and 0.9% in 2025, and 0.6% and 1.8% in 2026, respectively. Although growth is more limited, these are regions with stable economies, confident consumers, and highly advanced technological environments which once again favors global companies such as Adidas *(Figure 15). (International Monetary Fund, 2025b)*

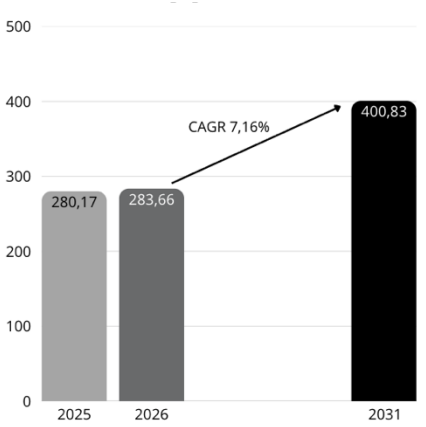
Therefore, Adidas' exposure, particularly to emerging markets, plays an essential role in sustaining future revenue growth and offsetting the slowdown in more developed economies, as well as the margin pressures arising from these more mature regions.

Figure 17- *Industry Market Value in US Billion*



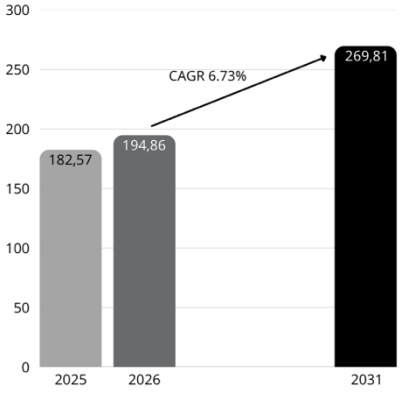
Source*: Fortune Business Insights*

Figure 18*- Sports Apparel Market Value in US Billion*



Source*: Mordor Inteligence*

Figure 19*- Footwear Market Value in US Billion*



Source*: Mordor Inteligence*

3.2. Sportwear Industry

Adidas operates in the global sportswear industry and is the second largest player, only behind Nike. The sportswear industry includes the design, manufacturing, distribution, and sale of products related to sport and active lifestyles, including apparel, footwear, accessories and equipment. It is a sector that combines fashion, performance, and technology, targeting both consumers who engage in physical activity and those who seek comfort and style in their daily lives through the athleisure trend.

Market Size and Growth

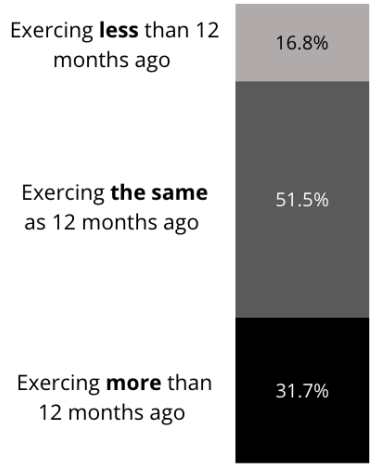
Despite the current global economic slowdown, with several regions showing modest growth, the global apparel industry continues to expand at a healthy pace (Statista, 2026). According to (Fortune Business Insights, 2025), the industry was valued at US$206.64 billion in 2024 and is expected to grow from US$220.34 billion in 2025 to US$350.45 billion in 2032, representing a CAGR of 7.84%. *(Figure 17)*

Furthermore, two key segments stand out within the industry *(Figure 16)*, namely sports apparel, which is expected to grow at a CAGR of 7.16% between 2026 and 2031 *(Figure 18)* (*Sports Apparel Market Size, Share & Trends | Research Report 2031*, 2026), and footwear, with an estimated CAGR of 6.73% over the same period *(Figure 19).* (*Athletic Footwear Market Size, Share & Growth Report, 2031*, 2026)

Additionally, according to (Fortune Business Insights, 2025), North America maintained the largest market share in 2024 accounting for 45.86%, however, the Asia-Pacific region is expected to experience the fastest growth. Europe, on the other hand, as previously discussed, shows more stable growth with an increasing focus on sustainable products. Moreover, due to rising public and private investment aimed at combating physical inactivity, the region is also expected to experience further industry growth.

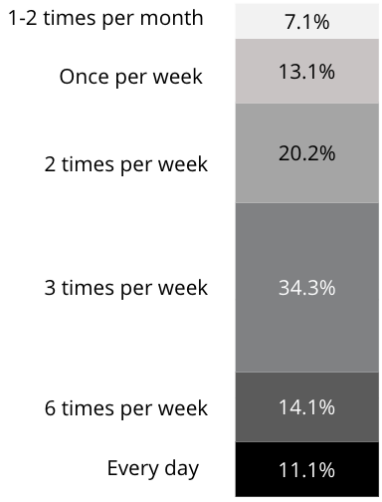
Although these forecasts indicate a relatively strong growth profile, it is crucial to consider that the sportswear industry is already well-established and highly consolidated, being dominated by major global players, namely Nike and Adidas. In this context, it is prudent to consider that the industry is in an advanced growth phase, while also showing signs of transitioning to maturity, where competition tends to intensify and, therefore, differentiation assumes an essential role.

***Figure 20**- Physical activity levels in 2024, compared with 2023 (%)*



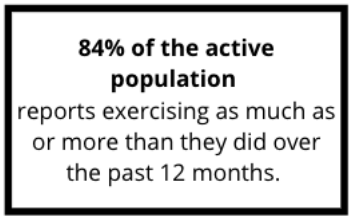
Source*: McKinsey & Company (2025)*

***Figure 21**- Frequency of physical activity in 2024 (%)*



Source*: McKinsey & Company (2025)*

***Figure 22**- Exercise Frequency Among Active Population*



Source*: McKinsey & Company (2025)*

Key drivers

The sportswear industry has demonstrated a strong adaptation and innovation, reflecting structural changes in consumer behavior and distribution channels, technological advances, and growing awareness of sustainability.

According to (Grand View Research, n.d.), this growth performance is sustained by a range of factors that continue to drive demand for sports products, namely:

- Rising health awareness

Health awareness has been one of the main drivers of the global sportswear market, encouraging participation in various physical activities and the adoption of healthier lifestyle *(Figures 20, 21 and 23).* According to (McKinsey & Company, 2025), despite a large increase in global physical inactivity, there is also a segment of consumers who are becoming increasingly active *(Figure 22)*, revealing a widening gap in activity levels, with physically inactive and active groups becoming progressively more distant.

In fact, for already active groups, exercise is no longer merely a casual activity but has become an element of personal identity.

- The Athleisure Trend

This trend has been reducing the barrier between sportswear and everyday clothing, making it socially acceptable to wear athletic apparel in daily activities. It prioritizes comfort and style, and has therefore had a very positive impact on the industry, with companies such as Adidas and Nike benefiting and launching versatile sportswear that can be worn across multiple contexts.

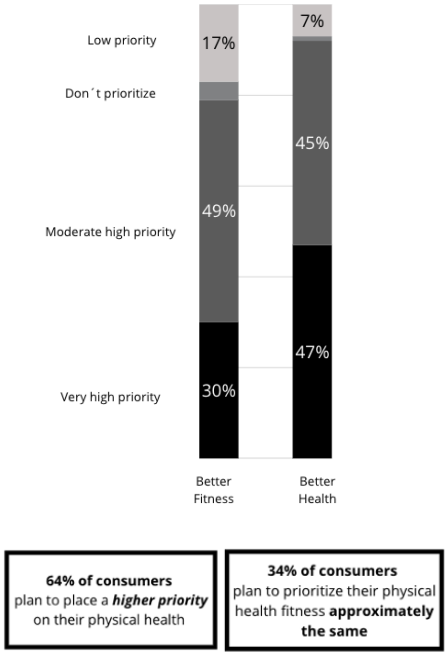
- Technological Innovation

As consumers become increasingly demanding and seek higher quality products, technological innovation has enabled manufacturers to develop new materials that enhance performance, namely through moisture-wicking fabrics, temperature regulation, and anti-odor properties. These advancements improve comfort and functionality, making sportswear more attractive to consumers.

For example, Under Armour's HeatGear and ColdGear lines, were created to keep athletes comfortable in extreme temperatures; Nike's Dri-FIT technology allows for rapid sweat evaporation, keeping the body dry; and Adidas' Lightstrike technology, provides greater responsive cushioning in performance and basketball footwear, reducing impact and reacting to it to create a propulsive feel. *(Figure 25)*

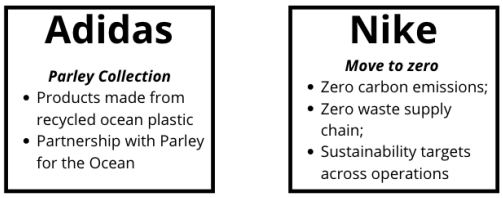
- Influence of social media and Celebrity Endorsements

Figure 23*- Prioritization of better fitness and better health*



Source*: McKinsey & Company (2025)*

Figure 24*- Sustainability Initiatives Among Leading Sportswear Brands*



Source*: Companies data*

Figure 25- *Performance Technologies in the Sportswear Industry*

Brand	Technology
Under Armour	HeatGear/ColdGear – Temperature Control
Nike	Dri-FIT – Sweat Evaporation
Adidas	Lightstrike - Responsive cushioning

Source*: Companies´ data*

Digital platforms together with celebrity collaborations are a highly effective tools for increasing brand visibility, credibility, and consumer desirability. For example, in Adidas´ case, the partnership with Kanye West to create the Yeezy line was widely regarded as successful in attracting both sports enthusiasts and fashion-oriented consumers. Similarly, collaborations with major figures in the sports world, such as Lionel Messi and Lamine Yamal, contribute to boosting brand visibility and consumer interest.

- Sustainability and Environmental Awareness

As consumers become increasingly aware of the environmental impact of their purchasing decisions, it has become crucial for brands to respond to the growing demand for more environmentally friendly products by incorporating sustainable practices into their manufacturing processes and using more sustainable materials. These measures not only attract environmentally conscious consumers but also strengthen brand reputation.
For instance, Adidas' Parley collection, repurposes ocean plastic to produce new products, while Nike's Move to Zero initiative, aims to achieve zero carbon emissions and zero waste across its entire supply chain. *(Figure 24)*

4. Competitive Positioning

4.1. Peer Companies

Adidas AG has long been one of the global leaders in the sportswear industry, which has allowed it to establish a strong market presence. It primarily competes with other sportswear brands focused on developing footwear and apparel designed to enhance the experience of physical activity.
It is a highly competitive and concentrated industry, dominated by a small number of global leaders that shape innovation dynamics, investment patterns, and strategic positioning. This competitive environment requires Adidas to continuously improve product quality, expand variety, and enhance consumer experience in order to maintain its position as the second largest brand in the sportswear market.
Nike clearly stands as its main competitor in terms of sales and scale. However, other companies such as Deckers Outdoor, Lululemon, among others have also been gaining prominence in the race for greater market share. *(Figure 28)*

***Figure 26**- Main Competitors*

Adidas 'main competitors	Country
Nike	United States of America
Puma	Germany
Under Armour	United States of America
Lululemon	Canada
Asics	Japan
Deckers Outdoor Corporation	United States of America

Given the high level of competitiveness in the industry and Adidas' positioning, it is essential to identify a set of comparable companies in order to assess the company´s relative position. To this end, companies were selected based on comparability in terms of size, business model, and geographical exposure. Based on these similarities, the peer group consists of the following: *(Figure 26)*

1. Nike: The largest global player and Adidas' main direct competitor across all segments and regions. Nike stands out for its innovation, marketing, and significant investment in digital channel. It maintains a large global presence in more than 190 countries.
2. Puma: A German company created by the brother of Adidas´ founder, with a long-standing history of rivalry with the brand. Together with its subsidiaries, it positions itself in the market by combining performance and fashion through collaborations and mid-range pricing. Puma has been strengthening its brand image and operates in more than 120 countries.
3. Under Armour: A U.S based company primarily known for its innovations in fabrics and performance-oriented products for athletes. It focuses on enhancing athletic performance and has been strengthening its premium positioning while expanding its global presence through the development of digital channels.
4. Lululemon Athletica: A Canadian brand whose purpose is to combine high-performance apparel with fashion and lifestyle elements. It follows a direct-to-consumer strategy, high margins, and has experienced significant expansion, particularly in Asia and Europe.
5. Deckers Outdoor Corporation: This is a US footwear and apparel company, primarily specialized in the running segment, which has experienced significant growth in recent years. It focuses on a direct-to-consumer strategy and offers a differentiated product portfolio, competing with Adidas, especially in the footwear segment.

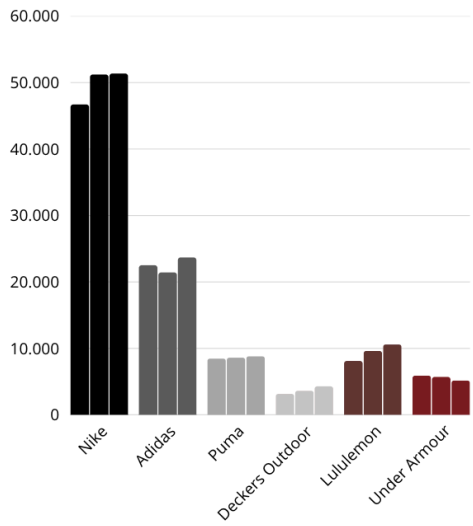
Analyzing the sales history of these companies, different growth patterns are observed within the same industry. While some competitors demonstrated strong and consistent growth, others revealed more moderate or even negative performance.

In terms of sales, both Lululemon Athletica and Deckers Outdoor Corporation stand out, registering

Figure 27*- Brand Logos of Major Sportswear Companies*



Figure 28- *Competitors Sales in € and USD, for 2022, 2023 and 2024*



Source*: Companies´ Annual Reports*

strong growth of 18.60% and 15.14% in 2023 and 10.07% and 18.21% in 2024, respectively *(Figure 29).*

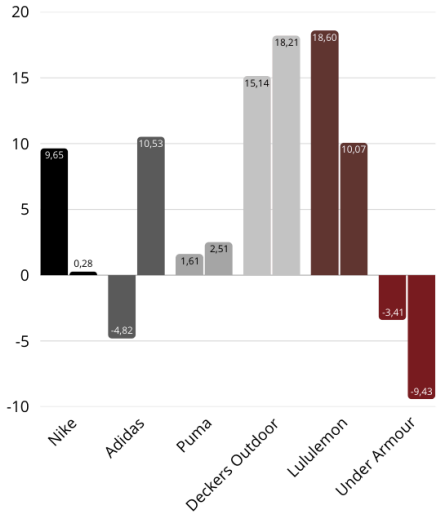
On the other hand, Nike and Puma revealed much weaker and volatile growth dynamics, while Under Armour reported declining sales. Nike reported a strong revenue growth of 9.65% in 2023, followed by a sharp slowdown to just 0.28% in 2024. Puma, on the other hand, presented consistently modest growth, with revenues increasing at a rate of 1.61% in 2023 and 2.51% in 2024 *(Figure 29).*
Finally, Under Armour presented the weakest performance among peers, with revenues declining by 3.41% in 2023 and further decreasing by 9.43%, in 2024 *(Figure 29).*

Adidas exhibited a much more volatile growth pattern, registering a 4.8% drop in sales in 2023, mainly due to the end of the Yeezy line. However, in 2024, it showed a strong recovery, registering a 10.5% growth in sales *(Figure 29).*

Overall, this analysis suggests significant differences in growth patterns within the sportswear industry, as different companies position themselves differently in terms of their development stages. While Lululemon Athletica and Deckers Outdoor Corporation benefit from greater growth potential due to their smaller scale, both Nike and Adidas tend to demonstrate more moderate growth, reflecting their stable market position and greater exposure.

However, despite Adidas´ recovery, its growth is projected below the industry average, precisely due to its more consolidated position. Nevertheless, this outcome reinforces the importance of strategic positioning and innovation in a highly competitive industry.

***Figure 29**- Competitors´ Sales Growth (%)*



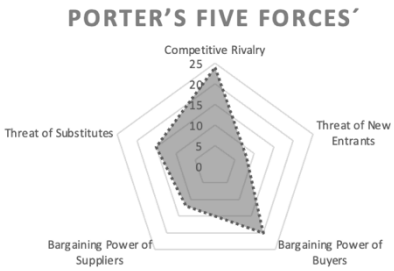
Source*: Companies´ Annual Reports*

4.2. Porter´s Five Forces

1. Threat of Potential Entrants | Low

Entry into the industry is possible, however, consumers are becoming increasingly demanding, seeking higher-quality and higher-performance products. This requires high initial costs, making it difficult for new entrants to compete for market share and keep pace with major players. In addition, Adidas itself emphasizes that scale, brand loyalty, and bargaining power of leading global brands remain key factors in maintaining competitive protection.

