



## **PRESS RELEASE Q2 2018**

### **Strong Quarter with 15% growth in sales and 33% growth in EBIT PUMA confirms EBIT target for the full year 2018**

Herzogenaurach, July 26, 2018

#### **2018 Second Quarter Facts**

- Sales increase by 15% currency-adjusted to € 1,049 million (+8% reported) with double-digit growth in all regions and product segments
- Gross profit margin improves to 48.6% mainly due to more sales of new products carrying a higher margin and positive currency effects
- Operating expenses (OPEX) increase 11% due to higher sales related variable costs, higher marketing and retail investments
- Operating result (EBIT) up by 33% to € 58 million (last year: € 43 million)
- PUMA share included in MDAX
- Governance structure of PUMA SE changed from monistic SE to dualistic SE
- Long-term partnership with Belgian football star Romelu Lukaku announced
- Antoine Griezmann and Lukaku claim second and third Top Scorer rank at World Cup
- PUMA announces re-entry into Basketball category

#### **2018 Half-Year Facts**

- Sales increase by 18% currency adjusted to € 2,180 million; reported growth is only 10.5% due to the negative impact from currency translation
- Gross profit margin up 160 basis points at 48.4%
- Operating expenses (OPEX) increase 9% related to intensified marketing activities, higher sales related variable costs and higher retail investments
- Operating result (EBIT) improves by 50% from € 114 million to € 170 million
- Net earnings increase from € 71.5 million last year to € 98.5 million and earnings per share increase from € 4.79 last year to € 6.59 respectively
- Women's category continues successful "Do You" campaign

## **Bjørn Gulden, Chief Executive Officer of PUMA SE:**

“The second quarter developed positively for us with sales growing organically 15% and EBIT increasing 33%. All regions and all product divisions posted double digit organic growth. The continued strength of the Euro gave us headwind in reported sales, but along with other currency effects, this also impacted our gross margin positively.

The first six months of the year showed major shifts in product trends and consumer demand, especially for footwear. But we feel that our “fast attitude” and quick reaction time allowed us to continue our growth.

We got very positive feedback to our plans of re-entering the Basketball category and both - the announcements of our new NBA players and the revelation of the product - were well received from retailers and basketball fans.

The World Cup in Russia was a good event for us with PUMA players Antoine Griezmann and Romelu Lukaku making it almost to the top of the scorer list in second and third place. The launches of the collections for our new top clubs AC Milan, Olympique de Marseille and Borussia Mönchengladbach were further highlights and have shown our commitment to football.

Despite the changes in product trends and the uncertain business environment caused by volatile currency rates and difficult global trade environment, we feel confident that we will reach our full-year EBIT target between €310 million and € 330 million which is a growth of around 30%.”

## **Sales Development:**

Sales by regions and product segments	Second Quarter				First Half-Year			
	Q2		growth rates		1-6		growth rates	
€ million	2018	2017	Euro	currency adjusted	2018	2017	Euro	currency adjusted
<b>Breakdown by regions</b>								
EMEA	416,0	385,1	8,0%	10,5%	896,7	799,9	12,1%	14,7%
Americas	377,3	354,6	6,4%	18,7%	725,0	701,1	3,4%	17,2%
Asia/Pacific	255,9	229,0	11,8%	17,3%	558,5	472,9	18,1%	26,2%
<b>Total</b>	<b>1.049,2</b>	<b>968,7</b>	<b>8,3%</b>	<b>15,0%</b>	<b>2.180,3</b>	<b>1.973,8</b>	<b>10,5%</b>	<b>18,3%</b>
<b>Breakdown by product segments</b>								
Footwear	511,1	463,0	10,4%	18,4%	1.091,5	961,8	13,5%	22,4%
Apparel	349,6	334,8	4,4%	10,5%	713,7	661,2	8,0%	15,3%
Accessories	188,4	170,9	10,3%	15,0%	375,0	350,8	6,9%	12,8%
<b>Total</b>	<b>1.049,2</b>	<b>968,7</b>	<b>8,3%</b>	<b>15,0%</b>	<b>2.180,3</b>	<b>1.973,8</b>	<b>10,5%</b>	<b>18,3%</b>

## Second Quarter 2018

PUMA's **sales** growth continued in the second quarter of 2018. Sales rose by 15.0% currency-adjusted to € 1,049.2 million. All regions contributed with double-digit increases. Footwear continued to be the main growth driver and Apparel and Accessories also grew at a double-digit rate. However, currency translation effects due to the strength of the Euro against most other currencies negatively impacted the sales development in reported terms (+8.3%).

