



**PUMA's Second Quarter Sales and Profitability
heavily affected by COVID-19**

Herzogenaurach, July 29, 2020

2020 Second Quarter Facts

- Sales decrease by 30.7% currency adjusted to € 831 million (-32.3% reported)
- Gross profit margin declines to 43.9%, caused by higher discounts, inventory devaluation and return provisions due to COVID-19 as well as negative currency impacts
- Operating expenses (OPEX) are reduced by 9.0% to € 484 million (last year: € 532 million) due to actions taken at the end of the first and during the second quarter
- Operating result (EBIT) decreases to € -114.8 million (last year: € 80.3 million)
- Net earnings decline to € -95.6 million and earnings per share to € -0.64 respectively
- PUMA announces international supermodel Winnie Harlow as new brand ambassador
- As an initiative of PUMA's #REFORM platform (launched 2018 to fight for equality, respect and fairness), PUMA and Formula 1 partner Mercedes-AMG Petronas unveil black race gear as statement against racism and discrimination
- PUMA signs long-term partnerships with the football federations of Iceland and Paraguay

2020 Half-Year Facts

- Sales decrease by 15.4% currency adjusted to € 2,131 million (-16.3% reported)
- Gross profit margin declines to 46.2% (last year 49.2%), caused by higher discounts, inventory devaluation and return provisions due to COVID-19 as well as negative currency impacts
- Operating expenses (OPEX) decrease by 0.5% to € 1,037 million (last year: € 1,042 million) due to cost savings in the second quarter
- Operating result (EBIT) decreases to € -43.6 million (last year: € 222.8 million)

- Net earnings decline to € -59.4 million and earnings per share to € -0.40 respectively
- PUMA secures additional € 900 million revolving credit facility in May to be prepared for a potentially longer-lasting impact of the COVID-19 pandemic
- PUMA announces new sustainability targets 10FOR25

Bjørn Gulden, Chief Executive Officer of PUMA SE:

“The second quarter of 2020 was the most difficult quarter I have ever experienced. A virus that shut down 85% of all global sports and fashion retail business was an experience that I had never expected. Priority number one was the health and safety of our people, number two to ensure financing and liquidity to survive the crisis and finally to run the business short-term as well as possible without destroying the mid-term momentum of our brand.

I am proud of how our people have worked through this difficult time. Flexibility, pragmatism, decisiveness and a positive spirit have been the key characteristics of our people. The quarter started with a 55% decline in sales in April, May improved, but was still heavily down with -38%. The real improvement came in June which was down “only” 6%.

Flexibility with our wholesale partners, promotional activities in our own retail stores and a larger focus on e-commerce have been the short-term strategy.

Full investment in product development for 2021, continued investment in marketing, digital sell-in meetings with our retail partners and a high degree of local decision-making is the current strategy for the mid-term.

The uncertainty surrounding the virus and the fact that the number of infected people globally is still increasing makes it impossible to determine an accurate financial outlook for the full year. We continue to feel that there is a positive global sentiment towards PUMA among both our consumers and our retail partners worldwide and we will continue to do everything we can to please them.”

Sales Development:

Sales by regions and product divisions € million	Second Quarter				First Half-Year			
	Q2		growth rates		1-6		growth rates	
	2020	2019	Euro	currency adjusted	2020	2019	Euro	currency adjusted
Breakdown by regions								
EMEA	308.5	449.2	-31.3%	-30.0%	826.7	950.9	-13.1%	-12.1%
Americas	254.3	462.8	-45.0%	-43.1%	680.9	879.4	-22.6%	-20.9%
Asia/Pacific	268.3	314.8	-14.8%	-14.2%	623.3	715.8	-12.9%	-13.0%
Total	831.1	1,226.8	-32.3%	-30.7%	2,130.9	2,546.0	-16.3%	-15.4%
Breakdown by product divisions								
Footwear	377.8	590.1	-36.0%	-34.1%	1,026.1	1,229.4	-16.5%	-15.2%
Apparel	286.8	432.1	-33.6%	-32.2%	726.0	900.4	-19.4%	-18.6%
Accessories	166.6	204.6	-18.6%	-18.2%	378.7	416.2	-9.0%	-9.0%
Total	831.1	1,226.8	-32.3%	-30.7%	2,130.9	2,546.0	-16.3%	-15.4%