***Figure 30**- Porter´s 5 Forces*



Source*: Author´s Estimates*

2. **Competitive Rivals | Very High**

The sportswear industry is characterized by intense competitive rivalry. As previously mentioned, the industry is led by major companies such as Nike, Adidas, and Puma, alongside numerous emerging and regional brands. With shifts in the competitive landscape and smaller brands striving to gain greater market share, it is crucial for leading companies to continuously invest in marketing, maintain a steady pace of innovative product launches, and strengthen elements to maintain consumer loyalty and brand image.

3. **Bargaining Power of Buyers | High**

The growing digitization of the market and the ease of comparing brands and prices have made consumer bargaining power a significant challenge for companies. The presence of numerous local and international firms competing for market share results in minimal switching costs for consumers, who are increasingly informed and selective.

As result, Adidas deals with this demanding consumer profile as a determinant factor in its strategic decisions, seeking to strengthen consumer experience and brand credibility by investing heavily in digital channels, innovation, and sustainability in order to preserve customer loyalty.

4. **Bargaining Power of Suppliers | Low to Moderate**

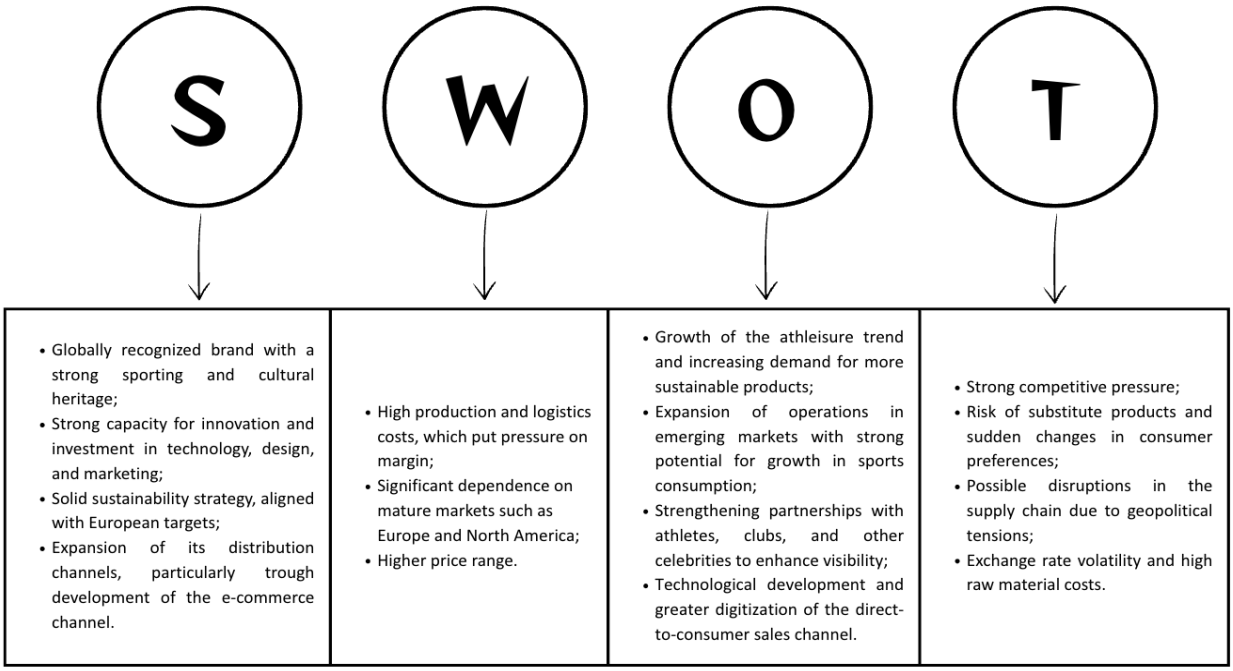
According to *(Adidas AG, 2024)*, the company works with more than 300 independent factories. This supplier diversification allows Adidas to have a large and multifaceted supply chain, preventing any single supplier from exerting significant influence over the company. However, rising costs of raw materials, energy, transportation, as well as the transition toward sustainable materials have increased pressure on corporate margins

5. **Threat of Substitute Goods/Services | Moderate**

Adidas competes with a few major global brands as well as numerous smaller companies that offer products across a wide range of prices, from premium segments to more affordable alternatives. Despite this diversity of options, Adidas leverages its strong brand equity, product quality, and marketing strategies to mitigate the impact of substitute products and consolidate its position, reinforcing its investment in

key cities, where it has greater representation and where the intersection between sports and fashion holds stronger appeal.

4.3. Swot Analysis



5. Investment Recommendation

This report assigns a **HOLD** recommendation to Adidas with a **target price of €146.86** representing an upside of 6.58% compared to the price of €137.8 as of April 10, 2026. The valuation conducted in this report reveals that the stock is trading close to its intrinsic value, resulting in a balanced risk-return profile.

Adidas is expected to deliver a revenue CAGR of approximately 5.39% between 2026 and 2035, supported by its market exposure and the gradual recovery of its margins, reflected by improved operational efficiency and greater cost discipline, with the EBIT Margin projected to improve from approximately 6.7% to 7.23% over the forecast period.

The target price is determined through a **Discounted Cash Flow (DCF)** valuation, complemented by a sensitivity and scenario analysis and a relative valuation.
In Relative Valuation, a higher share price is obtained compared to the valuation obtained using DCF, thus reflecting a more optimistic market expectation incorporated into the multiples of companies in the

sector. However, this report attributes greater weight to the DCF valuation, since it is based on the company's specific fundamentals and ensures a more conservative estimate consistent with the company's reality.

Adidas is one of the leading global players in the sportswear industry, benefiting from strong brand recognition, diversified geographic exposure, a solid competitive positioning, and continuous innovation capabilities across its core segments, lifestyle and performance.

The HOLD recommendation is based on the following fundamental pillars:

Development of E-commerce and Direct-to-Consumer (DTC) channels

Adidas has demonstrated strong commitment to expanding these distribution channels, given their increasing relevance for the brand. This growth allows Adidas to improve its margins compared to its Wholesale channel, as it enables greater pricing control and more efficient inventory management. Furthermore, it enhances greater proximity to consumers allowing the company to monitor preferences more effectively and improve operational efficiency.

Brand strength and geographic diversification

Adidas benefits from strong global recognition and a consolidated presence across multiple regions, reducing dependency on any single market. This diversification, combined with its ability to launch new products and adapt to the different preferences of various markets and trends, supports stable long-term growth. However, the competitive environment limits structural margin expansion, justifying a gradual and non-aggressive recovery.

Operational Normalization

Following periods of margin pressure and necessary strategic adjustments, the company is currently in a stabilization phase. Therefore, revenues are projected to grow at a CAGR of 5.39% between 2026 and 2035, reflecting the expected demand recovery. EBIT margin is expected to increase from 5.56% in 2024 to 7.23% in the forecast period, due to operational efficiency and discipline in the cost structure.

In conclusion, this valuation report acknowledges the company´s structural quality and favorable recovery

trajectory. However, it considers that the current valuation level already reflects these expectations, thus limiting significant potential in the short and medium term, therefore maintaining a HOLD recommendation.

6. Valuation

This section considers two main methodologies to estimate Adidas´ value. First, the company is valued using the **Discounted Cash Flows (DCF)** model, where Free Cash Flows to the Firm (FCFFs) are projected for the period from 2026 to 2035 and subsequently discounted at the Weighted Average Cost of Capital (WACC).

A **Sensitivity** and **Scenario analysis** is then conducted to assess the impact of the key DCF components and value drivers.

Finally, to complement the value derived from the DCF approach, a **Relative Valuation** was performed using comparable companies in order to understand Adidas' position relative to its peers and how its characteristics my differentiate its market valuation.

The projected financial statements, as well as all forecast assumptions, are presented in the Appendices 1, 3, 4, 5, 7 and 12.

6.1. Discounted Cash Flows (DCF)

The Adidas valuation is based on the Discounted Cash Flows (DCF) method.

For the valuation, I considered the company's current stage, which reflects a period of gradual operational normalization and a more stable growth trajectory.

Accordingly, I considered a 10-year projection period, followed by an estimate of a terminal value, in order to capture the company´s medium-term operational recovery while maintaining sustainable and consistent long-term growth.

- **Free Cash Flow to the Firm (FCFF)**

The FCFF projection is the starting point for the valuation. The calculation is based on the estimate of Net Operating Profit after taxes (NOPAT), derived from operating result after taxes, which allows for an assessment of the company´s performance without considering its capital structure. *(Table 3)*

Adjustments are then made to NOPAT for non-cash expenses such as depreciation, CapEx, and changes in working capital, in order to reflect operating cash

***Table 3**- NOPAT Computation (€M)*

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	26,524	27,995	29,539	31,128	32,770	34,520	36,354	38,258	40,265	42,374
COGS	12,864	13,564	14,297	15,050	15,828	16,656	17,541	18,479	19,468	20,509
Other Operating Expenses	11,890	12,520	13,181	13,859	14,574	15,331	16,146	16,992	17,883	18,820
Tax Expenses	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%
NOPAT	**1,240**	**1,339**	**1,444**	**1,554**	**1,659**	**1,774**	**1,869**	**1,953**	**2,042**	**2,134**

Source: Author's estimates

flows. The assumptions applied to these items throughout the projection period reflect the company's historical performance, expectations for stabilization and improvement, and specific targets. The assumptions used to calculate these metrics are detailed in the Appendices 8, 9 and 12.

From NOPAT to FCFF (€M)

	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Net Operating Profit after taxes, NOPAT	1,240	1,339	1,444	1,554	1,659	1,774	1,869	1,953	2,042	2,134
(+) Depreciation	1,454	1,549	1,662	1,788	1,923	2,066	2,217	2,377	2,545	2,723
(-) CapEx	637	784	886	934	983	1,036	1,091	1,148	1,208	1,271
(-) Changes in non-cash working capital	80	256	211	285	197	210	219	227	239	251
Free Cash Flow to the firm, FCFF	1,978	1,848	2,009	2,124	2,402	2,595	2,776	2,956	3,140	3,334
Discount Factor	0.94	0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45
PV of FCFF	1,863	1,690	1,680	1,624	1,680	1,659	1,623	1,580	1,535	1,491

Source: Author's estimates

- **Terminal value**

For this valuation, the terminal value represents the present value of cash flows generated from 2036 onwards, estimated using the perpetual growth model.

This value is determined by assuming that sales will grow in perpetuity at the risk-free rate (2.72%), the EBIT margin will remain at 7.23%, and the reinvestment rate will be 29.08%. This reinvestment rate is based on the previously assumed growth rate of 2.72%, and on the Return on Invested Capital (ROIC), which converges to the WACC value (9.36%). Based on these assumptions, a terminal value of €23,558.61M was obtained.

This value is then discounted to the present and added to the sum of the present values of the annual FCFFs from 2026 to 2035. *(Table 4)*

- **Equity Value and Target Price**

The sum of the present value of the projected FCFFs and the present value of the terminal value results in the Enterprise Value. Adjustments for financial debt, cash levels, and non-controlling interests are then made in order to obtain an Equity Value of €26,222.50M.

Based on this methodology, an intrinsic value per share of €146.86 is obtained, compared to a market price of €137.80 as for April 10, 2026, implying an upside of 6.58% *(Table 5).*

This result suggests that Adidas is currently trading close to its intrinsic value, supporting a **HOLD** recommendation.

***Table 4**- Terminal Value Computation*

Teminal Value	
EBIT (2036)	3,145.77
Tax Rate	29.94%
Reinvestment Rate	29.08%
FCFF (2036)	1,563.13
Discount Factor	15.07
Terminal Value (2032)	23,558.61
Discount Factor	0.45
PV of Terminal Value	**10,534.13**

Source: Author's estimate

6.1.1. Weighted Average Cost of Capital (WACC)

The Weighted Average Cost of Capital (WACC) represents the weighted average cost of Adidas' sources of financing, reflecting the minimum return required to finance the company's operations.
The table below shows the components that make up the WACC, together with their values and calculation methodologies.

WACC Components

Component	Rate	Methodology
Risk-free rate	2.72%	10-year government bond rate of Germany (Damodaran´s website)
Equity risk premium	5.91%	Revenue-weighted average of the regional equity risk premiums (from Damodaran's website)
Beta	1.25	Bottom-up approach (using betas of the peer companies)
Cost of equity	10.13%	Calculated using CAPM
Pre-tax cost of debt	3.67%	Risk free rate and the default spread associated with its credit rating (from Damodaran´s website)
Tax rate	29.94%	Marginal Tax rate of Germany
After-tax cost of debt	2.57%	
WACC	**9.36%**	Calculated using a Capital Structure of 89.78% equity and 10.22% debt

Source: (Damodaran, n.d.) and author´s estimates

Capital Structure

The capital structure considered for the WACC calculation consists of 89.78% equity and 10.22% debt. These weights are derived from their respective market values. *(Table 7)*

The market value of equity was calculated using April 10, 2026 share price and the number of shares outstanding reported in the 2024 Annual Report. The market value of the debt was estimated based on its book value, treating it as a bond, financial charges represent coupon payments and the weighted average maturity of the debt represents its time to mature.

Cost of equity

The cost of equity was estimated using the Capital Asset Pricing Model (CAPM) formula.
The Equity Risk Premium *(Table 8)* was calculated using country-specific risk premiums, aggregated by region according to their respective GDP and subsequently weighted by Adidas´ geographical revenue distribution. This approach allows for the consideration of the company's geographical

Table 5- *Target Price Computation (€)*

Target Price	
Enterprise Value	**26,960.55**
(-) Value of non-controlling interests	392.00
(+) Value of Cash and Cash Equivalent	2,455.00
(-) Value of Debt	2,801.05
Market Value of Equity	**26,222.50**
Shares outstanding	178.55
Value per share	**146.86**
Upside (downside)	6.58%
Current share price (April 10, 2026)	137.80

Source: Author's estimate

diversification, as well as the various risks associated with it.
The risk-free rate used corresponds to the yield on 10-year German treasury bonds, obtained from Bloomberg. Finally, a levered beta of 1.25 was considered, resulting in a cost of equity of 10.13%.

Beta
The beta was calculated using a bottom-up approach, based on the weighted average of the betas of the selected comparable companies. When choosing the peer group, companies that most closely resemble Adidas' business model and represent its main competitors were considered.
The betas of the comparable companies, obtained from the Refinitiv database, were unlevered based on their respective capital structures and used to arrive at an average unlevered beta of 1.10 *(Table 9).* After that, Adidas´ capital structure is adjusted to this value, resulting in a levered beta of 1.25.

Cost of debt
Adidas holds a credit rating of A- from Standard & Poor's and A3 from Moody's, which, according to (Damodaran, n.d.), is associated with a default spread of 0.95% *(Table 10).* The pre-tax cost of debt is obtained by adding the risk-free rate to this default spread.
Subsequently, Adidas' corporate tax rate is applied to reflect the tax shield associated with interest expenses, resulting in the effective cost of financing for the company.

WACC
Following these calculations, Adidas' WACC is estimated at 9.36% *(Table 6).*

6.1.2. Sensitivity Analysis
In order to complement the Discounted Cash Flows model and assess its robustness, a sensitivity analysis was performed based on variations of the key DCF value drivers, the WACC, and the terminal growth rate. To test the model´s sensitivity to changes in these variables, WACC values ranging from 8.36% and 10.36% and terminal growth rates between 1.72% and 3.72% were considered, while keeping all other assumptions constant.