The **gross profit margin** improved to 48.6% in the second quarter (last year: 46.5%). The increase is mainly related to more sales of new products with a higher margin, further sourcing improvements and positive currency effects.

**Operating expenses (OPEX)** rose by 11.1% to € 456.3 million in the second quarter. The increase of operating expenses is due to further marketing activities and higher sales related variable costs based on increased sales volumes and higher retail investments related to the increase of our store count.

The **operating result (EBIT)** increased from € 43.4 million last year to € 57.6 million due to a strong sales growth combined with an improved gross profit margin.

**Net earnings** increased from € 21.9 million to € 31.1 million and **earnings per share** were up from € 1.46 in the second quarter last year to € 2.08 correspondingly.

## First Half-Year 2018

**Sales** for the first half-year 2018 were up by 18.3% currency adjusted to € 2,180.3 million. All regions showed double-digit growth with Footwear being the main growth driver. The strong Euro against most other currencies significantly impacted our reported sales growth, that amounted to 10.5% in the first half of 2018.

Including eCommerce, PUMA's own and operated **retail sales** increased by 23.7% currency adjusted to € 490.0 million. This represented a share of 22.5% of total sales for the first half of 2018 (21.8% in the previous year). The reasons for the rise are a like-for-like sales

growth in our own retail stores, the extension of our retail store network and a continued strong growth of our eCommerce business.

The **gross profit margin** improved by 160 basis points from 46.8% to 48.4% in the first half of 2018. The increase came mainly from more sales of new products with a higher margin and further sourcing improvements. In addition, positive currency effects materialized in the second quarter.

**Operating expenses (OPEX)** increased 9.3% and amounted to € 893.7 million. The increase was driven by higher sales related variable costs, intensified marketing activities and investments in the refurbishment and expansion of our own retail store network.

The **operating result (EBIT)** grew by 49.6% from € 113.6 million last year to € 169.8 million in the first half of 2018 due to a strong sales growth and a higher gross profit margin. This corresponds to an EBIT-margin of 7.8% compared to 5.8% in the first half last year.

**Net earnings** improved by 37.8% and came in at € 98.5 million (last year: € 71.5 million). This translates into **earnings per share** of € 6.59 compared to € 4.79 in the first half of 2017.

### **Working Capital**

Currency effects and our continued focus on working capital management led to a decrease of **working capital** of 2.1% to € 685.2 million. Without these currency effects, working capital would have increased by approximately 6%, which is lower than the growth in our business. **Inventories** were up 4.7% at € 890.5 million and **trade receivables** grew by 12.8% to € 633.6 million. On the liabilities side, **trade payables** and **other current liabilities** were up by 16.2% to a total of € 1,026.8 million.

### **Cashflow**

As a result of the increase in earnings before taxes (EBT) and the positive working capital development, the **free cash flow** improved from € -117.9 million to € -103.3 million in the

first half of 2018. Cash and cash equivalents increased, as did our bank liabilities due to the dividend payment (€ 186.8 million) made in the second quarter. As a result, our **net cash position** declined to € 88.8 million (last year: € 152.4 million).

## **Outlook 2018**

Our full-year guidance for EBIT remains unchanged and we continue to expect the operating result to come in between € 310 million and € 330 million. This is now the combined effect of a currency-adjusted increase of net sales between 12% and 14% (previous guidance: between 10% and 12%), a gross profit margin improvement of approximately 100 basis points, and a high single-digit rate increase in OPEX related to additional investments in sports marketing and higher sales related variable costs. Management still expects that net earnings will improve significantly in 2018.

## **Change of Governance Structure**

Following the distribution of approximately 70% of the PUMA shares by Kering S.A. to its shareholders, PUMA's free float has increased from approximately 14% to 55%. The distribution took place on May 16<sup>th</sup> and was accompanied by investor communication, including road shows and a capital markets day, on PUMA's side. The feedback from the financial community confirms the confidence into PUMA's strategy and opportunities.

