

**adidas Group**

Price EUR91.51

**adidas Originals: the “Force” has awakened in footwear in 2015**

Fair Value EUR102 (+11%)

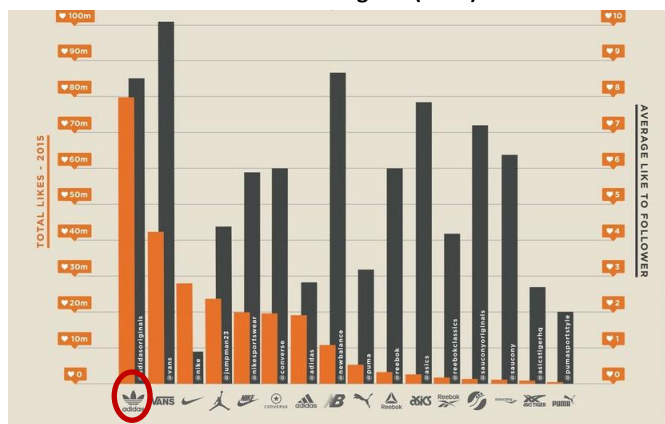
**BUY**

Bloomberg	ADS GY
Reuters	ADSG.F
12-month High / Low (EUR)	93.4 / 54.6
Market Cap (EURm)	19,145
Avg. 6m daily volume (000)	1 094

**ANALYSIS**

- 2015: a busy year for Originals!** As we have just closed 2015, this past year has been one of great success for adidas Originals whose sales grew by 33% FX-n over the first nine months (and in Q3) fuelled by footwear which grew at a strong double-digit rate so far. This performance was naturally driven by the brand’s four major footwear franchises (see table below: Stan Smith, Superstar, ZX Flux and Tubular) and by prominent partnerships like Pharrell Williams and Kanye West. Although volumes were (voluntarily) limited, the Yeezy Boost shoe, which was awarded with the “2015 Shoe of the Year” by Footwear News, had a strong resonance amongst consumers and social medias, as highlighted by the chart below: adidas Originals was the most liked sneaker brand on Instagram in 2015 with 78.8m “likes”.

**Most liked sneaker brands on Instagram (2015):**



Source: KickPosters

- What to expect for 2016?** In December, adidas launched its fifth franchise (NMD, see table below) which combines the *Boost* sole technology and *Primeknit*, and the first results are promising. Like in 2015, the brand will bring new limited/special editions in every franchise to refresh the product offering constantly. As such, some industry experts are anticipating six new Yeezy Boost colours/models for 2016.
- Do not forget the Sport Performance!** With the Euro and the Rio OG taking place this year, sports will naturally be at the forefront of the growth in footwear: Football (“Ace” and “X”), Running (2016 Ultra Boost) and of course US sports with a particular focus on basketball (Derrick Rose, future James Harden’s signature shoe, etc.). In our view, strong footwear franchises in both sport and lifestyle segments are key to regain market share within the global sneaker market (~USD55bn in 2014 o/w ~USD28bn for the US market alone) and to avoid the mistake made by Puma that went too far into the lifestyle side, forgetting its sports heritage.

**adidas Originals footwear franchises:**



**NEXT CATALYSTS**

- adidas Group will release its FY15 Annual Results on 3 March 2016.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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