The results indicate that the estimated value per share is significantly more sensitive to changes in WACC than to variations in the terminal growth rate,

***Table 6**- WACC Computation*

Weighted average cost of capital	9.36%
Capital Structure	
Equity Weight	89.78%
Debt Weight	10.22%
Cost of Equity (CAPM)	**10.13%**
Risk-free rate (10-year government bond)	2.72%
Levered Beta	1.25
Unlevered beta (Comparable companies)	1.10
D/E ratio	19.40%
Marginal Tax Rate	29.94%
Equity Risk Premium	5.91%
Cost of Debt	**3.67%**
Risk-free rate (10-year government bond)	2.72%
Default Spread	0.95%
Marginal Tax Rate	29.94%

Source: Company's data, Damodaran's website, Refinitiv Eikon Datastream, Author's estimates

***Table 7**- Capital Structure Computation*

Market Value of Equity (€M)	
Share Price (April 10,2026)	137.8
#shares outstanding	178.55
Market Value of Equity	**42,280.4**

Market Value of Debt (€M)	
Book value of Debt	2,485
Interest Expense	196
Cost of debt	3.67%
Maturity (Average)	3.25
Market Value of Debt	**2,801**

Weight of Equity	93.79%
Weight of Debt	6.21%

Source: Company's data and Author's estimates

***Table 8**- Equity Risk Premium*

Region	% of Revenues	ERP	Weighted ERP
Europe	32%	5.33%	1.71%
North America	22%	4.70%	1.03%
Greater China	15%	5.08%	0.76%
Emerging Markets	14%	7.36%	1.03%
Latin America	12%	9.26%	1.11%
Japan/South Korea	6%	4.50%	0.27%
Total			**5.91%**

Source: Company's data, Damodaran´s website and Author's Estimates

***Table 9**- Unlevered Beta of Adidas AG*

Company´s Peers	Beta	D/E	Tax Rate	Unlevered Beta
Nike	1.29	0.0899	25,77%	1.21
Puma	0.71	0.7148	29,94%	0.47
Under Armour	1.81	0.3295	25,77%	1.46
Lululemon	1.02	0.0007	26,21%	1.02
Deckers Outdoor Corp	1.19	0.00009	25,77%	1.19
Asics Corp	1.31	0.0469	29,74%	1.27
Average				**1.10**

Source: Refinitiv Eikon Datastream, Damodaran´s website

as the terminal value represents approximately 39% of the company's total value.

This outcome is largely driven by the strong contributions of the explicit forecast period, which reflects Adidas´ ongoing phase of operational recovery and normalization supported by improved cost control and greater efficiency across its value chain. As a result, a large portion of the company's value is generated during the forecast horizon, where these improvements are specifically predicted and modeled, thus reducing the relative importance of the terminal value.

Furthermore, the low sensitivity to terminal growth reflects Adidas' consolidated and well-established position in the sportswear industry. As one of the leading players, the company operates in a highly competitive and saturated environment, which limits the potential for high and sustained long-term growth rates and reduces the impact of terminal growth assumptions on valuation.

Additionally, the model assumes that, in the long term, the return on invested capital converges to the WACC, implying limited value creation from additional growth. In fact, increases in terminal growth rates end up being partially offset by higher reinvestment needs, moderating the overall impact on valuation.

In conclusion, under the base scenario, with a WACC of 9.36% and terminal growth of 2.72%, a share price of €146.86 is obtained, supporting a HOLD recommendation. Although variations in these assumptions result in changes in the implied valuation, the overall conclusions remain relatively stable, reinforcing the robustness of the model.

Figure 31- *Sensitivity Analysis*

		Terminal Growth				
		1.72%	2.22%	**2.72%**	3.22%	3.72%
WACC	8.36%	162.77	163.12	163.47	163.82	164.17
	8.86%	154.08	154.40	154.71	155.03	155.34
	9.36%	146.29	146.58	146.86	147.15	147.44
	9.86%	139.26	139.53	139.79	140.05	140.31
	10.36%	132.89	133.13	133.37	133.61	133.85

6.1.3. Scenario Analysis

In order to anticipate different potential performance paths for the company, a scenario analysis was conducted considering three different situations: Bear Case, Base Case, and Bull Case,

Table 10- *Credit ratings and Default Spreads*

Rating	Spread	Rating	Spread
D2/D	19%	Ba1/BB+	1,55%
C2/C	15,50%	Baa2/BBB	1,20%
Ca2/CC	10,10%	A3/A-	0,95%
Caa/CCC	7,28%	A2/A	0,85%
B3/B-	4,42%	A1/A+	0,77%
B2/B	3,00%	Aa2/AA	0,60%
B1/B+	2,61%	Aaa/AAA	0,45%
Ba2/BB	1,83%		

Source: Damodaran´s website

Table 11- *Scenario Analysis*

	Bear Case	Base Case	Bull Case
Revenue annual growth	2.72%	6% - 3%	10%
Terminal Growth	2.72%	2.72%	2.72%
Gross Margin	49.88%	51.75%	53.32%
Gross Margin St. Deviation	1.72%	-	1.72%
Target Price (€)	92.32	146.86	248.00
Upside (downside)	-33.00%	6.58%	79.97%

Source: Author´s estimates

based on different assumptions, namely sales and operating margins. *(Table 11)*

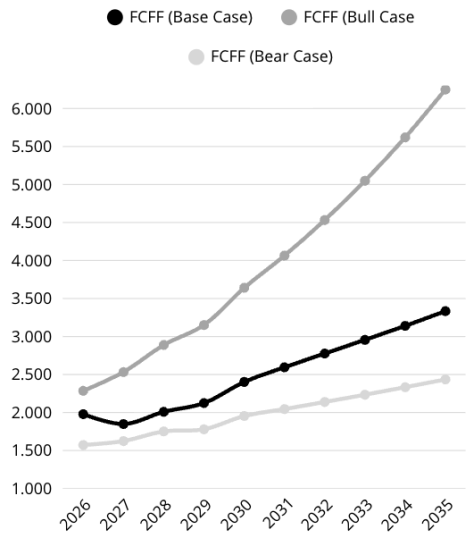
The **Base Case**, derived from the DCF model, lies between the other two scenarios and reflects a more balanced and realistic outlook, supporting the final recommendation for Adidas.

Under the **Bull Case** scenario, the estimated value per share reaches €248.00, representing a very significant upside of 79.97%. This valuation is based on annual revenue growth rate of 10%, calculated using the historical average excluding atypical years, along with an improvement in gross margin.

On the other hand, the **Bear Case** reflects a more pessimistic and conservative scenario assuming very limited sales growth of 2.72% (equal to risk-free rate) and a more limited gross margin. In this context, the estimated share price is €92.32, indicating substantial downside risk of 33.00%.

Figure 37 also illustrates the differences in the projected FCFF in each scenario.

***Figure 32**- Scenario Analysis: Projected FCFF (€M)*



Source: Author´s estimates

6.2. Relative Valuation

As a final validation test of the investment recommendation based on the DCF model, a relative valuation of Adidas was performed based on a set of comparable companies within the sportswear industry (Figure 26). The companies selected for this analysis were the same as those used in the beta calculation for the cost of capital, namely Nike, Puma, Lululemon, Under Armour, Deckers Outdoor, and Asics, firms whose business models are similar to that of Adidas (Table 9).

The valuation was performed using the EV/EBITDA, Price-to-Earnings (P/E), and EV/Sales multiples. These multiples were calculated based on the median values observed among comparable companies, in order to reduce the impact of outliers. The resulting multiples were then applied to Adidas' corresponding financial indicators, resulting in implied share prices of €180.70 (EV/EBITDA), €155.48 (P/E), and €233.04 (EV/Sales).

Finally, the implied value derived from the relative valuation, based on the median price obtained from each multiple, points to a target price of €180.70

***Table 12**- Multiples of the Comparables*

Multiple	EV/EBITDA	Price / EPS	EV/Sales
Company Name			
Under Armour Inc	9.01	102.35	0.43
Puma SE	11.45	-	0.57
Nike Inc	21.24	37.03	1.91
Lululemon Athletica Inc	6.30	12.96	1.46
Deckers Outdoor Corp	7.63	12.74	1.73
Asics Corp	14.32	29.16	3.01

Source: Refinitiv Eikon Datastream

***Table 13**- Relative Valuation*

	EV/EBITDA	P/E	EV/Sales
Multiple	10.23	29.16	1.60
Adidas Metric	3,224 (€M) (EBITDA)	1,052 (€M) (Net Income)	26,524 (€M) (Revenues)
Implied EV (€M)	32,980.21	27,760.32	42,325.54
Implied Equity Value (€M)	32,263.91	27,760.32	41,609.24
Implied Share Price (€)	180.70	155,48	233.04
	180.70		
Upside (Downside)	31.13%		

Source: Author´s estimates

per share, suggesting a significant implied upside relative to the current market value. *(Table 13)*

However, there is a fairly large dispersion in the implied share prices, mainly due to EV/Sales, which, not taking into account the profitability between companies, may overestimate the valuation of other companies with lower margins and still growing. Therefore, the median is used to reduce the impact of this outlier.

Compared to its competitors, Adidas shows more moderate growth, reflecting its exposure to more mature markets and its consolidation phase in the market, which could justify trading at a slight discount when compared to companies with a more promising growth profile currently. But, on the other hand, the fact that it is a consolidated brand with strong market recognition and an improvement in its operational performance may support the median valuation of the sector.

Overall, the results obtained by the relative valuation suggest a significantly higher implied value per share compared to the DCF result. This difference may occur because the relative valuation reflects current market expectations regarding peers, while the DCF valuation takes into account specific company components, namely growth and margins.

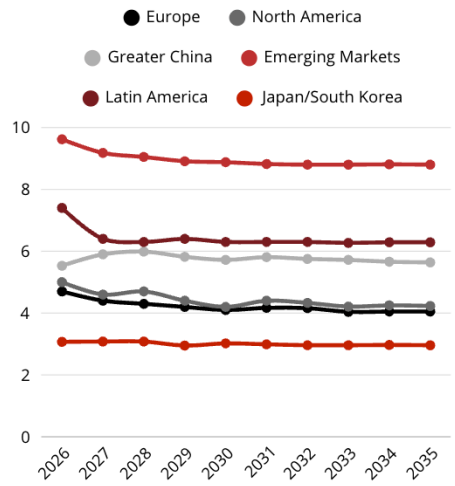
The DCF ultimately provides a much more conservative and realistic estimate of the company's intrinsic value, incorporating the gradual recovery of margins and more moderate growth. For this reason, although the relative valuation indicates a fairly significant upside potential, the DCF result is considered more appropriate for the final investment recommendation (Table 14).

***Table 14**- DCF, Relative Valuation, Final Valuation*

Valuation Method	Target Price
Discounted Cash Flows (DCF)	146.86
Relative Valuation	180.70
Final Valuation	**137.80**
Upside (downside)	6.58%

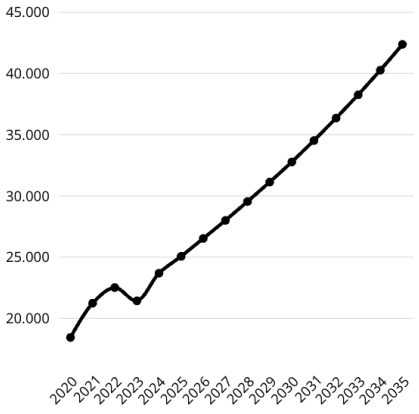
Source: Author´s estimates

***Figure 33**- Revenue Growth across regions (%)*



Source: International Monetary Fund & Author´s estimates

***Figure 34**- Revenues (€M)*



Source: Company´s Data and Author´s estimates

7. Financial Analysis

The *Appendix 12* presents all the key financial ratios for the forecasted period.

7.1. Revenues and Profitability

The evolution of Adidas' sales in recent years has been marked by significant volatility, due to several macroeconomic and operational shocks *(Figure 39).* In 2020, a sharp decline in sales was observed due to the COVID-19 pandemic, followed by a strong

recovery in 2021, with the resumption of global demand.
In 2022, with the sale of the Reebok business, sales growth became more moderate, reflecting the reduction in the group´s sales volume, which affected comparability with 2021.
In 2023, sales declined significantly once again, primarily due to the termination of the Yeezy partnership.
In 2024, a positive growth trajectory is observed once again, sustained by operational normalization and improvement. As result of this recovery, short-term revenue growth is expected to benefit from a more favorable comparison base.

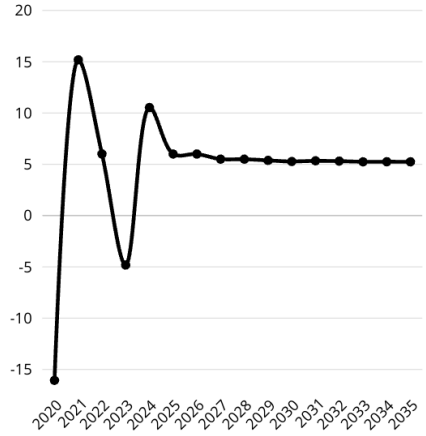
For the forecast period, revenues projections are carried out using a regional bottom-up approach, where growth is driven by macroeconomic conditions across Adidas' key markets, combining GDP and inflation for each region in order to capture both volume and pricing effects.
Subsequently, region-specific adjustments are applied to reflect Adidas' ability to outperform these underlying growth rates *(Figure 38)*, particularly in the short term, supported by factors such as the occurrence of one of the world's largest sporting events, the FIFA World Cup, as well as brand strength, innovation, and increasing consumer focus on health and wellness.

Overall, sales growth is expected at a CAGR of 5.39%, which is below the industry average, reflecting both Adidas' strong exposure to more mature markets such as Europe and North America, and its well-established position in the sportswear market, which ultimately limits very high growth rates. (Figure 40)

Regarding gross margin *(Figure 41)* and EBIT margin *(Figure 42),* both have also been marked by significant volatility, mainly due to excess inventory which led to intensified promotional activity and, consequently, greater cost pressures. For the forecast period, a gradual recovery in margins is considered, with projections at slightly higher levels than those previously observed, reflecting improved operational efficiency and the resolution of prior distortions.

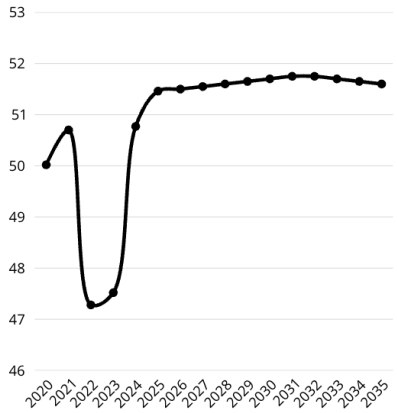
ROA and ROE were also impacted by margin pressures and volatility over the last few periods.

Figure 35*- Revenue Growth (%)*



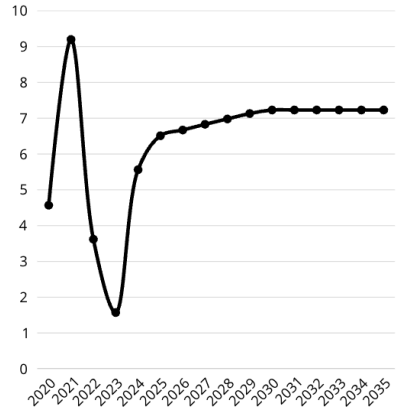
Source: Company´s Data and Author´s estimates

Figure 36*- Gross Margin (%)*



Source: Company´s Data and Author´s estimates

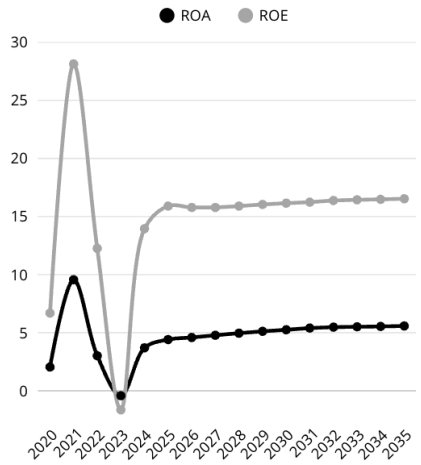
Figure 37*- EBIT Margin (%)*



Source: Company´s Data and Author´s estimates

However, a gradual improvement in these indicators is expected during the projection period *(Figure 43).* The expected improvement in ROE is driven primarily by the recovery in profit margins, due to operational normalization following a period of high volatility and margin pressures. In addition, a more efficient use of assets also contributes to this improvement; however, financial leverage remains fairly stable throughout the forecast period, indicating that this gradual recovery in ROE is mainly supported by operational improvements and not by increased debt reliance.