PUMA's Annual General Meeting resolved on April 12, 2018 to replace the existing monistic management system of the Company with the dualistic management system and to amend the Articles of Association accordingly. The dualistic management system consists of the Management Board (Vorstand) as the management body and the Supervisory Board (Aufsichtsrat) as the supervisory body. The changes to the Articles of Association were entered into the Commercial Register of the Local Court in Fürth on July 9, 2018. Accordingly, the change in the governance structure became effective on that day. The Management Board consists of Bjørn Gulden (CEO), Michael Lämmermann (CFO) and Lars Sørensen (COO). The Supervisory Board consists of Jean-Francois Palus (Chairman), Jean-Marc Duplaix, Béatrice Lazat, Thore Ohlsson elected by the shareholders and Martin Köppel as well as Bernd Illig elected by the employees.

## Brand and Strategy Update

Thanks to our partnered athletes and teams as well as our other brand ambassadors, PUMA successfully strengthened both its sports and lifestyle positioning in the first half of 2018.

A major highlight was the announcement of PUMA's re-entry into the **Basketball** category. Jay-Z has taken the role of Creative Director for PUMA Basketball. In this capacity, he will be overseeing the creative strategy, creative marketing, and product design for all basketball-related products. Marvin Bagley, Deandre Ayton, Zhaire Smith, Michael Porter Jr. and Rudy Gay are the first NBA players to wear performance PUMA basketball shoes on court in 20 years. In addition to a clear commitment to performance on the court, PUMA will leverage its credibility in the cultural environment around basketball, which is getting increasing attention of American consumers. Our re-entry into the Basketball category is clearly a commitment to the North American market and a building block to strengthening our business also in other performance categories.

In **Football**, all eyes were on the FIFA World Cup 2018 in Russia. Our four national teams - Uruguay, Switzerland, Serbia and Senegal – along with a variety of outstanding individual players ensured a high visibility of the PUMA brand during the tournament. Half of our partnered teams reached the second stage, while two out of the top three scorers of the tournament, Antoine Griezmann (2<sup>nd</sup>) and Romelu Lukaku (3<sup>rd</sup>), are PUMA players. Griezmann, who led the French team to victory with his goal, was named "FIFA Man of the Match" in the World Cup final. Together with Olivier Giroud and Belgian striker Romelu Lukaku, Griezmann ensured a high visibility of our brand in the final matches of the competition. Our players wore PUMA's latest technologies, the PUMA FUTURE and PUMA ONE, in customized editions.

In club football, the end of the 2017/18 season was marked by excellent performances of our players on the pitch. All goals of the UEFA Europa League final were scored by PUMA players, as Griezmann and Gabi shot the three goals to Atlético Madrid's victory. In Mexico, PUMA-partnered team Santos Laguna won the Liga MX Clausura, the closing tournament of the top level Mexican football league.

With Olympique de Marseille, A.C. Milan, Borussia Mönchengladbach and São Paulo football club Palmeiras joining the roster of the brand's prestigious football clubs, PUMA will

strengthen its position in international football for the upcoming seasons. The 2018/19 jerseys of the newly signed clubs have just been revealed and received positive fan and media feedback.

In **Running** and **Track & Field**, our sponsored athletes impressed with world class performances. The 19-year old Cuban Juan Miguel Echevarria took the first place at the Stockholm Diamond League Meeting with his incredible long jump of 8.83m, which was chosen as the "2018 Season Highlight" by the IAAF. At the XXI Commonwealth Games, PUMA athletes won an impressive total of eleven medals. Olympic and World Championship silver medalist Will Claye won the men's Triple Jump by setting a new world-leading mark with 17.43m at the World Indoor Championships in Birmingham.

Earlier this year, we enlarged our portfolio of federations by signing a long-term partnership with the Norwegian Athletic Federation. Furthermore, PUMA is proud to have two new top athletes joining its roster: French sprinter and European record holder in 100m Jimmy Vicaut and Italian high jumper Gianmarco Tamberi.

In **Motorsport**, our three partnered F1 Teams MERCEDES AMG PETRONAS, Scuderia FERRARI and RED BULL RACING continue to dominate in Formula One, being currently ranked among the top three positions, both in the drivers' and the constructors' championships.

Our **strategy** has continued to focus on our five priorities: Increasing brand heat, offering a competitive product range, proposing a leading offer for women, improving the quality of distribution and strengthening our organizational infrastructure. We feel that PUMA is on the right track as our strategy, marketing and products are starting to show results. This has been once again confirmed by improved financial results, increased sell-through performance and the continued positive feedback from our retail partners.

Working with the right influencers and letting them communicate on behalf of our brand has become an essential part of our strategy: We have contracted new athletes, cultural icons and influencers, who have helped to further fuel PUMA's **brand heat**, such as Selena Gomez, the most followed person on Instagram. Selena has been working alongside PUMA's design team to create exciting products for our female consumers.