Second Quarter 2020

Sales in the second quarter of 2020 decreased by 30.7% currency adjusted to € 831.1 million [-32.3% reported], with sales declining in all regions and all product divisions. PUMA had a weak start into the quarter, with April sales down 55.2% year-on-year and May sales down 37.5%. Since then, business improved to being down “only” 6.0% in June. Despite a strong recovery in Greater China with a growth of 15.6% currency adjusted, sales in the Asia/Pacific region declined 14.2% currency adjusted in the second quarter, mainly caused by a weaker sales development in Japan and India. With most of the owned and operated PUMA stores and retail partner stores being closed in April and May, the business environment in EMEA and Americas deteriorated significantly with sales in the second quarter declining 30.0% and 43.1% currency adjusted respectively. All product divisions showed a double-digit decline in currency adjusted sales, with Footwear being down 34.1%, Apparel 32.2% and Accessories 18.2%.

The **gross profit margin** declined by 540 basis points to 43.9% in the second quarter (last year: 49.3%) caused by higher discounts, inventory devaluation and return provisions due to COVID-19 as well as negative currency impacts.

Operating expenses (OPEX) decreased by 9.0% to € 483.5 million due to various actions taken to adjust the cost base to the current market situation. However, general and administrative expenses increased due to higher provisions for expected credit losses of trade receivables.

The **operating result (EBIT)** decreased from € 80.3 million last year to € -114.8 million due to a strong decline in sales and gross profit margin, which could not be compensated by the reduction of OPEX.

Net earnings declined from € 49.7 million to € -95.6 million and **earnings per share** were down from € 0.33 in the second quarter last year to € -0.64 correspondingly.

First Half-Year 2020

PUMA started the year with a very positive order book for 2020, with strong and balanced growth in all regions. In China, after a good start to the year with double-digit growth in wholesale, e-commerce and owned and operated stores, the Chinese market shut down in the last week of January. Over the next six weeks, the whole business in China, except for e-commerce, basically disappeared. As China started to recover in mid-March, COVID-19 spread globally and by the end of the month basically 80% of PUMA's, owned and operated retail stores and those of our retail partners, were closed. As a result, sales in April declined sharply by 55% compared to last year. With an increasing number of stores being opened over the course of May, first in EMEA and later in North America, sales improved in the month of May but remained still weak with a decrease of 38%. More store openings in June and a generally more positive sentiment led to a substantial improvement and a monthly decline in sales of only 6%. At the end of June, 85% of PUMA's owned and operated stores were open.

Overall, **sales** in the first half-year of 2020 decreased by 15.4% currency adjusted to € 2,130.9 million (-16.3% reported). All regions showed a double-digit decline in sales with EMEA being down 12.1%, Americas 20.9% and Asia/Pacific 13.0%. Sales also declined in all product divisions with a currency adjusted decrease in Footwear of 15.2%, in Apparel of 18.6% and in Accessories of 9.0%.

The **Wholesale** business decreased by 17.5% currency adjusted to € 1,589.3 million. PUMA's **Direct to Consumer business (DTC)**, which includes owned and operated stores as well as e-commerce, declined by 8.5% currency adjusted to € 541.6 million. This represented a share of 25.4% of total sales for the first half of 2020 (23.6% in the previous year). Supported by

intensified performance marketing and successful promotions, our e-commerce business increased strongly by 70% currency adjusted.

The **gross profit margin** declined by 300 basis points from 49.2% to 46.2% in the first half of 2020, caused by higher discounts, inventory devaluation and return provisions due to COVID-19 as well as negative currency impacts.

As a consequence of the cost savings in the second quarter, **operating expenses (OPEX)** in the first half of 2020 decreased by 0.5% and amounted to € 1,036.8 million.

