

6th April 2016

Luxury & Consumer Goods

adidas Group

Price EUR103.85

adidas Originals: at the forefront in social media thanks to product personalisation

Fair Value EUR104 (0%)

BUY

Bloomberg	ADS GY
Reuters	ADSG.F
12-month High / Low (EUR)	104.6 / 63.7
Market Cap (EURm)	21,727
Avg. 6m daily volume (000)	1 139

	1 M	3 M	6 M	31/12/15
Absolute perf.	6.6%	18.6%	44.6%	15.5%
Consumer Gds	-0.6%	-2.1%	3.5%	-4.6%
DJ Stoxx 600	-2.1%	-6.2%	-3.8%	-8.6%

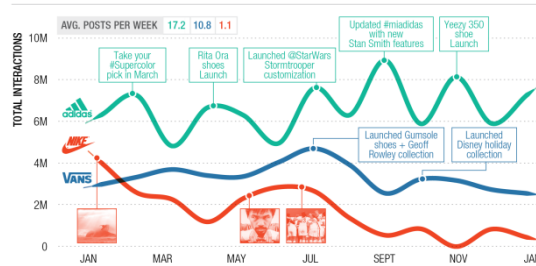
	2014	2015e	2016e	2017e
P/E	38.2x	31.3x	25.9x	22.2x
Div yield (%)	1.4%	1.5%	1.8%	2.1%

ANALYSIS

- On [4th January](#) we were commenting that the huge success of adidas Originals' footwear franchises had had a strong resonance on social media, Originals being the most liked sneaker brand on Instagram in 2015 with 78.8m "likes".
- Apparently Originals is maintaining this momentum! The L2 business intelligence firm, which tracks the digital performance of brands, monitored the average posts per week of three groups involved in Activewear: adidas, Vans (VF Corp) and Nike. The graph below shows that adidas continued to lead the pack, with close to 8m interactions in January, far above Vans and Nike.
- These interactions are naturally fuelled by the successful product launches (latest styles of the NMD and Yeezy Boost shoes were all sold out) but also by the footwear customisation tool according to L2. Indeed the BI firm noted that only 24% of its Activewear brand sample offers this service (o/w adidas, Reebok, Converse and Nike), customised products generally favour interactions and posts from customers who are willing to share their creations.

Activewear 2016: Monthly Engagement & Post Frequency on Instagram

adidas, Vans, and Nike
January 2015-2016



Source: L2 Inc, Digital IQ Index

- As product customisation is becoming a major and structural trend for our Consumer groups, the adidas' **SPEEDFACTORY** automated production project will enable the group to enhance customised shoe features for customers and reduce lead times (Speed Factories will be close to consumers, or even in-store customization). As a reminder, the first Speed Factory located in Ansbach (Germany) will deliver its first 500 robot-built shoes in H1 2016.

NEXT CATALYSTS

- adidas Group will release its Q1 2016 Results on 4th May 2016.

[Click here to download document](#)

The adidas Speed Factory pilot project:



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Distribution of stock ratings

BUY ratings 72%

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