Our **Women's** category continued our successful "Do You" campaign with its powerful ambassadors, including Cara Delevingne and the dancers of the New York City Ballet. Key styles behind our women's footwear business were the training shoes PHENOM, MUSE and MUSE ECHO, while the newly launched DEFY showed promising first results.

Four-time Formula One World Champion Lewis Hamilton embodies the Men's training proposition "24/7". With this product line, PUMA has redefined its performance philosophy, offering **products** that perform everywhere from the gym to the street – 24/7. As part of this collection, PUMA just launched the training shoe Mantra FUSEFIT.

Another footwear success was the recently launched THUNDER, which won the hearts of the fashion-forward crowd with its disruptive design, and its bulky, unapologetic look. The first two product drops sold out within hours.

Quality of **distribution** remains a focus for PUMA. We continue to give high priority to the benefit of our retail partners. We work hard every day to ensure that our contribution to their business is positive and further improving. Feedback from our retail partners continues to be good. Retailers in most channels have started to dedicate more shelf space to PUMA, allowing for our business to be based on a broader selection of styles.

We have also continued to improve our **organizational structure** and infrastructure. One aspect with high visibility is the completion of our extended headquarters building in Herzogenaurach, that now hosts more than 1,000 employees together under one roof in a state of the art facility. This not only allows for faster communication and better alignment, but also adds to our great team spirit.

Income Statement	Second Quarter			First Half-Year		
	Q2/2018 € million	Q2/2017 € million	Deviation	1-6/2018 € million	1-6/2017 € million	Deviation
<b>Sales</b>	<b>1.049,2</b>	<b>968,7</b>	8,3%	<b>2.180,3</b>	<b>1.973,8</b>	10,5%
Cost of sales	-539,1	-517,9	4,1%	-1.124,7	-1.049,8	7,1%
<b>Gross profit</b>	<b>510,0</b>	<b>450,8</b>	13,1%	<b>1.055,6</b>	<b>924,0</b>	14,2%
- in % of consolidated sales	48,6%	46,5%		48,4%	46,8%	
Royalty and commission income	3,9	3,4	13,8%	7,9	7,2	10,5%
Other operating income and expenses	-456,3	-410,8	11,1%	-893,7	-817,6	9,3%
<b>Operating result (EBIT)</b>	<b>57,6</b>	<b>43,4</b>	32,8%	<b>169,8</b>	<b>113,6</b>	49,6%
- in % of consolidated sales	5,5%	4,5%		7,8%	5,8%	
Financial result / Income from associated companies	-2,9	-3,1	-7,3%	-13,4	-2,5	-
<b>Earnings before taxes (EBT)</b>	<b>54,7</b>	<b>40,2</b>	35,9%	<b>156,5</b>	<b>111,1</b>	40,9%
- in % of consolidated sales	5,2%	4,2%		7,2%	5,6%	
Taxes on income	-15,4	-11,1	38,7%	-43,5	-30,8	41,2%
- Tax rate	28,2%	27,6%		27,8%	27,7%	
Net earnings attributable to non-controlling interests	-8,1	-7,3	12,0%	-14,4	-8,8	64,4%
<b>Net earnings</b>	<b>31,1</b>	<b>21,9</b>	42,3%	<b>98,5</b>	<b>71,5</b>	37,8%
<b>Earnings per share (€)</b>	<b>2,08</b>	<b>1,46</b>	42,3%	<b>6,59</b>	<b>4,79</b>	37,7%
<b>Earnings per share (€) - diluted</b>	<b>2,08</b>	<b>1,46</b>	42,3%	<b>6,59</b>	<b>4,79</b>	37,7%
Weighted average shares outstanding (million)				14,946	14,940	0,0%
Weighted average shares outstanding - diluted (million)				14,946	14,940	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, '18 € million	June 30, '17 € million	Devi- ation	Dec. 31, '17 € million
<b>ASSETS</b>				
Cash and cash equivalents	360,0	258,6	39,2%	415,0
Inventories	890,5	850,6	4,7%	778,5
Trade receivables	633,6	561,8	12,8%	503,7
Other current assets (Working Capital)	187,8	171,0	9,8%	164,0
Other current assets	48,3	23,3	107,6%	23,6
<b>Current assets</b>	<b>2.120,3</b>	<b>1.865,4</b>	13,7%	<b>1.884,8</b>
Deferred taxes	202,3	218,5	-7,4%	207,9
Other non-current assets	777,2	749,6	3,7%	761,1
<b>Non-current assets</b>	<b>979,6</b>	<b>968,1</b>	1,2%	<b>969,0</b>
<b>Total Assets</b>	<b>3.099,8</b>	<b>2.833,5</b>	9,4%	<b>2.853,8</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current financial liabilities	271,2	35,6	-	29,0
Trade payables	638,4	645,1	-1,0%	646,1
Other current liabilities (Working Capital)	388,4	238,4	62,9%	306,1
Other current liabilities	20,3	116,0	-82,5%	75,2
<b>Current liabilities</b>	<b>1.318,2</b>	<b>1.034,9</b>	27,4%	<b>1.056,5</b>
Deferred taxes	42,1	61,0	-31,0%	37,6
Pension provisions	29,9	31,2	-4,2%	29,7
Other non-current liabilities	96,2	62,3	54,3%	73,3
<b>Non-current liabilities</b>	<b>168,2</b>	<b>154,6</b>	8,8%	<b>140,7</b>
<b>Shareholders' Equity</b>	<b>1.613,4</b>	<b>1.644,0</b>	-1,9%	<b>1.656,7</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>3.099,8</b>	<b>2.833,5</b>	9,4%	<b>2.853,8</b>