The **operating result (EBIT)** decreased from € 222.8 million last year to € -43.6 million in the first half of 2020 due to a strong decline in sales and gross profit margin while OPEX were slightly reduced.

Net earnings declined to € -59.4 million (last year: € 144.1 million). This translates into **earnings per share** of € -0.40 compared to € 0.96 in the first half of 2019.

Working Capital

We were able to decrease our **working capital** by 17.8% to € 652.1 million (last year: 792.9 million). The lower sales due to COVID-19 were the main reason for the increase of our **inventories** by 21.2% to € 1,288.9 million, but also caused the decline of **trade receivables** by 18.8% to € 572.5 million. **Trade payables** increased by 22.8% to € 908.5 million due to extended payment terms with our suppliers.

Cash Flow and Liquidity Situation

The **free cash flow** in the first half of 2020 decreased to € -206 million (1-6/2019: € -104 million). This development was mainly due to the negative earnings before taxes (EBT), while cash outflows for working capital and capital expenditures were reduced. PUMA's **cash and cash equivalents** as of June 30, 2020 amounted to € 437 million (last year: € 366 million). In addition, at the end of the second quarter, PUMA had **unutilized credit facilities** amounting to a total of € 1,263 million (last year: € 357 million).

Outlook 2020

Even though the business in the second quarter developed slightly better than we had expected, the uncertainty remains very high: globally, COVID-19 infections are on the highest level since the outbreak of the pandemic. While the current trajectory could even suggest full recovery before year end, the risk of a second wave with major lockdowns remains very high. As the development over the coming weeks and months continues to be unpredictable, we cannot provide a reliable financial outlook for the full year 2020.

PUMA's mantra is to manage the crisis short-term without hindering the mid-term momentum. 2020 is and will continue to be a difficult year, where the goal for PUMA is to survive, recover and then emerge stronger with growth again. Different markets will go through these phases at different times and execution therefore must be very locally driven. Management still continues to expect markets to recover by the end of the year 2020 and 2021 to be a year of growth again. The sporting goods industry is expected to be in a strong position after this crisis. People have already now started doing more sports wherever it is possible, even under difficult circumstances. There are many indications that health and sports will be even more important than before. The casualization trends and the influence of sports brands are also expected to strengthen further. PUMA is well positioned to continue its growth and will continue to invest in full new product ranges for 2021.

Brand and Strategy Update

The COVID-19 pandemic presented PUMA with several challenges that affected different parts of our business. When the pandemic started in China in January, some of our factories there had to shut down or could not operate on full capacity. As the virus spread to other parts of the world, large sporting events were either cancelled or postponed and most of our owned and operated stores had to be closed at some point in the second quarter. We had to quickly react to these changes. PUMA's strategic focus in the first half of 2020 has clearly been on surviving and managing the crisis short-term without hindering our mid-term momentum. Therefore, we have determined three key objectives: mitigate sales impact wherever possible, secure supply chain as well ensure financing and manage costs.

We continued to invest in a full line of products for the upcoming seasons. Our regular sell-in meetings, during which we usually welcome sales managers from all over the world in Herzogenaurach, had to be held digitally for the first time. We also looked for ways to design and develop our products digitally without the need for people to travel to the factories and with a reduced number of samples to be physically shipped from our factories in Asia. Communication with our retail partners such as pre-line and sell-in meetings have also mainly taken place digitally. The feedback we have received so far from our retail partners for our Spring/ Summer 2021 collections was very positive.

We maintained a strong dialogue with all of our manufacturers, customers, landlords, banks and all other partners to ensure that we took measures together to sustain the entire value chain. To ensure that our manufacturing partners could continue to operate, we cancelled as few orders as possible, while securing more favorable payment terms. We also worked with both our retail partners and manufacturers to slow down shipments and extend payment terms to share the burden across the whole value chain.