***Figure 38**- ROA and ROE*



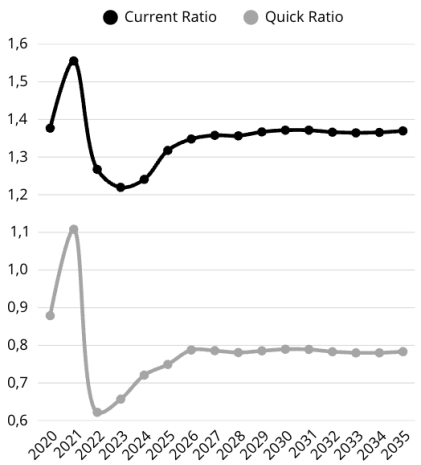
Source: Company´s Data and Author´s estimates

7.2. Liquidity and Solvency

Throughout the analyzed period, Adidas reveals, albeit with some volatility in results, an adequate financial position, with the current ratio consistently above 1, indicating a solid capacity to meet short-term obligations. The quick ratio shows lower and more volatile levels, justified by periods of inefficiency in inventory management. *(Figure 44)*

For the forecast period, a gradual improvement in these indicators is expected, allowing Adidas to guarantee a balanced and resilient financial position, resulting from more efficient management of working capital, especially with the stabilization of inventory levels. The cash ratio (Figure 45) is also projected to recover gradually, reflecting enhanced operational cash flow generation.

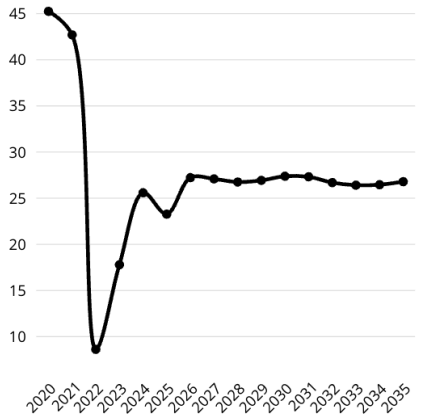
***Figure 39**- Current and Quick Ratios*



Source: Company´s Data and Author´s estimate

In terms of solvency, a gradual increase in debt is observed, aligned with normal financing and investment needs. This increase is controlled and consistent with the evolution of results and equity, reflecting the company's policy of maintaining moderate leverage levels.
Accordingly, the Debt-to-Equity ratio *(Figure 46)* is expected to stabilize during the forecast period, reinforcing the company's moderate leverage position and overall risk profile.

***Figure 40**- Cash Ratio (%)*



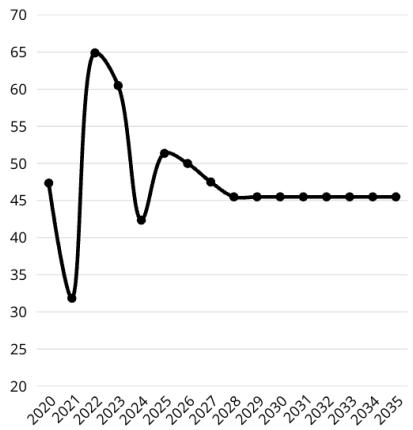
Source: Company´s Data and Author´s estimates

7.3. Efficiency

The evolution of efficiency ratios demonstrates the gradual improvement and normalization of the company's operational activity throughout the forecast period, with asset turnover indicating more efficient use of assets. *(Figure 47)*
Improvements in working capital management *(Figure 48)* are also expected, particularly driven by

the increased investment and strengthening of the digital channel, as well as the growing relevance of the direct-to-consumer distribution channel, which allows for greater visibility of demand and a more disciplined credit policy. This justifies the slight increase and stabilization of inventory turnover and receivables turnover.
Payables turnover is also expected to follow a favorable trajectory as the company demonstrates improvements in operational management and stronger negotiating power with suppliers.

***Figure 41**- Debt-to-Equity Ratio (%)*



Source: Company´s Data and Author´s estimates

8. Investment Risks

The risk matrix presented in Figure 49 summarizes the key risks faced by Adidas, positioning them according to their probability and potential impact.

8.1. Operational Risks

Product Trends, Competition and Inventory Risk, OR1 | Potential Impact: High | Likelihood: 15%-30%

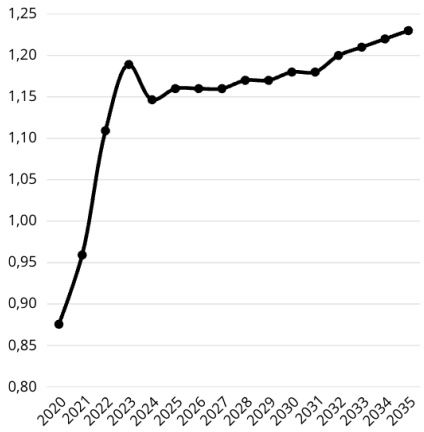
Adidas operates in a highly competitive and trend-driven industry, where maintaining relevance and prominence across key categories such as performance and lifestyle is essential.

The highly competitive environment generated by well-established brands, such as Nike, and other emerging brands, such as Hoka, owned by Deckers Outdoor, and Lululemon, may lead to a loss of market share and deterioration in Adidas´ pricing power.

Furthermore, the success of specific product lines, like Samba or Gazelle is inherently cyclical and largely outside the company´s control, which can hinder the ability to anticipate future consumer preferences. This is entirely linked to inventory management, since the inability to align supply with demand can generate excess inventory, as the company has already experienced, and negatively impact margins.

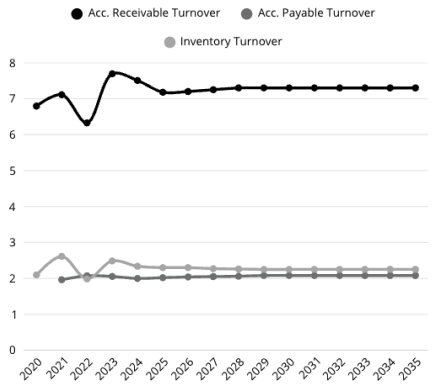
From a valuation perspective, this risk primarily affects profitability, since, as reflected in the scenario analysis, a reduction of 2 to 3 percentage points in revenue growth may result in a decrease of approximately 30-40% in the target price.

***Figure 42**- Assets Turnover*



Source: Company´s Data and Author´s estimates

***Figure 43-** Accounts Receivable Turnover, Accounts Payable Turnover and Inventory Turnover*



Source: Company´s Data and Author´s estimates

8.2. Economic Risks

Macroeconomic and Consumer Demand Risk, ER1 | Potential Impact: Significant | Likelihood: 30% - 50%

The macroeconomic environment significantly impacts Adidas' performance, particularly given its reliance on discretionary consumption, so any form of economic or political instability may compromise the company's revenues and margins. For example, during periods of economic recessions, consumers tend to reduce spending on non-essential goods, which negatively impacts companies operating in the discretionary sector.

From a valuation perspective, this risk directly affects the company's revenue growth, leading to lower profitability and cash flow generation, and consequently resulting in a negative impact on the target price. As reflected in the bear scenario, where the revenue growth decreases by 2 to 3 percentage points, the target price would substantial decline approximately 30-40%.

Foreign Exchange Risk, ER2 | Potential Impact: Significant | Likelihood: 30% - 50%

As a European company, Adidas reports its results in euros; however, given its global presence, a substantial portion of its revenues is generated in foreign currencies. As a result, Adidas is heavily exposed to exchange rate fluctuations, which may affect both the translation of revenues and competitiveness across different markets.

From a valuation perspective, an appreciation of the euro, for example by 5%, and considering the share of international revenues in total sales, would negatively impact both revenues and margins, resulting in an estimated decrease of approximately 13% in the target price.

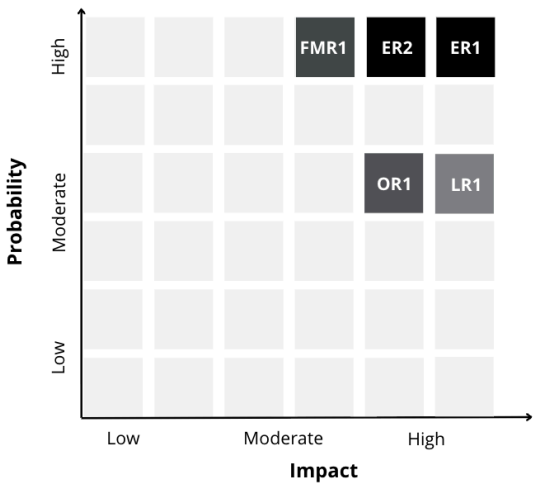
8.3. Legal and Regulatory Risks

Tariffs, Regulation and ESG Exposure, LR1 | Potential Impact: Significant | Likelihood: 15% - 30%

Adidas operates in a highly complex business environment, with exposure to tariffs, trade restrictions, and evolving ESG requirements.

Accordingly, any changes in tax laws or customs regulations may affect the company's business practices, and non-compliance with these regulations could result in financial penalties,

***Figure 44**- Investment Risks Matrix*



Source: Company´s Data and Author´s estimates

increased sourcing costs, and a higher tax burden, ultimately impacting projected profitability.
Although these risks are significant, they are gradual and more difficult to quantify in the context of short-term valuation.

8.4. Financial and Market Risks

Brand and Reputation Risk, FMR1 | Potential Impact: Medium to High | Likelihood: 30% - 50%
Brand perception plays a crucial role in Adidas' performance and growth, especially given its reliance on collaborations with celebrities and athletes. For example, the termination of the Yeezy partnership illustrates the significant impact that such collaborations can have on the company's sales. At the same time, unsuccessful partnerships may also limit demand, weakening brand relevance.

In this context, any adverse or inaccurate publicity regarding the company´s products or business practices may negatively impact the brand reputation and consumer perception, consequently, influencing sales. Similarly, actions undertaken by key stakeholders may also result in reputational damage.

From a valuation perspective, these risks translate into lower demand and reduced pricing power, potentially putting pressure on margins and reducing cash generation, negatively impacting the company's valuation.

9. Environmental, Social & Governance

ESG plays an increasingly important role in company´s reputation and performance, influencing both cost structure and brand perception. Moreover, growing environmental awareness and consumer demand for more sustainable and higher-quality products is reinforcing the importance of ESG positioning in the sportswear industry.

According to the Refinitiv ESG Scores, Adidas holds an ESG score of **A-** *(Table 15)*, positioning itself above most of its competitors, although slightly below Puma's A score *(Table 16).* This suggests that Adidas has a relatively strong ESG profile, which may support a valuation premium compared to its competitors.

***Table 15**- Adidas´ ESG Score*

Environmental, Social and Governance	
ESG Score	A-
Environmental Score	A-
Social score	A
Governance Score	A-

Source: Refinitiv Eikon Datastream

From a financial perspective, ESG initiatives may exert short term pressure on margins due to higher production and raw material costs. However, in the long term, these initiatives are expected to enhance brand value, strengthen pricing power, and contribute positively to growth and valuation.

9.1. Environmental

Adidas recognizes that environmental issues represent one of the main challenges faced in the textile and sportswear industry. Therefore, in line with the European Sustainability Reporting Standards (ESRS), the company has been developing several strategies addressing climate change, pollution and water use, biodiversity, and circular economy, with the main goal of achieving carbon neutrality by 2050 *(Figure 53).* In this regard, according to Refinitiv's ESG scores, Adidas maintains a very strong environmental performance, with a rating of **A-** in 2024 *(Table 15).*

The company´s climate strategy, validated by the Science Based Target Initiative (SBTi), focuses on reducing its direct emissions (Scope 1 and 2) by 70% and its value chain emissions (Scope 3), which account for 87% of Adidas´s total GHG emissions, by 42% by 2030. *(Figures 51 and 52)*
As of 2024, using 2022 as the base year, Adidas has already achieved a 20% reduction in total emissions *(Figure 50).*

At the same time, the company continues to improve environmental performance throughout its supply chain, primarily in terms of water waste and efficient use, chemical management, and the use of more sustainable products. To this end, Adidas aims for 90% of its Tier 1 and 2 suppliers to meet industry requirements regarding water waste and 80% to meet requirements regarding chemical management *(Figures 54 and 55).*

These efforts are supported by the company´s participation and development of initiatives such as Made to Be Remade and Parley for the Ocean, which enable Adidas to maintain a strong sustainability positioning and reputation within the industry.

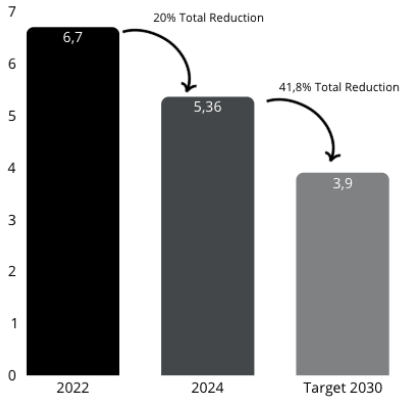
From a financial perspective, these environmental initiatives affect the company´s cost structure, as they can increase sourcing and production costs

***Table 16**- Competitors´ ESG Score*

ESG Score	
Under Armour	C
Asics Corporation	B
Nike	B
Puma	A
Deckers Outdoor	B
Lululemon	B-

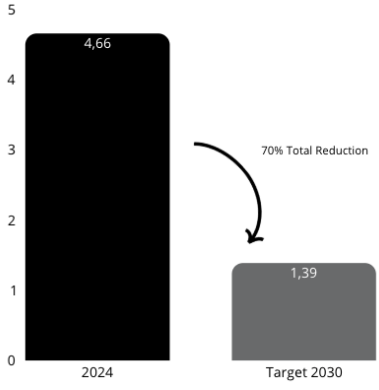
Source: Refinitiv Eikon Datastream

***Figure 45**- Total CO_2 Emissions (Million Tons)*



Source: Adidas Annual Report 2024

***Figure 46**- Scope 3 Emissions (Million Tons)*



Source: Adidas Annual Report 2024

due to the adoption of sustainable materials and stricter production standards. However, these efforts can reduce long-term regulatory risks, contributing to a stronger cost base and reinforcing the company's positioning.

9.2. Social

Adidas is a company with a strong global presence that, through its economic activities, creates value and contributes positively to society.
The company recognizes the importance of its human capital and how crucial it is to the success of its business, striving to operate responsibly across its entire value chain, ensuring employee rights and investing significantly to create safe, inclusive and motivating working conditions. For that reason, the company demonstrates a strong social performance, achieving a rating of **A** *(Table 15)*, reinforcing its commitment to social responsibility.

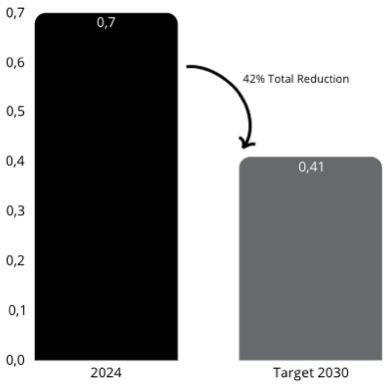
Adidas aims to eliminate wage disparities among its employees globally and to increase the proportion of leadership positions held by women from 41% in 2024 to a global target of 50% *(Figure 56).*
Within its value chain and supplier network, Adidas is also committed to ensuring respect for the human rights of those who manufacture its products, using its internal S-KPI evaluation system to monitor compliance with labor rights standards. By 2025, Adidas aims for 90% of its suppliers to demonstrate superior social performance, compared to 82% recorded in 2024 *(Figure 57)*, and for 100% of suppliers to meet minimum social compliance standards, up from 95% in 2024. *(Figure 58)*

From a financial perspective, strong social practices contribute to greater operational efficiency and stability, as they increase employee engagement and productivity, reducing turnover rates, and strengthening relationships with suppliers. In addition, maintaining high labor standards and conditions reduces the risk of disruption and disorder in the value chain, while simultaneously helping to maintain a solid reputation in the industry, contributing to long-term value creation.

9.3. Governance

Adidas follows the German dual governance model, consisting of an Executive Board, responsible for

***Figure 47**- Scope 1 & 2 Emissions (Million Tons)*



Source: Adidas Annual Report 2024

***Figure 48**- Adidas Neutrality Goal*



Source: Adidas Annual Report 2024

***Figure 49**- Wastewater Treatment*



Source: Adidas Annual Report 2024

***Figure 50**- Chemical Compliance*



Source: Adidas Annual Report 2024

managing the company and led by Bjørn Gulden, and the Supervisory Board, responsible for electing, advising, and supervising the Executive Board *(Figure 60).* In addition to this governance structure promoting a clear separation between management and supervision, strengthening oversight and control, Adidas demonstrates solid governance practices, reflected in a governance rating of **A-** (Table 15)**.**

The Supervisory Board comprises a significant proportion of independent members, reflecting a balanced governance structure supported by effective monitoring of decision-making. This oversight helps to reduce the risk of inappropriate investment decisions and to mitigate potential conflicts of interest.