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.

Cashflow Statement	1-6/2018 € million	1-6/2017 € million	Devi- ation
<b>Earnings before taxes (EBT)</b>	<b>156,5</b>	<b>111,1</b>	40,9%
Financial result and non cash effected expenses and income	30,0	50,5	-40,5%
<b>Cashflow - gross</b>	<b>186,5</b>	<b>161,5</b>	15,4%
Change in net working capital	-183,8	-204,4	-10,1%
Taxes and interest payments	-61,7	-31,5	95,7%
<b>Cashflow from operating activities</b>	<b>-59,0</b>	<b>-74,4</b>	-20,7%
Payments for acquisitions	0,0	0,0	-
Payments for investments in fixed assets	-44,4	-43,8	1,5%
Other investing activities	0,1	0,2	-
<b>Cashflow from investing activities</b>	<b>-44,3</b>	<b>-43,5</b>	1,8%
<b>Free Cashflow</b>	<b>-103,3</b>	<b>-117,9</b>	-12,4%
<b>Free Cashflow (before acquisitions)</b>	<b>-103,3</b>	<b>-117,9</b>	-12,4%
Dividends paid to equity holders of the parent company	-186,8	-11,2	-
Dividends paid to non-controlling interests	-30,0	-9,3	-
Proceeds from short-term borrowings	259,7	51,7	-
Other changes	-2,0	19,2	-
<b>Cashflow from financing activities</b>	<b>40,9</b>	<b>50,4</b>	-18,8%
Effect of exchange rates on cash	7,5	-0,5	-
<b>Change in cash and cash equivalents</b>	<b>-55,0</b>	<b>-68,1</b>	-19,2%
Cash and cash equivalents at beginning of financial year	415,0	326,7	27,0%
<b>Cash and cash equivalents end of the period</b>	<b>360,0</b>	<b>258,6</b>	39,2%

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### **Financial Calendar FY 2018:**

February 12, 2018	Financial Results FY 2017
April 12, 2018	Annual General Meeting
April 24, 2018	Quarterly Statement Q1 2018
July 26, 2018	Interim Report Q2 2018
October 25, 2018	Quarterly Statement Q3 2018

The financial releases and other financial information are available on the Internet at „[about.puma.com](http://about.puma.com)“.

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### **Notes to the editors:**

- The financial reports are posted on [www.about.puma.com](http://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**

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PUMA is one of the world's leading Sports Brands, designing, developing, selling and marketing footwear, apparel and accessories. For over 65 years, PUMA has established a history of making fast product designs for the fastest athletes on the planet. PUMA offers performance and sport-inspired lifestyle products in categories such as Football, Running and Training, Golf, and Motorsports. It engages in exciting collaborations with renowned design brands to bring innovative and fast designs to the sports world. The PUMA Group owns the brands PUMA, Cobra Golf and Dobotex. The company distributes its products in more than 120 countries, employs more than 13,000 people worldwide, and is headquartered in Herzogenaurach/Germany. For more information, please visit <http://www.puma.com>