To further strengthen our e-commerce business in this exceptional time, we quickly and strongly increased investments into performance marketing. We responded quickly to the increased demand on our e-commerce store, adapted our offering to the stay-at-home situation by giving more space to leisurewear as well as sports apparel and also improved the speed of our e-commerce platform puma.com. Our e-commerce business delivered very strong growth in the first two quarters.

We also made good progress with the upgrade of our logistics network, as we opened our new distribution center in Indianapolis, USA. The center will speed up delivery times, as 90% of US customers can now be reached within two days. We continued to work on our central European warehouse in Geiselwind, Germany, which is on track to be operational in the second quarter of 2021.

The strong decline in sales in the first half of 2020 led to a significantly higher demand for financing and a clear focus on costs. We reduced costs and cash outflow wherever possible and secured additional financing to ensure that we, together with our partners, could survive the crisis. In May 2020, PUMA secured a new revolving credit facility of € 900 million through

a banking consortium of twelve banks, including a direct participation of the Kreditanstalt für Wiederaufbau (KfW) of € 625 million. We used short-time work programs, furlough and temporary lay-offs to reduce costs. The suspension of dividend payments and the suspension of 100% of the Management Board's salary as well as the reduction of salaries of our senior management by 25%-35% in April and May were essential measures to reduce cash outflow.

With many of our ambassadors and consumers being confined at home, we looked for new ways of engaging with our audience. We created a series of live videos on social media platforms, which we called #StrongerTogether. These live videos included talks with our football ambassadors Sergio Agüero and Nikita Parris, yoga sessions with sportstyle ambassador Cara Delevingne, interviews with Formula 1 driver Max Verstappen or workouts with pole vaulter Mondo Duplantis and others. Apart from supporting PUMA's social media channels and e-commerce, these videos also created significant coverage in traditional media outlets.

We welcomed several new partners during the first six months of 2020. At the start of the year, PUMA signed a multi-year partnership with Grammy Award winning artist J. Cole, who combines the worlds of music and sports and will create products and marketing campaigns for the brand. We also welcomed Canadian model Winnie Harlow as an ambassador, who already headed the marketing campaigns for two new footwear franchises, the Kyron and the Mile Rider. In football, Dutch football club PSV Eindhoven as well as the national federations of Iceland and Paraguay joined the PUMA family. In other teamsports, we expanded our presence by signing the German Handball Federation. In track and field, we signed a partnership with the South African Athletics Federation and long-jump World Champion Tajay Gayle. PUMA also signed Jamaican Omar McLeod, the reigning Olympic Champion in 110m hurdles and the 2017 World Champion.

Even though regular competitions were cut short in the first half of 2020, our track and field athletes still entered the history books. PUMA athlete Armand "Mondo" Duplantis broke the indoor pole vault world record in February by clearing 6m18cm. In June, Norwegian hurdler Karsten Warholm ran the fastest 300m hurdles in history in a solo race.

In the first half of the year, product highlights included our Rudolf Dassler Legacy Collection,

which features some of the most iconic shoes from PUMA's history, such as the Fast Rider, the Ralph Sampson and the Roma. Alongside PUMA ambassador and LGBTQ+ activist Cara Delevingne, we launched the "From PUMA with Love" pack to celebrate Pride Month. The Rider, which was re-introduced in late 2019, became one of our most important footwear styles in the first half of 2020. This year, it was launched in several new styles and colors.

We also presented new collections with a focus on sustainability. Our sportswear collection with First Mile is made with recycled yarn that is manufactured from plastic bottles collected in the First Mile network. Our collaboration with London-based design school Central Saint Martins implemented cutting edge dyeing technologies such as "Dope Dye" and digital printing, to reduce the use of chemicals and water. Still at an experimental stage, our innovation department presented the "Design to Fade" biodesign project, which explored sustainable alternatives for dyeing and making textiles. On a corporate level, we have set ten new sustainability targets for 2025, which will further improve the social and environmental aspects of our supply chain. Examples of these targets include PUMA's commitment to further lower its CO₂ emissions and using 75% recycled polyester across all apparel and accessories products by 2025. We are also in the process of phasing out plastic bags from all of our retail stores globally.