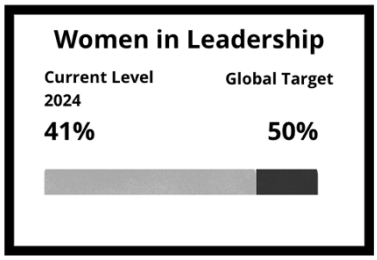
The remuneration system, also determined and reviewed by the Supervisory Board, includes both fixed components, unrelated to performance, and variable components, which are performance-based and include sustainability criteria as well as the achievement of ESG targets, aligning management incentives with long-term value creation.

Adidas has also established a Code of Conduct and a Fair Play system to promote strong corporate governance practices by preventing any breaches of ethical and legal standards, prohibiting corruption and bribery. In addition, the company considers strong corporate conduct indispensable and views solid relationships with suppliers as fundamental to ensuring long-term success, therefore it promotes fair business practices, maintaining a standard payment term of 60 days, with 92% of payments made on time and no pending cases related to payment delays. *(Figure 59)*

In addition, its sustainability report is subject to independent audit, reinforcing transparency and the reliability of its governance framework.

From a valuation perspective, a stable and resilient governance structure reduces agency risk and, consequently, improves oversight, contributing to more efficient capital allocation and a lower perceived risk profile, which may support a lower cost of capital and positively influence the company's valuation.

Figure 51*- Adidas Women Leadership*



Source: Adidas Annual Report 2024

Figure 52*- Superior Social Performance*



Source: Adidas Annual Report 2024

Figure 53*- Minimum Compliance*



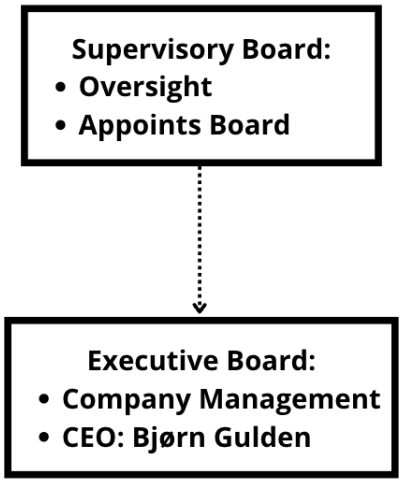
Source: Adidas Annual Report 2024

Figure 54*- Supplier Payment Compliance*



Source: Adidas Annual Report 2024

Figure 55*- Adidas Governance Structure*



Source: Adidas Annual Report 2024

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Appendices

Appendix 1: Base Case Income Statement

	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue from Goods & Services	18,435	21,234	22,511	21,427	23,683	25058	26524	27995	29539	31128	32770	34520	36354	38258	40265	42374
Cost of Operating Revenue	9,213	10,469	11,867	11,244	11,658	12164	12864	13564	14297	15050	15828	16656	17541	18479	19468	20509
Gross Profit - Industrials/Property - Total	**9,222**	**10,765**	**10,644**	**10,183**	**12,025**	**12,894**	**13,660**	**14,431**	**15,242**	**16,078**	**16,942**	**17,864**	**18,813**	**19,780**	**20,797**	**21,865**
Selling, General & Administrative Expenses - Total	8,464.0	8,816.0	10,078.0	9,933.0	10,901.0	11,456.1	12,095.8	12,737.7	13,410.9	14,101.0	14,828.3	15,599.7	16,428.2	17,288.9	18,196.0	19,149.0
Selling, General & Administrative Expenses - Unclassified	8,238.0	8,680.0	9,862.0	9,763.0	10,746	11255	11883	12514	13175	13852	14566	15327	16141	16987	17878	18814
Research & Development Expense	115.0	130.0	153.0	151.0	170.0	176	186	202	216	230	246	259	273	287	302	318
Selling, General & Administrative Expenses - Other - Total	111.0	6.00	63.00	19.00	-15.00	25	27	22	21	19	16	14	15	15	16	17
Other Operating Expense/(Income) - Net	-84	-5	-250	-87	-193	-195	-206	-218	-230	-242	-255	-268	-283	-297	-313	-329
Operating Expenses - Total	17,593	19,280	21,695	21,090	22,366	23,425	24,754	26,084	27,478	28,909	30,401	31,987	33,686	35,470	37,351	39,329
Operating Profit before Non-Recurring Income/Expense	**842**	**1,954**	**816**	**337**	**1,317**	**1,632**	**1,770**	**1,911**	**2,061**	**2,219**	**2,368**	**2,533**	**2,667**	**2,788**	**2,914**	**3,046**
Interest Income - Non-Bank	27	12.00	23.00	39.00	57.00	57.98	71.71	74.83	77.66	81.85	87.49	91.80	94.28	98.11	103.35	110.07
Interest Expense - Net of Capitalized Interest	156	109.0	125.0	157.0	196.0	182	192	195	199	210	220	229	237	245	253	262
Non-Interest Financial Income/(Expense) - Total	-38.00	-35.00	-167.00	-82.00	-52.00	-52	-52	-52	-52	-52	-52	-52	-52	-52	-52	-52
Sale of Tangible & Intangible Fixed Assets - Gain/(Loss)	3	5	3	7	30	0	0	0	0	0	0	0	0	0	0	0
Other Non-Operating Income/(Expense) - Total	-1	-2	-12	-3	-25	0	0	0	0	0	0	0	0	0	0	0
Normalized Pre-tax Profit	**677**	**1,825**	**538**	**141**	**1,131**	**1,456**	**1,599**	**1,739**	**1,888**	**2,038**	**2,184**	**2,343**	**2,473**	**2,590**	**2,713**	**2,842**
Non-Recurring Income/(Expense) - Total	-99	27	-150	-76	-10	0	0	0	0	0	0	0	0	0	0	0
EBT	**578**	**1,852**	**388**	**65**	**1,121**	**1,456**	**1,599**	**1,739**	**1,888**	**2,038**	**2,184**	**2,343**	**2,473**	**2,590**	**2,713**	**2,842**
Income Taxes	117	360	134	124	297	436	479	521	565	610	654	702	740	775	812	851
Net Income after Tax	**461**	**1,492**	**254**	**-59**	**824**	**1,020**	**1,120**	**1,219**	**1,323**	**1,428**	**1,530**	**1,642**	**1,733**	**1,814**	**1,901**	**1,991**
Income before Discontinued Operations & Extraordinary Items	**461**	**1,492**	**254**	**-58**	**824**	1,020	1,120	1,219	1,323	1,428	1,530	1,642	1,733	1,814	1,901	1,991
Extraordinary Activities - after Tax - Gain/(Loss)	-19	666	384	44	8	0	0	0	0	0	0	0	0	0	0	0
Net Income before Minority Interest	442	2,158	638	-14	832	1,020	1,120	1,219	1,323	1,428	1,530	1,642	1,733	1,814	1,901	1,991
Minority Interest	11	42	26	61	68	68	68	68	68	68	68	68	68	68	68	68
Net Income after Minority Interest	431	2,116	612	-75	764	952	1,052	1,151	1,255	1,360	1,462	1,574	1,665	1,746	1,833	1,923
Earnings Adjustments to Net Income - Other Expense/(Income)	-1															
Income Available to Common Shares	**432**	**2,116**	**612**	**-75**	**764**	**952**	**1,052**	**1,151**	**1,255**	**1,360**	**1,462**	**1,574**	**1,665**	**1,746**	**1,833**	**1,923**

Source: Company´s Data and Author´s estimates

Appendix 2: Base Case Income Statement Common-Size

Standardized Income Statement Common Size																
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenue from Goods & Services	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Cost of Operating Revenue	49.98%	49.30%	52.72%	52.48%	49.23%	48.54%	48.50%	48.45%	48.40%	48.35%	48.30%	48.25%	48.25%	48.30%	48.35%	48.40%
Gross Profit - Industrials/Property - Total	**50.02%**	**50.70%**	**47.28%**	**47.52%**	**50.77%**	**51.46%**	**51.50%**	**51.55%**	**51.60%**	**51.65%**	**51.70%**	**51.75%**	**51.75%**	**51.70%**	**51.65%**	**51.60%**
Selling, General & Administrative Expenses - Total	45.91%	41.52%	44.77%	46.36%	46.03%	45.72%	45.60%	45.50%	45.40%	45.30%	45.25%	45.19%	45.19%	45.19%	45.19%	45.19%
Selling, General & Administrative Expenses - Unclassified	44.69%	40.88%	43.81%	45.56%	45.37%	44.92%	44.80%	44.70%	44.60%	44.50%	44.45%	44.40%	44.40%	44.40%	44.40%	44.40%
Research & Development Expense	0.62%	0.61%	0.68%	0.70%	0.72%	0.70%	0.72%	0.73%	0.74%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
Selling, General & Administrative Expenses - Other - Total	0.60%	0.03%	0.28%	0.09%	-0.06%	0.10%	0.08%	0.07%	0.06%	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%
Other Operating Expense/(Income) - Net	-0.46%	-0.02%	-1.11%	-0.41%	-0.81%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.78%	-0.0078
Operating Expenses - Total	95.43%	90.80%	96.38%	98.43%	94.44%	93.49%	93.33%	93.17%	93.02%	92.87%	92.77%	92.66%	92.66%	92.71%	92.76%	92.81%
Operating Profit before Non-Recurring Income/Expense	**4.57%**	**9.20%**	**3.62%**	**1.57%**	**5.56%**	**6.51%**	**6.67%**	**6.83%**	**6.98%**	**7.13%**	**7.23%**	**7.34%**	**7.34%**	**7.29%**	**7.24%**	**7.19%**
Interest Income - Non-Bank	0.15%	0.06%	0.10%	0.18%	0.24%	0.23%	0.27%	0.27%	0.26%	0.26%	0.27%	0.27%	0.26%	0.26%	0.26%	0.26%
Interest Expense - Net of Capitalized Interest	0.85%	0.51%	0.56%	0.73%	0.83%	0.73%	0.72%	0.70%	0.67%	0.68%	0.67%	0.66%	0.65%	0.64%	0.63%	0.62%
Non-Interest Financial Income/(Expense) - Total	-0.21%	-0.16%	-0.74%	-0.38%	-0.22%	-0.21%	-0.20%	-0.18%	-0.18%	-0.17%	-0.16%	-0.15%	-0.14%	-0.14%	-0.13%	-0.12%
Sale of Tangible & Intangible Fixed Assets - Gain/(Loss)	0.02%	0.02%	0.01%	0.03%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Non-Operating Income/(Expense) - Total	-0.01%	-0.01%	-0.05%	-0.01%	-0.11%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Normalized Pre-tax Profit	**3.67%**	**8.59%**	**2.39%**	**0.66%**	**4.78%**	**5.81%**	**6.03%**	**6.21%**	**6.39%**	**6.55%**	**6.66%**	**6.79%**	**6.80%**	**6.77%**	**6.74%**	**6.71%**
Non-Recurring Income/(Expense) - Total	-0.54%	0.13%	-0.67%	-0.35%	-0.04%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EBT	**3.14%**	**8.72%**	**1.72%**	**0.30%**	**4.73%**	**5.81%**	**6.03%**	**6.21%**	**6.39%**	**6.55%**	**6.66%**	**6.79%**	**6.80%**	**6.77%**	**6.74%**	**6.71%**
Income Taxes	0.63%	1.70%	0.60%	0.58%	1.25%	1.74%	1.80%	1.86%	1.91%	1.96%	2.00%	2.03%	2.04%	2.03%	2.02%	2.01%
Net Income after Tax	**2.50%**	**7.03%**	**1.13%**	**-0.28%**	**3.48%**	**4.07%**	**4.22%**	**4.35%**	**4.48%**	**4.59%**	**4.67%**	**4.76%**	**4.77%**	**4.74%**	**4.72%**	**4.70%**
Extraordinary Activities - after Tax - Gain/(Loss)	-0.10%	3.14%	1.71%	0.21%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net Income before Minority Interest	**2.40%**	**10.16%**	**2.83%**	**-0.07%**	**3.51%**	**4.07%**	**4.22%**	**4.35%**	**4.48%**	**4.59%**	**4.67%**	**4.76%**	**4.77%**	**4.74%**	**4.72%**	**4.70%**
Minority Interest	0.06%	0.20%	0.12%	0.28%	0.29%	0.27%	0.26%	0.24%	0.23%	0.22%	0.21%	0.20%	0.19%	0.18%	0.17%	0.16%
Net Income after Minority Interest	0.02337944	0.0996515	0.02718671	-0.0035003	0.03225943	0.038007386	0.03966718	0.0410987	0.04247819	0.04369581	0.04461021	0.04559064	0.04578892	0.04564505	0.04551163	0.04538654
Earnings Adjustments to Net Income - Other Expense/(Income)	-0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income Available to Common Shares	**4.68%**	**19.66%**	**5.75%**	**-0.74%**	**6.35%**	**7.39%**	**7.70%**	**7.97%**	**8.23%**	**8.46%**	**8.63%**	**8.81%**	**8.85%**	**8.83%**	**8.81%**	**8.80%**

Source: Company´s Data and Author´s estimates

Appendix 3: Revenues Forecast

2026

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.40%	0.50%	2.80%	4.70%	1.50%
North America	22%	2.00%	0.50%	2.50%	5.00%	1.10%
Greater China	15%	4.07%	0.70%	0.77%	5.53%	0.83%
Emerging Markets	14%	4.82%	0.70%	4.09%	9.62%	1.35%
Latin America	12%	2.30%	0.10%	5.00%	7.40%	0.89%
Japan/South Korea	6%	0.96%	0.10%	2.01%	3.07%	0.18%
Total Revenue Growth					**5.85%**	

2027

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.60%	0.30%	0.025	4.40%	1.41%
North America	22%	2.00%	0.30%	0.023	4.60%	1.01%
Greater China	15%	4.08%	0.40%	0.01422879	5.90%	0.89%
Emerging Markets	14%	4.90%	0.50%	0.0378	9.18%	1.29%
Latin America	12%	2.60%	0.00%	0.038	6.40%	0.77%
Japan/South Korea	6%	1.08%	0.00%	2.00%	3.08%	0.19%
Total Revenue Growth					**5.54%**	

2028

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.50%	0.30%	0.025	4.30%	1.38%
North America	22%	2.10%	0.30%	0.023	4.70%	1.03%
Greater China	15%	3.89%	0.30%	0.017996	5.99%	0.90%
Emerging Markets	14%	4.89%	0.50%	0.036622	9.05%	1.27%
Latin America	12%	2.70%	0.00%	0.036	6.30%	0.76%
Japan/South Korea	6%	1.08%	0.00%	2.00%	3.08%	0.19%
Total Revenue Growth					**5.52%**	

2029

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.50%	0.20%	2.50%	4.20%	1.34%
North America	22%	1.90%	0.20%	2.30%	4.40%	0.97%
Greater China	15%	3.62%	0.30%	1.90%	5.82%	0.87%
Emerging Markets	14%	4.91%	0.40%	3.60%	8.91%	1.25%
Latin America	12%	2.80%	0.00%	3.60%	6.40%	0.77%
Japan/South Korea	6%	0.95%	0.00%	2.00%	2.95%	0.18%
Total Revenue Growth					**5.38%**	

2030

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.40%	0.20%	2.50%	4.10%	1.31%
North America	22%	1.80%	0.20%	2.20%	4.20%	0.92%
Greater China	15%	3.33%	0.40%	1.99%	5.72%	0.86%
Emerging Markets	14%	4.92%	0.40%	3.56%	8.88%	1.24%
Latin America	12%	2.60%	0.10%	3.60%	6.30%	0.76%
Japan/South Korea	6%	0.92%	0.10%	2.00%	3.02%	0.18%
Total Revenue Growth					**5.27%**	

2031

Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.47%	0.20%	2.50%	4.17%	1.33%
North America	22%	1.93%	0.20%	2.27%	4.40%	0.97%
Greater China	15%	3.61%	0.30%	1.90%	5.81%	0.87%
Emerging Markets	14%	4.91%	0.30%	3.61%	8.82%	1.23%
Latin America	12%	2.70%	0.00%	3.60%	6.30%	0.76%
Japan/South Korea	6%	0.99%	0.00%	2.00%	2.99%	0.18%
Total Revenue Growth					**5.34%**	

