

Stock Story



Adidas: Sporting heritage with durable advantages.

Founded in 1949 in Herzogenaurach, Germany, Adidas was the vision of Adolf “Adi” Dassler, who split from his brother Rudolf (the founder of Puma) to create what would become one of the world’s most enduring sports brands. Registered under the now-iconic three stripes trademark, Adidas quickly rose to prominence when West German footballers wore its innovative boots to victory in the 1954 FIFA World Cup, a defining moment that cemented its reputation for high-performance sportswear on the global stage.

In the decades since, Adidas has expanded far beyond football boots, entering running, basketball and training categories. Along the way, it has pioneered innovations such as screw-in studs and various cushioning and ultra-lightweight footwear and clothing materials. The brand’s visibility at the Olympic Games, World Cups and global running events has deepened its association with sporting excellence. In more recent decades, the blending of sports and lifestyle has broadened the company’s addressable market as athletic apparel and footwear have become everyday wear. Adidas was pivotal to the history of “athleisure” wear, introducing the tracksuit to non-athletes all the way back in the 1970s.

Today, Adidas is the world’s #2 player in athletic footwear and apparel, behind category leader Nike. Despite multiple new entrants across different sporting verticals and niches, these brands continue to dominate sportswear on the global stage and generate annual revenues 5x and 3x larger than the third-largest brand, Puma. While strong economic moats can be difficult to find in competitive consumer categories

such as apparel and footwear, we continue to believe the brand equity, marketing reach, R&D capabilities and global distribution networks of the world’s two leading sportswear brands provide meaningful and durable advantages.

Importantly, Adidas consistently reinvests to defend these competitive advantages, including an annual marketing budget of around €3 billion – or roughly 12% of net sales. These funds support high-profile partnerships with athletes like Lionel Messi and Patrick Mahomes, sporting teams like Real Madrid and Manchester United, and sporting leagues and events like UEFA Champions League and the Paris Olympics, reinforcing brand visibility and consumer loyalty.

While Nike’s dominance is strongest in North America and basketball, Adidas holds sway in the world’s most popular sport, football, where its unrivalled presence at global events like the upcoming FIFA World Cup acts as a showcase for the brand. Adidas also benefits from an enviable vault of iconic product silhouettes that are now cross-generational staples blending sports and fashion. The brand’s most recent global success story, the Adidas Originals Samba sneaker, has roots tracing back to the 1950s and was officially launched in its current form in 1972.



Execution is critical in the sportswear industry, where consumer tastes shift quickly. Over decades, Adidas has demonstrated resilience and adaptability through challenging periods. In the last five years alone, the company has navigated a global pandemic, geopolitical backlash in China, an exit from Russia and the winding down of its Yeezy collaboration. These external shocks compressed profitability and ultimately resulted in a CEO change. Under new leadership, the business has regained strong momentum across key markets.

From an investment perspective, periods of disruption like this, in categories where structural growth tailwinds and economic moat drivers remain intact, can present attractive investment opportunities. Earlier this year, consumer health and tariff fears drove material underperformance of the apparel and sportswear sector, creating an attractive entry point for Adidas in the Magellan Global Opportunities strategy.

While remaining conscious of broader industry risks – including consumer health, fashion cycles, geopolitics, social supply chain and environmental challenges – we believe Adidas represents a compelling long-term opportunity: a brand with deep heritage, durable competitive advantages, and the ability to continue turning global sports tailwinds into sustainable growth.

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