



ISSUER RATING  
LongTerm

OUTLOOK  
Stable

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## Rating Action and Rationale

- EthiFinance Ratings upgrades Adidas AG's long-term rating from BBB+ to A-, maintaining its Stable outlook.
- Adidas AG (Adidas) is a German sportswear company that designs, develops, manufactures, and markets sportswear products worldwide.
- Our rating upgrade is driven by a further strengthening of Adidas's financial risk profile, supported by robust unaudited FY25 results (+4.8% in revenue growth & +260bps in operating margin) and positive momentum expected to continue across all regions, channels and product categories through FY26. Our rating upgrade is also supported by the company's ESG score improvement based on FY24 company reported ESG data. At end-September 2025, the EthiFinance Ratings-adjusted net leverage ratio improved to 1.7x (from 2.1x at LTM to end-September 2024), and interest coverage ratio to 12.3x (from 10.6x), driven by a significant yoy EBITDA growth of 36%. Revenue growth was broad-based across regions, except for North America (-2%). Adidas's operating performance in FY24 and FY25 was in line with the management's guidance and our prior forecasts. EBITDA margin increased from 6.3% in FY23 to 10.4% in FY24, and expected to do so, up to 12.9% for FY25e, supported by lower product costs, improved product mix and favorable freight developments. We expect Adidas to continue to benefit from operating leverage, with projected gross margins of 50%-52% over 2025e-2027e (vs 47.5% in FY23). Despite the recently announced €1bn share buyback program in 2026, to be funded from internally generated cash flow, we anticipate continued deleveraging, driven by strong expected EBITDA growth and cumulative free cash flow generation of around €1.5bn over the forecast period. As a result, adjusted net leverage is expected to have improved to 0.9x at end-25, and to further reduce to 0.6x by FY27, supported by continued EBITDA growth (CAGR 2024-2027e of 19%). The Stable Outlook reflects our expectation that sustained credit metrics improvement, supported by good business momentum, efficient working capital management and a disciplined financial policy, will enable Adidas to maintain its A- rating over the forecast period.
- Following the sharp downturn in FY23, Adidas has delivered a successful turnaround in its lifestyle segment, repositioning its core footwear franchises under the Originals sub-brand. Iconic models such as Samba, Gazelle, Campus, and the recently relaunched Superstar have regained commercial traction thanks to locally targeted product launches and enhanced responsiveness through regional product creation centres in Tokyo, Shanghai and Los Angeles. The brand also benefited from stronger full-price sell-through in 2024, particularly in the e-commerce channel, with materially lower discounting compared to 2022-2023, supporting margin recovery. Since the appointment of CEO Bjørn Gulden in 2023, Adidas has shifted toward a more product-driven and consumer-focused operating model. The strategy focuses on extending the lifecycle of key franchise products while increasing the contribution of apparel, which typically offers higher margins and stronger full-price policy, particularly in limited-edition lifestyle collections. This repositioning supports more stable revenue generation, reduces product cycle volatility, and strengthens medium-term profitability.
- However, our rating remains somewhat constrained by rather low barriers to entry in the sportswear industry. Adidas is considered as a mature, heritage brand, facing growing pressure from emerging athletic sportswear brands such as Asics and ON, both of which have gained market share in footwear over the past years. This trend could potentially erode Adidas's market share in specific regions. Additionally, the sportswear industry is highly susceptible to shifting consumer preferences, evolving market trends, and an uncertain macroeconomic environment, all of which could impact sales revenue and put pressure on profitability over time.
- Under our methodology, the Consumer Durables & Apparel sector has medium ESG risks (heatmap score between 3.0 and 3.5), given its impact on the environment. Consequently, our sector ESG assessment has a neutral impact on the ESG industry score, as the sector involve less intensive manufacturing than other industries and does not directly contribute significantly to GHG emissions. The sector has a high impact on pollution, largely due to the substantial waste it generates, while also having a moderate impact on biodiversity, linked to goods production and transportation.
- Our assessment of the company's ESG policy has improved from "neutral" to "advanced" using FY24 ESG data (company ESG score of between 1.0 and 1.5). This yoy improvement stemmed from better energy and GHG emissions intensities and positively impacts our financial risk profile, based on ESG considerations.

## Issuer Description

Adidas AG is a German-based sportswear company, which designs, develops, produces and markets sports lifestyle footwear (57% of 9M25 sales), apparel (36%) and accessories and gear (7%). Originally positioned as a wholesaler, the group has a growing street stores network (1,981 stores as of end-September 2025 vs 1,901 as of end-September 2024). As of end-September 2025, most of Adidas revenues were generated in Europe (32%), North America (22%) and East Asia (China, Japan and South Korea – 21%). With a free float of c. 93%, Adidas is listed on Frankfurt Stock Exchange and had a market capitalization of €27.7bn as of 12 February 2026.