2032						
Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.46%	0.20%	2.50%	4.16%	1.33%
North America	22%	1.88%	0.20%	2.26%	4.33%	0.95%
Greater China	15%	3.52%	0.30%	1.93%	5.75%	0.86%
Emerging Markets	14%	4.91%	0.30%	3.59%	8.80%	1.23%
Latin America	12%	2.70%	0.00%	3.60%	6.30%	0.76%
Japan/South Korea	6%	0.96%	0.00%	2.00%	2.96%	0.18%
Total Revenue Growth					**5.31%**	

2033						
Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.44%	0.10%	2.50%	4.04%	1.29%
North America	22%	1.87%	0.10%	2.24%	4.21%	0.93%
Greater China	15%	3.49%	0.30%	1.94%	5.72%	0.86%
Emerging Markets	14%	4.91%	0.30%	3.59%	8.80%	1.23%
Latin America	12%	2.67%	0.00%	3.60%	6.27%	0.75%
Japan/South Korea	6%	0.96%	0.00%	2.00%	2.96%	0.18%
Total Revenue Growth					**5.24%**	

2034						
Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.45%	0.10%	2.50%	4.05%	1.30%
North America	22%	1.89%	0.10%	2.25%	4.25%	0.93%
Greater China	15%	3.54%	0.20%	1.92%	5.66%	0.85%
Emerging Markets	14%	4.91%	0.30%	3.60%	8.81%	1.23%
Latin America	12%	2.69%	0.00%	3.60%	6.29%	0.75%
Japan/South Korea	6%	0.97%	0.00%	2.00%	2.97%	0.18%
Total Revenue Growth					**5.25%**	

2035						
Region	Weight (%) in revenues	GDP Growth	Adjustment	Inflation	Revenue Growth	Weight × Revenue Growth
Europe	32%	1.45%	0.10%	2.50%	4.05%	1.30%
North America	22%	1.88%	0.10%	2.25%	4.23%	0.93%
Greater China	15%	3.51%	0.20%	1.93%	5.64%	0.85%
Emerging Markets	14%	4.91%	0.30%	3.59%	8.80%	1.23%
Latin America	12%	2.69%	0%	3.60%	6.29%	0.75%
Japan/South Korea	6%	0.96%	0.00%	2.00%	2.96%	0.18%
Total Revenue Growth					**5.24%**	

Source: Company´s Data, International Monetary Fund and Author´s estimates

Appendix 4: Income Statement´s forecasting assumptions

Revenues	Regional breakdown using GDP and Inflation rates
Cost of operating Revenue	Grows with Gross Margin and Revenues
Gross Profit	Based on the gross profit recorded over the first nine months of 2025, with a gradual operational improvement and normalization assumed over the forecast period.
SG&A- unclassified	Average of last 3 years as a % of sales, with a slight improvement reflecting a more efficient cost structure. (44.92% - 44.40%)
R&D expense	Average of last 3 years as a % of sales, with a slight increase reflecting the importance of these expenses for Adidas. (0.70% - 0.75%)
SG&A- other	Average of last 3 years as a % of sales, with a slight improvement reflecting a more efficient cost structure. (0.10% - 0.04%)
Other operating expenses/(income)	Average last 3 years (% of sales) – 0.78%
Operating Profit	Sum
Interest income	Average last 3 years (% of cash and cash equivalents) – 2.64%
Interest expense	Average last 3 years (% total debt) – 5.59%
Non-Interest Financial Income/(Expense)	Last year value, held constant over the period
Sale of Tangible/Intangible Fixed Assets	Value assumed to be 0
Other Non-Operating Income/(Expense)	Value assumed to be 0
EBT	Sum
Income Taxes	Marginal tax rate of Germany, held constant (29.94%)
Net Income after taxes	Sum
Extraordinary Activities	Value assumed to be 0
Net Income before Minority Interest	Sum

Minority Interest	Last year value, held constant over the period
Income Available to Common Shares	Difference

Source: Author´s estimates

Appendix 5: Base Case Balance Sheet

Standardized Balance Sheet	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Current Assets																
Cash & Short-Term Investments	4,336.0	4,041.0	1,300.0	1,792.0	2,866.0	2,666	3,212	3,358	3,495	3,683	3,927	4,123	4,252	4,433	4,668	4,962
Cash & Cash Equivalents	3,994.0	3,828.0	798.0	1,431.0	2,455.0	2,193.6	2,712.9	2,831.0	2,938.3	3,096.5	3,310.0	3,473.2	3,567.1	3,712.0	3,910.0	4,164.2
Short-Term Investments - Total	342.0	213.0	502.0	361.0	411.0	472	500	527	556	586	617	650	685	721	758	798
Derivative Financial Instruments - Hedging - Short-Term	125.0	257.0	232.0	88.00	239.0	186	186	186	186	186	186	186	186	186	186	186
Loans & Receivables - Net - Short-Term	2713	2986	3558	2785	3155	3490	3684	3861	4046	4264	4489	4729	4980	5241	5516	5805
Inventories - Total	4,397.00	4009	5973	4525	4989	5359	5586	5977	6326	6689	7035	7403	7796	8213	8653	9115
Prepaid Expenses - Short-Term	204.0	270.0	250.0	295.0	290.0	310	328	346	365	385	405	427	450	473	498	524
Assets Held for Sale/Discontinued Operations - Short-Term	0	2,033.0	0			0	0	0	0	0	0	0	0	0	0	0
Other Current Assets - Total	379	348	419	324	365	410	435	459	484	510	537	566	596	627	660	694
Total Current Assets	**12,154**	**13,944**	**11,732**	**9,809**	**11,904**	12,421.0	13,431.4	14,187.5	14,903.0	15,717.4	16,579.4	17,433.8	18,259.2	19,172.6	20,180.9	21,287.0
Non-Current Assets																
Investments - Long-Term	478	397	634	717	562	713	755	797	840	886	932	982	1034	1089	1146	1206
Receivables & Loans - Long-Term	166	0	0	0	176	176	176	176	176	176	176	176	176	176	176	176
Derivative Financial Instruments - Hedging - Long-Term	123	53	3	2	12	12	12	12	12	12	12	12	12	12	12	12
Property, Plant & Equipment - Net - Total	4,587.0	4,825.0	4,944.0	4,404.0	4,912.0	5,143.4	5,383.6	5,735.2	6,137.5	6,524.3	6,891.1	7,237.2	7,560.1	7,856.2	8,124.2	8,362.1
Property, Plant & Equipment - Gross - Total	4,326.0	4,572.0	4,907.0	4,864.0	5,179.0	5780	6417	7201	8087	9021	10004	11040	12130	13278	14486	15757
Property, Plant & Equipment - Accumulated Depreciation & Impairment	2,169.0	2,316.0	2,628.0	2,707.0	3,046.0	3496	3999	4557	5183	5887	6671	7541	8501	9556	10711	11970
Right of Use Tangible Assets - Total - Net	2,430.0	2,569.0	2,665.0	2,247.0	2,779.0	2859	2966	3091	3234	3390	3558	3739	3931	4134	4349	4575
Other Non-Current Assets - Total	1335	1338	1294	1408	1388	1363	1363	1363	1363	1363	1363	1363	1363	1363	1363	1363
Intangible Assets - Total - Net	2,210.0	1,580.0	1,689.0	1,680.0	1,701.0	1,756.4	1,784.6	1,812.8	1,842.5	1,873.0	1,904.5	1,938.2	1,973.4	2,010.0	2,048.6	2,089.1
Goodwill/Cost in Excess of Assets Purchased - Net	1,208.0	1,228.0	1,260.0	1,238.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0	1,275.0
Intangible Assets - excluding Goodwill - Net - Total	1,002.0	352.0	429.0	442.0	426.0	481.4	509.6	537.8	567.5	598.0	629.5	663.2	698.4	735.0	773.6	814.1
Intangible Assets - excluding Goodwill - Gross - Total	2,403.0	1,255.0	1,425.0	1,428.0	1,495.0	1613	1707	1802	1901	2003	2109	2222	2340	2462	2591	2727
Accumulated Amortization & Impairment - Total	1,401.0	903.0	996.0	986.0	1,069.0	1131	1197	1264	1334	1405	1479	1558	1641	1727	1819	1913
Total Non-Current Assets	**8,899.0**	**8,193.0**	**8,564.0**	**8,211.0**	**8,751.0**	**9,164.1**	**9,474.2**	**9,895.8**	**10,371.8**	**10,834.3**	**11,279.4**	**11,708.9**	**12,119.1**	**12,506.1**	**12,869.7**	**13,208.2**
Total Assets	**21,053**	**22,137**	**20,296**	**18,020**	**20,655**	21,585	22,906	24,083	25,275	26,552	27,859	29,143	30,378	31,679	33,051	34,495
Current Liabilities																
Trade Accounts Payable & Accruals - Short-Term	5084	5586	5875	5075	6597	5963	6304	6616	6940	7236	7610	8008	8433	8884	9360	9860
Short-Term Debt & Current Portion of Long-Term Debt	1249	602	1170	1094	1177	1316	1390	1442	1528	1612	1694	1774	1851	1930	2015	2103
Current Portion of Long-Term Debt excluding Capitalized Leases	686.0	29.00	527.0	549.0	570.0	650	686	698	743	786	824	858	885	915	945	976
Capitalized Leases - Current Portion	563.0	573.0	643.0	545.0	607.0	665	704	743	784	826	870	917	965	1016	1069	1125
Derivative Liabilities - Hedging - Short-Term	282.0	183.0	146.0	103.0	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00	76.00
Liabilities Held for Sale/Discontinued Operations - Short-Term		594.0	0			0	0	0	0	0	0	0	0	0	0	0
Income Taxes - Payable - Short-Term	562.0	536.0	302.0	323.0	334.0	356	377	397	419	442	465	490	516	543	572	602
Other Current Liabilities - Total	1,650	1,464	1,764	1,448	1,409	1716	1816	1917	2023	2132	2244	2364	2489	2620	2757	2902
Total Current Liabilities	**8,827.0**	**8,965.0**	**9,257.0**	**8,043.0**	**9,593.0**	**9,426.2**	**9,962.9**	**10,448.5**	**10,986.2**	**11,497.3**	**12,088.7**	**12,711.9**	**13,365.1**	**14,053.4**	**14,779.3**	**15,542.7**
Non-Current Liabilities																
Accounts Payable including Accrued Expenses - Long-Term	10.00	10.00	7.00	0	0	0	0	0	0	0	0	0	0	0	0	0
Debt - Long-Term - Total	4,641.0	4,729.0	5,289.0	4,469.0	4,410.0	5157	5436	5636	5816	6137	6449	6755	7046	7350	7671	8008
Long-Term Debt excluding Capitalized Leases	2,482.0	2,466.0	2,946.0	2,430.0	1,915.0	2613	2743	2793	2817	2977	3122	3250	3355	3466	3583	3707
Capitalized Lease Obligations - Long-Term	2,159.0	2,263.0	2,343.0	2,039.0	2,495.0	2544	2693	2842	2999	3160	3327	3505	3691	3884	4088	4302
Derivative Liabilities - Hedging - Long-Term	111.0	52.00	44.00	6.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Deferred Tax & Investment Tax Credits - Long-Term	241.0	122.0	135.0	147.0	133.0	138.3	138.3	138.3	138.3	138.3	138.3	138.3	138.3	138.3	138.3	138.3
Other Non-Current Liabilities - Total	532	422	213	430	651	509	509	509	509	509	509	509	509	509	509	509
Total Non-Current Liabilities	**5,535.0**	**5,335.0**	**5,688.0**	**5,052.0**	**5,195.0**	**5,804.8**	**6,084.3**	**6,283.6**	**6,463.9**	**6,785.2**	**7,097.2**	**7,402.8**	**7,693.8**	**7,998.0**	**8,318.8**	**8,656.6**
Total Liabilities	**14,362**	**14,300**	**14,945**	**13,095**	**14,788**	15,231	16,047	16,732	17,450	18,283	19,186	20,115	21,059	22,051	23,098	24,199
Shareholders' Equity																
Shareholders' Equity - Attributable to Parent Shareholders - Total	6,454.0	7,519.0	4,991.0	4,580.0	5,475.0	5,988.4	6,492.8	6,985.5	7,459.1	7,903.5	8,307.1	8,662.4	8,953.8	9,261.6	9,586.8	9,930.2
Common Equity - Contributed	1082	1087	1517	1534	1546	1,558	1,570	1,583	1,595	1,608	1,621	1,633	1,646	1,659	1,672	1,685
Retained Earnings - Total	6,733.0	7,259.0	4,347.0	4,145.0	4,775.0	5268.2	5760.3	6240.6	6701.7	7133.6	7524.6	7867.0	8145.5	8440.4	8752.5	9082.7
Comprehensive Income - Accumulated - Total	-1126	-626	-755	-971	-711	-711	-711	-711	-711	-711	-711	-711	-711	-711	-711	-711
Other Reserves/Equity - Total	-235.0	-201.0	-118.0	-128.0	-135.0	-127	-127	-127	-127	-127	-127	-127	-127	-127	-127	-127
Minority Interest - Equity	237.0	318.0	360.0	345.0	392.0	366	366	366	366	366	366	366	366	366	366	366
Total Shareholders' Equity - including Minority Interest & Hybrid Debt	**6,691.0**	**7,837.0**	**5,351.0**	**4,925.0**	**5,867.0**	**6,354.1**	**6,858.4**	**7,351.2**	**7,824.7**	**8,269.2**	**8,672.8**	**9,028.0**	**9,319.4**	**9,627.3**	**9,952.5**	**10,295.9**
Total Liabilities & Equity	**21,053**	**22,137**	**20,296**	**18,020**	**20,655**	21,585	22,906	24,083	25,275	26,552	27,859	29,143	30,378	31,679	33,051	34,495