The pandemic has once more confirmed that local relevance is key and the market situation can vary significantly between regions. To reflect this, we empowered decision-making by local management even more. Additionally, different countries have different sports that people follow and participate in. One of the best examples of local relevance is our partnership with Virat Kohli, the captain of the Indian cricket team. Cricket is by far the most relevant sport in India and by partnering with Virat, PUMA gains credibility as a sports brand in the Indian market.

We have taken decisive action to face the challenges presented by the COVID-19 pandemic. With our strong business model and supporting fundamental industry trends, such as casualization and an increased focus on health, we are well positioned to emerge stronger from the crisis and continue our growth.

Income Statement	Q2/2020 € million	Q2/2019 € million	Devi- ation	1-6/2020 € million	1-6/2019 € million	Devi- ation
Sales	831.1	1,226.8	-32.3%	2,130.9	2,546.0	-16.3%
Cost of sales	-466.1	-621.6	-25.0%	-1,147.3	-1,294.0	-11.3%
Gross profit	365.0	605.2	-39.7%	983.6	1,252.0	-21.4%
- in % of consolidated sales	43.9%	49.3%		46.2%	49.2%	
Royalty and commission income	3.6	6.7	-45.5%	9.6	13.1	-26.5%
Other operating income and expenses	-483.5	-531.6	-9.0%	-1,036.8	-1,042.3	-0.5%
Operating result (EBIT)	-114.8	80.3	>-100%	-43.6	222.8	>-100%
- in % of consolidated sales	-13.8%	6.5%		-2.0%	8.8%	
Financial result	-5.5	-1.0	> 100%	-21.1	-5.0	>100%
Earnings before taxes (EBT)	-120.3	79.3	>-100%	-64.7	217.8	>-100%
- in % of consolidated sales	-14.5%	6.5%		-3.0%	8.6%	
Taxes on income	31.3	-21.4	>-100%	16.8	-58.8	>-100%
- Tax rate	26%	27%		26%	27%	
Net earnings attributable to non-controlling interests	-6.6	-8.1	-19.0%	-11.5	-14.8	-22.3%
Net earnings	-95.6	49.7	>-100%	-59.4	144.1	>-100%
Earnings per share (€)	-0.64	0.33	>-100%	-0.40	0.96	>-100%
Earnings per share (€) - diluted	-0.64	0.33	>-100%	-0.40	0.96	>-100%
Weighted average shares outstanding (million)				149.55	149.51	0.0%
Weighted average shares outstanding - diluted (million)				149.55	149.51	0.0%

Rounding differences may be observed in the percentage and numerical values expressed in millions of Euro since the underlying calculations are always based on thousands of Euro.

Balance Sheet	June 30,'20 € million	June 30,'19 € million	Devi- ation	Dec. 31,'19 € million
ASSETS				
Cash and cash equivalents	437.0	366.2	19.3%	518.1
Inventories	1,288.9	1,063.3	21.2%	1,110.2
Trade receivables	572.5	704.7	-18.8%	611.7
Other current assets (working capital)	168.9	201.6	-16.2%	196.0
Other current assets	60.3	49.9	20.8%	45.2
Current assets	2,527.7	2,385.7	6.0%	2,481.2
Deferred taxes	291.1	212.3	37.1%	237.7
Right-of-use assets	807.4	677.5	19.2%	719.0
Other non-current assets	917.9	881.0	4.2%	940.3
Non-current assets	2,016.3	1,770.8	13.9%	1,897.0
Total Assets	4,544.0	4,156.5	9.3%	4,378.2
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current financial liabilities	158.0	188.2	-16.1%	10.2
Trade payables	908.5	740.1	22.8%	843.7
Other current liabilities (working capital)	469.8	436.6	7.6%	524.9
Current lease liabilities	154.4	130.4	18.4%	144.8
Other current liabilities	14.0	28.6	-51.0%	35.3
Current liabilities	1,704.6	1,523.9	11.9%	1,558.9
Deferred taxes	52.1	46.4	12.3%	53.0
Pension provisions	34.0	29.5	15.3%	34.1
Non-current lease liabilities	689.0	567.9	21.3%	600.5
Other non-current liabilities	264.8	204.9	29.3%	211.4
Non-current liabilities	1,040.0	848.7	22.5%	899.0
Shareholders' Equity	1,799.4	1,783.8	0.9%	1,920.3
Total Liabilities and Shareholders' Equity	4,544.0	4,156.5	9.3%	4,378.2