In FY25, Adidas generated revenues (unaudited) of €24.8bn (+4.8% yoy), with EBIT of €2.1bn representing a margin of 8.3% (vs 5.6% in FY24). For the last twelve months to end-September 2025, the group reported LTM EBITDA of €2.7bn at a margin of 14.6% (vs €2.1bn LTM to end-September 2024 at a margin of 12.1%). The corresponding net adjusted leverage for the period stood at 1.7x.

## Liquidity

We assess the liquidity profile of Adidas as “Good”, reflecting the company’s strong refinancing profile as well as its reasonable liquidity level.

## Main Financial Figures

Main financial figures. Millions of €						
	FY23	FY24	FY25e	FY26e	FY27e	24vs23
Turnover	21 427	23 683	24 811	26 548	28 937	10.5%
Adj EBITDA <sup>(1)</sup>	1 358	2 465	3 189	3 787	4 160	81.6%
Adj EBITDA Margin <sup>(1)</sup>	6.3%	10.4%	12.9%	14.3%	14.4%	4.1pp
EBIT	268	1 337	2 056	2 518	2 774	399.7%
EBIT Margin	1.2%	5.6%	8.3%	9.5%	9.6%	4.4pp
EBT	48	1 129	1 904	2 369	2 658	2276.4%
Total Assets	18 020	20 655	21 992	22 042	23 654	14.6%
Equity	4 580	5 476	6 504	6 662	7 896	19.6%
Adj Total Financial Debt <sup>(2)</sup>	5 772	5 752	5 870	5 533	5 598	-0.3%
Adj Net Financial Debt <sup>(2)</sup>	4 518	3 622	2 823	3 167	2 321	-19.8%
Equity/Adj TFD <sup>(2)</sup>	79%	95%	111%	120%	141%	15.9pp
Adj NFD/ Adj EBITDA <sup>(1) (2)</sup>	3.3x	1.5x	0.9x	0.8x	0.6x	-1.9x
Adj Funds From Operations	969	2 025	2 592	3 076	3 400	109.0%
Adj FFO/ Adj NFD <sup>(2)</sup>	21.4%	55.9%	91.8%	97.1%	146.5%	34.5pp
Adj EBITDA/ Interest <sup>(1)</sup>	4.8x	7.8x	12.5x	15.1x	19.2x	3.0x

(1) Adj EBITDA excludes unrealized gains/losses from fair value measurement of financial assets when identified

(2) Our adjusted net financial debt is identical to the company’s reported net debt including debt-like elements such as pension benefits, factoring, leases and ST financial liquid assets, while excluding restricted cash

## Credit Rating

Credit Rating	
<b>Business Risk Profile</b>	<b>BBB+</b>
<i>Industry risk assessment</i>	<i>BBB-</i>
<i>Industry's ESG</i>	<i>Neutral</i>
<i>Competitive Positioning</i>	<i>A</i>
<i>Governance</i>	<i>A-</i>
<b>Financial Risk Profile</b>	<b>A-</b>
<i>Cash flow and leverage</i>	<i>A-</i>
<i>Capitalisation</i>	<i>BBB+</i>
<i>Company's ESG</i>	<i>Positive</i>
<b>Anchor Rating</b>	<b>A-</b>
<i>Modifiers</i>	<i>-</i>
<b>Final Rating</b>	<b>A-</b>

## Rating Sensitivity

- Long-term rating positive factors (↑)

Given our recent upgrades, an additional upgrade to our current rating is unlikely to occur in the near future. However, should Adidas credit metrics evolve significantly better than our forecasts, it could lead to a positive rating action. A trigger for such an improvement could be a net adjusted leverage ratio equal to or below 0.6x and interest coverage equal to or above 20.0x, on a sustained basis.

- Long-term rating negative factors (↓)

We could downgrade our long-term rating if Adidas were to adopt a more aggressive financial policy, including debt-funded acquisitions or share buybacks materially exceeding the announced €1bn programme, thereby weakening internally generated cash flow, and by extension, credit metrics over our forecast horizon.

Downward rating pressure could arise if the EthiFinance Ratings-adjusted net leverage ratio were to exceed 1.5x and/or EBITDA interest coverage were to fall below 10.0x, on a sustained basis. Such levels could be reached should a material deterioration in operating performance, stemming from weaker consumer demand in key markets or sustained loss of market share, occur, as this would indeed lead to an erosion in revenue and profitability, leading to negative rating action.

## Sources of information

The credit rating issued in this report is unsolicited. The credit rating is based exclusively on public information, being the main sources the following:

1. Annual Audit Report.
2. Corporate Governance Report.
3. Corporate Website.
4. Information published in the Official Bulletins.

The information was thoroughly reviewed to ensure that it is valid and consistent, and is considered satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information and the conclusions drawn from it.

Level of the rated entity participation in the rating process

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	NO
With Access to Internal Documents	NO
With Access to Management	NO

## Additional information

- The rating was carried out in accordance with Regulation (EC) N°1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies. Principal methodology used in this research are :
  - Corporate Rating Methodology - General : <https://www.ethifinance.com/download/corporate-rating-methodology-general/?wpdmdl=35203>
- The rating scale used in this report is available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has not provided ancillary services to the rated entity or its related third parties.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

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