Source: Company´s Data and Author´s estimates

Appendix 6: Base Case Balance Sheet Common-Size

Standardized Balance Sheet Common-Size																
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Current Assets																
Cash & Short-Term Investments	20.60%	18.25%	6.41%	9.94%	13.88%	12.35%	14.02%	13.94%	13.83%	13.87%	14.10%	14.15%	14.00%	13.99%	14.12%	14.39%
Cash & Cash Equivalents	18.97%	17.29%	3.93%	7.94%	11.89%	10.16%	11.84%	11.76%	11.63%	11.66%	11.88%	11.92%	11.74%	11.72%	11.83%	12.07%
Short-Term Investments - Total	1.62%	0.96%	2.47%	2.00%	1.99%	2.19%	2.18%	2.19%	2.20%	2.21%	2.22%	2.23%	2.25%	2.27%	2.29%	2.31%
Derivative Financial Instruments - Hedging - Short-Term	0.59%	1.16%	1.14%	0.49%	1.16%	0.86%	0.81%	0.77%	0.74%	0.70%	0.67%	0.64%	0.61%	0.59%	0.56%	0.54%
Loans & Receivables - Net - Short-Term	12.89%	13.49%	17.53%	15.46%	15.27%	16.17%	16.08%	16.03%	16.01%	16.06%	16.11%	16.23%	16.39%	16.54%	16.69%	16.83%
Inventories - Total	20.89%	18.11%	29.43%	25.11%	24.15%	24.83%	24.39%	24.82%	25.03%	25.19%	25.25%	25.40%	25.66%	25.93%	26.18%	26.42%
Prepaid Expenses - Short-Term	0.97%	1.22%	1.23%	1.64%	1.40%	1.44%	1.43%	1.44%	1.45%	1.45%	1.46%	1.47%	1.48%	1.49%	1.51%	1.52%
Assets Held for Sale/Discontinued Operations - Short-Term	0.00%	9.18%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other Current Assets - Total	1.80%	1.57%	2.06%	1.80%	1.77%	1.90%	1.90%	1.90%	1.91%	1.92%	1.93%	1.94%	1.96%	1.98%	2.00%	2.01%
Total Current Assets	**57.73%**	**62.99%**	**57.80%**	**54.43%**	**57.63%**	**57.54%**	**58.64%**	**58.91%**	**58.96%**	**59.20%**	**59.51%**	**59.82%**	**60.11%**	**60.52%**	**61.06%**	**61.71%**
Non-Current Assets																
Investments - Long-Term	2.27%	1.79%	3.12%	3.98%	2.72%	3.30%	3.29%	3.31%	3.33%	3.34%	3.35%	3.37%	3.40%	3.44%	3.47%	3.50%
Receivables & Loans - Long-Term	0.79%	0.00%	0.00%	0.00%	0.85%	0.82%	0.77%	0.73%	0.70%	0.66%	0.63%	0.60%	0.58%	0.56%	0.53%	0.51%
Derivative Financial Instruments - Hedging - Long-Term	0.58%	0.24%	0.01%	0.01%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%	0.04%	0.04%	0.04%	0.04%	0.04%	0.03%
Property, Plant & Equipment - Net - Total	21.79%	21.80%	24.36%	24.44%	23.78%	23.83%	23.50%	23.81%	24.28%	24.57%	24.74%	24.83%	24.89%	24.80%	24.58%	24.24%
Property, Plant & Equipment - Gross - Total	20.55%	20.65%	24.18%	26.99%	25.07%	26.78%	28.01%	29.90%	32.00%	33.97%	35.91%	37.88%	39.93%	41.91%	43.83%	45.68%
Property, Plant & Equipment - Accumulated Depreciation &	10.30%	10.46%	12.95%	15.02%	14.75%	16.20%	17.46%	18.92%	20.51%	22.17%	23.95%	25.88%	27.98%	30.16%	32.41%	34.70%
Right of Use Tangible Assets - Total - Net	11.54%	11.61%	13.13%	12.47%	13.45%	13.25%	12.95%	12.84%	12.79%	12.77%	12.77%	12.83%	12.94%	13.05%	13.16%	13.26%
Other Non-Current Assets - Total	6.34%	6.04%	6.38%	7.81%	6.72%	6.32%	5.95%	5.66%	5.39%	5.13%	4.89%	4.68%	4.49%	4.30%	4.12%	3.95%
Intangible Assets - Total - Net	10.50%	7.14%	8.32%	9.32%	8.24%	8.14%	7.79%	7.53%	7.29%	7.05%	6.84%	6.65%	6.50%	6.34%	6.20%	6.06%
Goodwill/Cost in Excess of Assets Purchased - Net	5.74%	5.55%	6.21%	6.87%	6.17%	5.91%	5.57%	5.29%	5.04%	4.80%	4.58%	4.38%	4.20%	4.02%	3.86%	3.70%
Intangible Assets - excluding Goodwill - Net - Total	4.76%	1.59%	2.11%	2.45%	2.06%	2.23%	2.22%	2.23%	2.25%	2.25%	2.26%	2.28%	2.30%	2.32%	2.34%	2.36%
Intangible Assets - excluding Goodwill - Gross - Total	11.41%	5.67%	7.02%	7.92%	7.24%	7.47%	7.45%	7.48%	7.52%	7.54%	7.57%	7.62%	7.70%	7.77%	7.84%	7.91%
Accumulated Amortization & Impairment - Total	6.65%	4.08%	4.91%	5.47%	5.18%	5.24%	5.23%	5.25%	5.28%	5.29%	5.31%	5.35%	5.40%	5.45%	5.50%	5.55%
Total Non-Current Assets	**42.27%**	**37.01%**	**42.20%**	**45.57%**	**42.37%**	**42.46%**	**41.36%**	**41.09%**	**41.04%**	**40.80%**	**40.49%**	**40.18%**	**39.89%**	**39.48%**	**38.94%**	**38.29%**
Total Assets	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**
Current Liabilities																
Trade Accounts Payable & Accruals - Short-Term	24.15%	25.23%	28.95%	28.16%	31.94%	27.62%	27.52%	27.47%	27.46%	27.25%	27.31%	27.48%	27.76%	28.04%	28.32%	28.58%
Short-Term Debt & Current Portion of Long-Term Debt	5.93%	2.72%	5.76%	6.07%	5.70%	6.10%	6.07%	5.99%	6.04%	6.07%	6.08%	6.09%	6.09%	6.09%	6.10%	6.10%
Current Portion of Long-Term Debt excluding Capitalized Leases	3.26%	0.13%	2.60%	3.05%	2.76%	3.01%	2.99%	2.90%	2.94%	2.96%	2.96%	2.94%	2.91%	2.89%	2.86%	2.84%
Capitalized Leases - Current Portion	2.67%	2.59%	3.17%	3.02%	2.94%	3.08%	3.07%	3.09%	3.10%	3.11%	3.12%	3.15%	3.18%	3.21%	3.23%	3.26%
Derivative Liabilities - Hedging - Short-Term	1.34%	0.83%	0.72%	0.57%	0.37%	0.35%	0.33%	0.32%	0.30%	0.29%	0.27%	0.26%	0.25%	0.24%	0.23%	0.22%
Liabilities Held for Sale/Discontinued Operations - Short-Term	0.00%	2.68%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income Taxes - Payable - Short-Term	2.67%	2.42%	1.49%	1.79%	1.62%	1.65%	1.64%	1.65%	1.66%	1.66%	1.67%	1.68%	1.70%	1.71%	1.73%	1.74%
Other Current Liabilities - Total	7.84%	6.61%	8.69%	8.04%	6.82%	7.95%	7.93%	7.96%	8.00%	8.03%	8.05%	8.11%	8.19%	8.27%	8.34%	8.41%
Total Current Liabilities	**41.93%**	**40.50%**	**45.61%**	**44.63%**	**46.44%**	**43.67%**	**43.50%**	**43.38%**	**43.47%**	**43.30%**	**43.39%**	**43.62%**	**44.00%**	**44.36%**	**44.72%**	**45.06%**
Non-Current Liabilities																
Accounts Payable including Accrued Expenses - Long-Term	0.05%	0.05%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt - Long-Term - Total	22.04%	21.36%	26.06%	24.80%	21.35%	23.89%	23.73%	23.40%	23.01%	23.11%	23.15%	23.18%	23.19%	23.20%	23.21%	23.22%
Long-Term Debt excluding Capitalized Leases	11.79%	11.14%	14.52%	13.49%	9.27%	12.10%	11.98%	11.60%	11.15%	11.21%	11.21%	11.15%	11.04%	10.94%	10.84%	10.75%
Capitalized Lease Obligations - Long-Term	10.26%	10.22%	11.54%	11.32%	12.08%	11.79%	11.76%	11.80%	11.87%	11.90%	11.94%	12.03%	12.15%	12.26%	12.37%	12.47%
Derivative Liabilities - Hedging - Long-Term	0.53%	0.23%	0.22%	0.03%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred Tax & Investment Tax Credits - Long-Term	1.14%	0.55%	0.67%	0.82%	0.64%	0.64%	0.60%	0.57%	0.55%	0.52%	0.50%	0.47%	0.46%	0.44%	0.42%	0.40%
Other Non-Current Liabilities - Total	2.53%	1.91%	1.05%	2.39%	3.15%	2.36%	2.22%	2.11%	2.01%	1.92%	1.83%	1.75%	1.67%	1.61%	1.54%	1.47%
Total Non-Current Liabilities	**26.29%**	**24.10%**	**28.03%**	**28.04%**	**25.15%**	**26.89%**	**26.56%**	**26.09%**	**25.57%**	**25.55%**	**25.48%**	**25.40%**	**25.33%**	**25.25%**	**25.17%**	**25.10%**
Total Liabilities																
Shareholders' Equity																
Shareholders' Equity - Attributable to Parent Shareholders - Total	30.66%	33.97%	24.59%	25.42%	26.51%	27.74%	28.35%	29.01%	29.51%	29.77%	29.82%	29.72%	29.47%	29.24%	29.01%	28.79%
Common Equity - Contributed	5.14%	4.91%	7.47%	8.51%	7.48%	7.22%	6.86%	6.57%	6.31%	6.06%	5.82%	5.60%	5.42%	5.24%	5.06%	4.89%
Retained Earnings - Total	31.98%	32.79%	21.42%	23.00%	23.12%	24.41%	25.15%	25.91%	26.52%	26.87%	27.01%	26.99%	26.81%	26.64%	26.48%	26.33%
Comprehensive Income - Accumulated - Total	-5.35%	-2.83%	-3.72%	-5.39%	-3.44%	-3.29%	-3.10%	-2.95%	-2.81%	-2.68%	-2.55%	-2.44%	-2.34%	-2.24%	-2.15%	-2.06%
Other Reserves/Equity - Total	-1.12%	-0.91%	-0.58%	-0.71%	-0.65%	-0.59%	-0.55%	-0.53%	-0.50%	-0.48%	-0.46%	-0.44%	-0.42%	-0.40%	-0.38%	-0.37%
Minority Interest - Equity	1.13%	1.44%	1.77%	1.91%	1.90%	1.69%	1.60%	1.52%	1.45%	1.38%	1.31%	1.25%	1.20%	1.15%	1.11%	1.06%
Total Shareholders' Equity - including Minority Interest & Hybrid Debt	**31.78%**	**35.40%**	**26.36%**	**27.33%**	**28.40%**	**29.44%**	**29.94%**	**30.52%**	**30.96%**	**31.14%**	**31.13%**	**30.98%**	**30.68%**	**30.39%**	**30.11%**	**29.85%**
Total Liabilities & Equity	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Company´s Data and Author´s estimates

Appendix 7: Balance Sheet's forecasting assumptions

Assets	
Cash & Equivalents (1)	Difference (1) = (9) – (2) – (3) – (4) – (5) – (6) – (7) – (8)
Short-Term Investments (2)	Average last 3 years (% of total sales) – 1.88%
Derivative Financial Instruments (short term) (3)	Average last 3 years
Loans & Receivables (4)	Average last 3 years of Receivables Turnover with a with a gradual operational improvement and stabilization – 7.18 – 7.30
Inventories (5)	Average of last 3 years of Inventory Turnover with a gradual normalization – 2-30 – 2.25
Prepaid Expenses (6)	Average of last 3 years (% of total sales) – 1.24%
Assets Held for Sale/Discontinued Operations (7)	Value assumed to be 0

Other Current Assets (8)	Average of last 3 years (% of total sales) – 1.64%
Total Current Assets (9)	Difference (24) – (23)
Investments (10)	Average of last 3 years (% of total sales) – 2.85%
Receivables & Loans (Long-Term) (11)	Last year value, held constant over the period
Derivative Financial Instruments (long term) (12)	Last year value, held constant over the period
PPE – Net – Total (13)	Sum (13) = (14) – (15) + (16)
PPE – Gross – Total (14)	Prior Year Gross PPE plus CAPEX
PPE – Accumulated Depreciation & impairment (15)	Average of last 3 years (% of PPE) * PPE Gross
Right of Use Tangible Assets - Total – Net (16)	Prior Year Right of Use Assets plus Addictions minus depreciation of Right of Use Assets
Other Non-Current Assets (17)	Average last 3 years
Intangible Assets - Total – Net (18)	Sum (18) = (19) + (20)
Goodwill (19)	Last year value, held constant over the period
Intangible Assets ex/Goodwill – Net – Total (20)	Difference (20) = (21) – (22)
Intangible Assets ex/ Goodwill - Gross – Total (21)	Average of last 3 years (% of total sales) – 6.44%
Accumulated Amortization & Impairment – Total (22)	Average of last 3 years (% of Intangible assets) – 70%
Total Non-Current Assets (23)	Sum (23) = (10) + (11) + (12) + (13) + (17) + (18)
Total Assets (24)	Sum (24) = (42) + (49)
Liabilities	
Accounts Payable & Accruals - Short-Term (25)	Average last 5 years of Payables Turnover with a with a slight operational improvement and then stabilization – 2.02 - 2.08
Short-Term Debt & Current Portion of Long-Term Debt (26)	Sum (26) = (27) + (28)
Current Portion of Long-Term Debt ex/ Capitalized Leases (27)	Average last 3 years of ST debt/Equity with a slight improvement 10% - 9.5%

Capitalized Leases - Current Portion (28)	Average last 3 years (% of Total Capital Leases) – 20.73%
Derivative Liabilities – Short Term (29)	Last year value, held constant over the period
Liabilities Held for Sale/Discontinued Operations (30)	Value assumed to be 0
Income Taxes – Payable – Short Term (31)	Average last 3 years (% of Total sales) – 1.42%
Other Current Liabilities (32)	Average last 3 years (% of Total sales) – 6.85%
Total Current Liabilities (33)	Sum (33) = (25) + (26) + (29) + (30) + (31) + (32)
Accounts Payable & Accrued Expenses - Long-Term (34)	Value assumed to be 0
Debt - Long-Term – Total (35)	Sum (35) = (36) + (37)
Long-Term Debt ex/ Capitalized Leases (36)	Average last 5 years of LT debt/Equity with a slight improvement 41% - 36%
Capitalized Lease Obligations - Long-Term (37)	Average last 3 years (% of Total Capital Leases) – 79.27%
Derivative Liabilities - Hedging - Long-Term (38)	Last year value, held constant over the period
Deferred Tax & Investment Tax Credits - Long-Term (39)	Average last 3 years
Other Non-Current Liabilities (40)	Average of all historical period excluding outlier (year 2022)
Total Non-Current Liabilities (41)	Sum (41) = (34) + (35) + (38) + (39) + (40)
Total Liabilities (42)	Sum (42) = (33) + (41)
Equity	
Shareholders' Equity - Attributable to Parent Shareholders (43)	Sum (43) = (44) + (45) + (46) + (47) + (
Common Equity (44)	Average last 3 years of Common Equity growth * Previous year Common Equity
Retained Earnings – Total (45)	Previous year Retained earnings plus Net income minus Dividends Declared
Comprehensive Income – Accumulated (46)	Last year value, held constant over the period
Other Reserves/Equity (47)	Average last 3 years
Minority Interest (48)	Average last 3 years
Total Shareholders' Equity – incl/ Minority Interest (49)	Sum (49) = (43) + (48)

Source: Company´s Data and Author´s estimates

Appendix 8: Depreciation Forecast

Depreciation Forecast	2020	2021	2022	2023	2024	2025	Mean Last 5 year	Mean Last 3 year
Depreciation, Depletion & Amortization including Impairment	1,364.0	1,115.0	1,371.0	1,170.0	1,180.0	1,369.1		
PPE	456.0	421.0	429.0	394.0	422.0	450.4		
Right-of-use Assets	684.0	625.0	690.0	590.0	640.0	717.0		
Other Depreciation, Amortization & Impairments	224.0	69.0	252.0	186.0	118.0	201.8		
Depreciation, Depletion & Amortization including Impairment (% of PPE/ ROU/Sales)								
PPE (% of PPE)		0.0973	0.0938	0.0803	0.0868	0.0870	0.0896	0.0870
Right-of-use Assets (% of ROU previous year)		0.2572	0.2686	0.2214	0.2848	0.2580	0.2580	0.258266526
Other Depreciation, Amortization & Impairments (% of sales)	0.0122	0.0032	0.0112	0.0087	0.0050	0.0081	0.008051589	0.00828588

Depreciation Forecast	2026	2027	2028	2029	2030	2031	2032	2033	2035
Depreciation, Depletion & Amortization including Impairment	1,454.0	1,548.6	1,661.6	1,788.2	1,922.9	2,065.9	2,217.3	2,377.1	2,722.9
PPE	502.7	558.0	626.2	703.3	784.5	870.0	960.0	1,054.9	1,259.7
Right-of-use Assets	737.7	765.2	797.6	834.3	874.6	918.0	964.6	1,014.2	1,122.0
Other Depreciation, Amortization & Impairments	213.6	225.4	237.8	250.6	263.8	277.9	292.7	308.0	341.2
Depreciation, Depletion & Amortization including Impairment (% of PPE/ ROU/Sales)									
PPE (% of PPE)	0.0870	0.0870	0.0870	0.0870	0.0870	0.0870	0.0870	0.0870	0.0870
Right-of-use Assets (% of ROU previous year)	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580	0.2580
Other Depreciation, Amortization & Impairments (% of sales)	0.0081	0.0081	0.0081	0.0081	0.0081	0.0081	0.0081	0.0081	0.0081

Source: Company´s Data and Author´s estimates

Depreciation was calculated by breaking it down into depreciation of Property, Plant, and Equipment (PPE), Right-of-Use Assets, and Other Depreciation. It was based on the average depreciation rate for each component over the past three years, assuming a constant rate throughout the entire period.