Rounding differences may be observed in the percentage and numerical values expressed in millions of Euro since the underlying calculations are always based on thousands of Euro.

Cash Flow Statement	1-6/2020 € million	1-6/2019 € million	Devi- ation
Earnings before taxes (EBT)	-64.7	217.8	>-100%
Financial result and non-cash effected expenses and income	135.3	126.2	7.2%
Gross cash flow	70.6	344.0	-79.5%
Change in current assets, net	-152.9	-246.4	-38.0%
Tax payments and dividends received	-54.8	-82.2	-33.4%
Net cash used in/ from operating activities	-137.1	15.3	>-100%
Payments for acquisitions	0.0	0.0	-
Payments for investing in fixed assets	-71.2	-120.7	-41.0%
Other investing activities	2.3	0.9	>100%
Net cash used in investing activities	-68.9	-119.7	-42.4%
Free cash flow	-206.0	-104.4	97.3%
Free cash flow (before acquisitions)	-206.0	-104.4	97.3%
Dividends paid to equity holders of the parent company	0.0	-52.3	-100.0%
Dividends paid to non-controlling interests	-34.9	-18.4	89.3%
Proceeds from borrowings	216.1	164.4	31.4%
Repayments of lease liabilities	-53.8	-55.9	-3.8%
Other proceeds/ payments	-19.7	-31.1	-36.8%
Net cash from financing activities	107.8	6.7	>100%
Exchange rate-related changes in cash and cash equivalents	17.2	0.2	-
Changes in cash and cash equivalents	-81.1	-97.6	-16.9%
Cash and cash equivalents at the beginning of the financial year	518.1	463.7	11.7%
Cash and cash equivalents at the end of the reporting period	437.0	366.2	19.3%

Rounding differences may be observed in the percentage and numerical values expressed in millions of Euro since the underlying calculations are always based on thousands of Euro.

Financial Calendar:

October 28, 2020 Quarterly Statement Q3 2020

The financial releases and other financial information are available on the Internet at „about.puma.com“.

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Notes to the editors:

- The financial reports are posted on www.about.puma.com.
- PUMA SE stock symbol:
Reuters: PUMG.DE, Bloomberg: PUM GY,
Börse Frankfurt: ISIN: DE0006969603– WKN: 696960

Notes relating to forward-looking statements:

This document contains forward-looking statements about the Company's future financial status and strategic initiatives. The forward-looking statements are based on the current expectations and assumptions of the management team. These are subject to a certain level of risk and uncertainty including, but not limited to those described above or in other disclosures, in particular in the chapter Risk and Opportunity Management in the Group Management Report. In the event that the expectations and the assumptions do not materialize or unforeseen risks arise, the Company's actual results can differ significantly from expectations. Therefore, we cannot assume responsibility for the correctness of these statements.

PUMA

PUMA is one of the world's leading Sports Brands, designing, developing, selling and marketing footwear, apparel and accessories. For 70 years, PUMA has relentlessly pushed sport and culture forward by creating fast products for the world's fastest athletes. PUMA offers performance and sport-inspired lifestyle products in categories such as Football, Running and Training, Basketball, Golf, and Motorsports. It collaborates with renowned designers and brands to bring sport influences into street culture and fashion. The PUMA Group owns the brands PUMA, Cobra Golf and stichd. The company distributes its products in more than 120 countries, employs more than 13,000 people worldwide, and is headquartered in Herzogenaurach/Germany.