Appendix 9: CapEX Forecast

	2020	2021	2022	2023	2024	2025	Mean Last 5 year
Capital Expenditures - Net (% of sales)	2.07%	2.30%	-2.10%	2.30%	2.07%	2.40%	0.022

	2020	2021	2022	2023	2024	2025
Capital Expenditures - Net - Cash Flow	381	488	-472	493	491	601

	2026	2027	2028	2029	2030	2031	2032	2033	2035
Capital Expenditures - Net (% of sales)	2.40%	2.80%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Capital Expenditures - Net - Cash Flow	637	784	886	934	983	1036	1091	1148	1208	1271

Source: Company´s Data and Author´s estimates

CapEx is projected to reach the company's 2025 target and will increase slightly as a percentage of sales, reflecting the normalization of investment levels and continued investment in improving efficiency and optimization across its supply chain, as well as the development of its digital capabilities. After that, CapEx is expected to stabilize at 3%

Appendix 10: Base Case DCF

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Revenues	26,524	27,995	29,539	31,128	32,770	34,520	36,354	38,258	40,265	42,374
COGS	12,864	13,564	14,297	15,050	15,828	16,656	17,541	18,479	19,468	20,509
Other Operating Expenses	11,890	12,520	13,181	13,859	14,574	15,331	16,146	16,992	17,883	18,820
Tax Expenses	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%
NOPAT	**1,240**	**1,339**	**1,444**	**1,554**	**1,659**	**1,774**	**1,869**	**1,953**	**2,042**	**2,134**
(+) Depreciation	1,454	1,549	1,662	1,788	1,923	2,066	2,217	2,377	2,545	2,723
(-) CapEx	637	784	886	934	983	1,036	1,091	1,148	1,208	1,271
(-) Changes in non-cash working ca	80	256	211	285	197	210	219	227	239	251
Free Cash Flow to the firm, FCFF	1,978	1,848	2,009	2,124	2,402	2,595	2,776	2,956	3,140	3,334
Discount Factor	0.94	0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45
PV of FCFF	1863	1690	1680	1624	1680	1659	1623	1580	1535	1491

Growth Rate (perpetuity)	2.72%
ROIC (perpetuity)	9.36%

Teminal Value	
EBIT (2036)	3,145.77
Tax Rate	29.94%
Reinvestment Rate	29.08%
FCFF (2036)	1,563.13
Discount Factor	15.07
Terminal Value (2032)	23,558.61
Discount Factor	0.45
PV of Terminal Value	**10,534.13**

Target Price	
Enterprise Value	**26,960.55**
(-) Value of non-controlling interests	392.00
(+) Value of Cash and Cash Equivalent	2,455.00
(-) Value of Debt	2,801.05
Market Value of Equity	**26,222.50**
Shares outstanding	178.55
Value per share	**146.86**
Upside (downside)	6.58%
Current share price (April 10, 2026)	137.80

Source: Author´s estimates

Appendix 11: Base Case DCF assumptions

Assumptions	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	Terminal Growth
Revenues Growth (%)	5.85%	5.54%	5.52%	5.38%	5.27%	5.34%	5.31%	5.24%	5.25%	5.24%	**2.72%**
Gross Profit Margin (%)	51.50%	51.55%	51.60%	51.65%	51.70%	51.75%	51.75%	51.70%	51.65%	51.60%	**51.75%**
EBIT Margin (%)	6.67%	6.83%	6.98%	7.13%	7.23%	7.23%	7.23%	7.23%	7.23%	7.23%	**7.23%**
Tax Rate	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	29.94%	
Gowth Rate											2.72%
ROIC											9.36%

Source: Author´s estimates

Appendix 12: Key Financial Ratios

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Profitability Ratios										
Revenues Growth	0.0585	0.0554	0.0552	0.0538	0.0527	0.0534	0.0531	0.0524	0.0525	0.0524
ROE	0.1578	0.1578	0.1590	0.1604	0.1615	0.1624	0.1638	0.1644	0.1648	0.1653
ROA	0.0459	0.0478	0.0496	0.0512	0.0525	0.0540	0.0548	0.0551	0.0554	0.0558
ROIC	0.1224	0.1243	0.1265	0.1283	0.1305	0.1334	0.1347	0.1353	0.1363	0.1376
ROS	0.0397	0.0411	0.0425	0.0437	0.0446	0.0456	0.0458	0.0456	0.0455	0.0454
Gross Margin	0.5150	0.5155	0.5160	0.5165	0.5170	0.5175	0.5175	0.5170	0.5165	0.5160
EBIT Margin	0.0667	0.0683	0.0698	0.0713	0.0723	0.0723	0.0723	0.0723	0.0723	0.0723
Cost of sales Margin	0.4850	0.4845	0.4840	0.4835	0.4830	0.4825	0.4825	0.4830	0.4835	0.4840
Payout Ratio	0.5000	0.5500	0.6000	0.6500	0.7000	0.7500	0.8000	0.8000	0.8000	0.8000
Liquidity Ratios										
Current Ratio	1.3481	1.3578	1.3565	1.3670	1.3715	1.3715	1.3662	1.3643	1.3655	1.3696
Quick Ratio	0.7875	0.7858	0.7807	0.7853	0.7896	0.7891	0.7829	0.7799	0.7800	0.7831
Cash Ratio	0.2723	0.2709	0.2675	0.2693	0.2738	0.2732	0.2669	0.2641	0.2646	0.2679
Solvency Ratios										
Debt-to-Equity Ratio	0.5000	0.4750	0.4550	0.4550	0.4550	0.4550	0.4550	0.4550	0.4550	0.4550
Debt Ratio	0.1497	0.1450	0.1409	0.1417	0.1416	0.1410	0.1396	0.1383	0.1370	0.1358
ST Debt to Equity	0.1000	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950	0.0950
LT Debt do Equity	0.4000	0.3800	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600	0.3600
ST Liabilities to Equity	1.4526	1.4213	1.4040	1.3904	1.3939	1.4080	1.4341	1.4598	1.4850	1.5096
LT Liabilities do Equity	0.8871	0.8548	0.8261	0.8205	0.8183	0.8200	0.8256	0.8308	0.8359	0.8408
Interest Coverage Ratio	9.2431	9.7995	10.3641	10.5566	10.7449	11.0390	11.2618	11.3947	11.5210	11.6391
Efficiency Ratios										
Asset Turnover	1.1580	1.1624	1.1687	1.1724	1.1763	1.1845	1.1967	1.2077	1.2183	1.2284
Receivable Days	50.6944	50.3448	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000	50.0000
Payable Days	178.8588	178.0488	177.1845	175.4808	175.4808	175.4808	175.4808	175.4808	175.4808	175.4808
Inventory Days	158.4883	160.8313	161.5044	162.2222	162.2222	162.2222	162.2222	162.2222	162.2222	162.2222
Cash Conversion Cycle	30.3240	33.1273	34.3200	36.7415	36.7415	36.7415	36.7415	36.7415	36.7415	36.7415
Net Operating Working Capital	0.1118	0.1151	0.1162	0.1194	0.1194	0.1195	0.1195	0.1194	0.1194	0.1194
Accounts Receivable Turnover	7.2000	7.2500	7.3000	7.3000	7.3000	7.3000	7.3000	7.3000	7.3000	7.3000
Accounts Payable Turnover	2.0407	2.0500	2.0600	2.0800	2.0800	2.0800	2.0800	2.0800	2.0800	2.0800
Inventory Turnover	2.3030	2.2695	2.2600	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500	2.2500

Formulas used in the calculations:

- ROE = Net income/Equity
- ROA = Net income/ Total assets
- ROIC = NOPAT/(Acc. Receivable + Inventories – Acc. Payable + PPE Net + Intangibles Net)
- ROS = Net income/Revenues
- Gross margin = Gross profit/Revenues
- EBIT margin = EBIT/Revenues
- COGS Margin = COGS/Revenues
- Payout Ratio = Dividends declared/ Net income after taxes
- Current ratio = Current assets/Current liabilities
- Quick ratio = (Current assets – Inventories)/Current liabilities
- Cash ratio = Cash and cash equivalents/Current liabilities
- Debt-to-equity = Debt/Equity
- Debt Ratio = Total Debt/ Total Assets
- ST debt-to-equity = Short-term debt/Equity
- LT debt-to-equity = Long-term debt/Equity
- ST labilities-to-equity = Short-term liabilities/Equity
- LT liabilities-to-equity = Long-term liabilities/Equity
- Interest coverage ratio = EBIT/Interest expense
- Asset turnover = Revenues/Total assets
- Receivable days = (Trade accounts receivables/Revenues) × 365
- Payable days = (Trade accounts payables/Cost of goods sold) × 365
- Inventory days = (Inventories/Cost of goods sold) × 365
- Cash conversion cycle = Receivable days + Inventory days – Payable days
- Net Operating Working Capital = (Acc. Receivable + Inventories- Acc. Payable)/Revenues
- Accounts Receivable Turnover = Revenues/Accounts Receivable

- Accounts Payable Turnover = COGS/MEAN (Accounts Payable)
- Inventory Turnover = COGS/Inventories

Appendix 13: Bear Case DCF

Assumptions	
Revenue annual growth (CAGR)	2.72%
Terminal growth	2.72%
Gross Margin	0.4988
Gross Margin St. Deviation	0.0172

Free Cash Flow to Firm	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Net operating profit after taxes, NOPAT	864.25	887.76	911.90	936.71	962.19	988.36	1,015.24	1,042.86	1,071.22	1,100.36
(+) Depreciation and Amortization	1,434.07	1,508.07	1,584.99	1,664.68	1,747.04	1,832.01	1,919.57	2,009.72	2,102.47	2,197.85
(-) Capex	599.73	616.05	632.80	650.01	667.69	685.86	704.51	723.67	743.36	763.58
(-) Changes in non-cash working capital	126.88	155.63	111.90	172.86	87.50	89.88	92.33	94.84	97.42	100.07
Free Cash Flow to Firm, FCFF	1,571.71	1,624.15	1,752.19	1,778.52	1,954.03	2,044.63	2,137.98	2,234.06	2,332.91	2,434.57
Discount Factor	0.94	0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45
PV of FCFF	1,480.74	1,485.21	1,465.22	1,360.01	1,366.39	1,307.44	1,250.17	1,194.60	1,140.74	1,088.61

Terminal Value	
EBIT (2033)	1,307.24
Tax Rate	29.94%
Reinvestment Rate	29.08%
FCFF (2033)	649.57
Discount Factor	15.07
Terminal Value (2032)	9,789.92
Discount Factor	0.45
PV of Terminal Value	4,377.52

Target Price	
Enterprise Value	17,516.65
(-) Value of non-controlling interests	365.67
(+) Value of Cash and Cash Equivalents	2,133.86
(-) Value of Debt	2,801.05
Market Value of Equity	16,483.80
Shares outstanding	178.55
Value per share	**92.32**
Upside (downside)	-33.00%
Current share price (April 10, 2026)	137.80

Appendix 14: Bull Case DCF

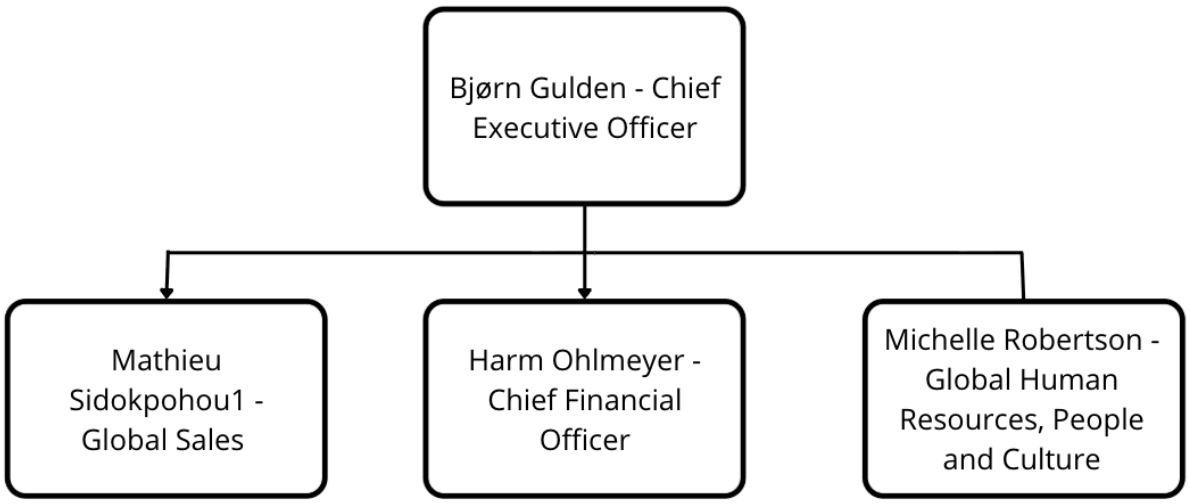
Assumptions	
Revenue annual growth (CAGR)	10%
Terminal growth	2.72%
Gross Margin	0.5332
Gross Margin St. Deviation	0.0172

Free Cash Flow to Firm	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F
Net operating profit after taxes, NOPAT	1,682.60	1,850.86	2,035.95	2,239.54	2,463.50	2,709.85	2,980.83	3,278.92	3,606.81	3,967.49
(+) Depreciation and Amortization	1,637.54	1,850.65	2,087.47	2,350.39	2,642.00	2,965.19	3,323.10	3,719.21	4,157.34	4,641.69
(-) Capex	687.75	756.53	832.18	915.40	1,006.94	1,107.64	1,218.40	1,340.24	1,474.26	1,621.69
(-) Changes in non-cash working capital	346.96	413.42	402.34	523.57	457.82	503.60	553.96	609.36	670.29	737.32
Free Cash Flow to Firm, FCFF	2,285.43	2,531.56	2,888.90	3,150.96	3,640.74	4,063.80	4,531.57	5,048.53	5,619.59	6,250.17
Discount Factor	0.94	0.91	0.84	0.76	0.70	0.64	0.58	0.53	0.49	0.45
PV of FCFF	2,153.16	2,314.99	2,415.76	2,409.49	2,545.86	2,598.59	2,649.81	2,699.55	2,747.85	2,794.74

Terminal Value	
EBIT (2033)	5,817.02
Tax Rate	29.94%
Reinvestment Rate	29.08%
FCFF (2033)	2,890.48
Discount Factor	15.07
Terminal Value (2032)	43,563.51
Discount Factor	0.45
PV of Terminal Value	19,479.24

Target Price	
Enterprise Value	44,809.04
(-) Value of non-controlling interests	365.67
(+) Value of Cash and Cash Equivalents	2,637.71
(-) Value of Debt	2,801.05
Market Value of Equity	44,280.03
Shares outstanding	178.55
Value per share	**248.00**
Upside (downside)	79.97%
Current share price (April 10, 2026)	137.8

Appendix 15: Executive Board



Source: Adidas Annual Report 2024

Appendix 16: Supervisory Board

- Thomas Rabe – Chairman - Chief Executive Officer, RTL Group S.A., Luxembourg, Luxembourg
- Paul Seline - Deputy Chairman - Chairman of the Works Council Herzogenaurach, adidas AG
- Ian Gallienne - Deputy Chairman - Chief Executive Officer, Groupe Bruxelles Lambert, Brussels, Belgium
- Birgit Biermann - Member of the Steering Committee, IGBCE, Hannover, Germany
- Linda Evenhuis - enior Lead Program and Facilitation (EMEA- GCA- APAC) Global HR Talent, adidas AG
- Jackie Joyner-Kersee - CEO, Jackie Joyner-Kersee Foundation, and Motivational Speaker, East St. Louis, Illinois, USA
- Christian Klein - Chief Executive Officer, SAP SE, Walldorf, Germany
- Bastian Knobloch - Chairman of the Works Council Campus North, adidas AG, Rieste, Germany
- Oliver Mintzlaff - CEO Corporate Projects & Investments, Red Bull GmbH, Fuschl am See, Austria
- Petar Mitrovic - Senior Manager Program Facilitation, Global HR Talent, adidas AG, Herzogenaurach, Germany
- Thomas Sapper - Senior Director Tech Project Management, Technology Enablement Office, adidas AG, Herzogenaurach, Germany
- Nassef Sawiris - Executive Chairman and Member of the Board of Directors, OCI N.V., Amsterdam, the Netherlands
- Harald Sikorski - District Manager Bavaria, Industrial Union IG Bergbau, Chemie, Energie (IGBCE), Munich, Germany
- Bodo Uebber - Independent Management Consultant
- Jing Ulrich - Managing Director and Vice Chairman, Investment Banking, JPMorgan Chase & Co., New York, USA
- Günter Weig - Senior Vice President Brand Partnerships, adidas AG

Source: Adidas Annual Report 2024