



PUMA delivers strong growth in sales and profitability in 2018

Herzogenaurach, February 14, 2019

2018 Fourth Quarter Facts

- Sales increase by 20.1% currency adjusted to € 1,226 million (+17.9% reported) with strong growth in all regions and product segments
- Gross profit margin remains stable at a high level of 47.1%
- Operating expenses (OPEX) increase by 17.1% due to higher sales related variable costs as well as higher marketing and retail investments
- Operating result (EBIT) improves from € 30 million last year to € 38 million
- Strong sell-through of newly launched footwear franchises RS-X and Cali
- PUMA sponsored team Denmark wins Handball World Cup

2018 Full-Year Facts

- Full-year sales increase by 17.6% currency adjusted to € 4,648 million (+12.4% reported) with double-digit growth in all regions and product segments
- Gross profit margin improves by 110 basis points to 48.4%, supported by higher margins in all product segments
- Increase in operating expenses of 11.8% provides slight operating leverage
- Operating result (EBIT) improves strongly by 37.9% from € 245 million to € 337 million
- Net earnings and earnings per share increase by 38.0% from € 135.8 million to € 187.4 million and from € 9.09 to € 12.54 respectively
- Free Cashflow improves from € 128 million to € 173 million
- A dividend of € 3.50 per share for 2018 to be proposed at the Annual General Meeting
- PUMA share returns to M-DAX in June 2018
- Strong new styles Thunder, RS-0 and RS-X established in the “chunky shoe” category
- PUMA re-enters basketball category after 20 years
- PUMA signs supermodel Adriana Lima as women’s training ambassador

Bjørn Gulden, Chief Executive Officer of PUMA SE:

“We are very happy with how our business developed in 2018. Sales rose organically by 17.6% to €4,648 million and the operating result (Ebit) improved by 37.9% % to €337 million, which shows our strong momentum.

The double-digit growth in all regions is a proof that the we have strenghtened the PUMA brand globally and the double-digit growth in all product divisions shows that we have enhanced our product portfolio.

We still have a lot to improve, but we feel we are moving our brand and company in a good direction. We see that our progress will also continue in 2019 and expect our currency adjusted sales to grow around 10% and our operating result to increase to a range between €395 million and €415 million.”

Sales Development:

Sales by regions and product segments	Fourth Quarter				Full Year			
	Q4		growth rates		1-12		growth rates	
€ million	2018	2017	Euro	currency adjusted	2018	2017	Euro	currency adjusted
Breakdown by regions								
EMEA	375,3	348,0	7,8%	8,7%	1.800,3	1.646,2	9,4%	11,4%
Americas	473,1	417,1	13,4%	17,4%	1.612,5	1.494,8	7,9%	16,9%
Asia/Pacific	378,0	275,1	37,4%	38,5%	1.235,5	994,9	24,2%	28,8%
Total	1.226,4	1.040,2	17,9%	20,1%	4.648,3	4.135,9	12,4%	17,6%
Breakdown by product segments								
Footwear	535,0	467,3	14,5%	17,4%	2.184,7	1.974,5	10,6%	16,6%
Apparel	491,1	388,5	26,4%	28,6%	1.687,5	1.441,4	17,1%	22,2%
Accessories	200,3	184,4	8,6%	9,2%	776,1	719,9	7,8%	11,0%
Total	1.226,4	1.040,2	17,9%	20,1%	4.648,3	4.135,9	12,4%	17,6%

Fourth Quarter 2018

Sales

PUMA's **sales** growth continued in the fourth quarter of 2018. Sales increased by 20.1% currency adjusted to € 1,226.4 million (+17.9% reported), compared to € 1,040.2 million in the previous year. Sales growth was particularly strong in the Asia/Pacific region followed by the Americas, both increasing at double-digit rates. Both Apparel and Footwear showed strong

growth in the fourth quarter of 2018, improving 28.6% and 17.4% respectively. For Footwear, it was the 18th consecutive quarter of sales growth.

Gross Profit Margin and Operating Expenses

The **gross profit margin** in the fourth quarter remained stable at a high level of 47.1%, despite negative currency impacts in the quarter.

Operating expenses (OPEX) rose by 17.1% to € 544.9 million in the fourth quarter, caused by higher sales-related, variable costs and a step-up in retail investments, including e-commerce. Football sponsorships, marketing initiatives for new footwear franchises and the launch of the basketball category led to higher marketing costs.

Operating Result and Net Earnings

The **operating result (EBIT)** improved by 26.1% from € 29.8 million to € 37.6 million in the fourth quarter 2018. The improvement in profitability was due to the strong sales growth combined with an OPEX increase at a slightly lower rate than sales.

Net earnings in the fourth quarter 2018 improved significantly from € 2.2 million last year to € 15.7 million and **earnings per share** increased correspondingly from € 0.14 last year to € 1.05.

Full Year 2018

Sales

In the financial year 2018, PUMA's **sales** increased by 17.6% currency adjusted to € 4,648.3 million (+12.4% reported). The significant difference between reported and currency-adjusted sales growth was due to the weakness of several major currencies against the Euro.

In the **EMEA** region, sales rose by 11.4% currency adjusted to € 1,800.3 million (+9.4% reported). The main growth drivers in the region were France, Spain, the United Kingdom as well as Russia and Turkey, which all posted double-digit sales growth.

Sales in the **Americas** region went up by 16.9% currency adjusted to € 1,612.5 million (+7.9% reported), with both North and Latin America contributing double-digit growth rates. The weakness of the Argentinian Peso against the Euro, however, led to the significant negative currency impact in the region.

Growth was particularly strong in the **Asia/Pacific** (APAC) region, where currency-adjusted sales rose by 28.8% (reported +24.2%), mainly driven by high growth in China and Korea, while sales in Japan increased at a more moderate mid to high single-digit rate.

Footwear continued to be a strong sales driver throughout the year. Sales were up 16.6% currency adjusted to € 2,184.7 million (+10.6% reported), exceeding the € 2 billion sales mark for the first time. Running and Training as well as Sportstyle were the categories with the strongest growth rates.

In the **Apparel** segment, sales rose by 22.2% currency adjusted to € 1,687.5 million (+17.1% reported). Logo-driven apparel within our Sportstyle category and new product launches in the Teamsport and Motorsport categories contributed to this increase.

Sales in **Accessories** grew by 11.0% currency adjusted to € 776.1 million (+7.8% reported). This increase was mainly driven by higher sales of legwear and bodywear products.

Including e-commerce, PUMA's **retail sales** increased by 24.0% currency-adjusted to € 1.127,5 million. This represents a share of 24.3% of total sales in 2018 (2017: 23.2%). Like-for-like sales growth in our retail stores, the extension of our retail store network as well as the extensive growth of our e-commerce business contributed to this rise.

Gross Profit Margin and Operating Expenses

The **gross profit margin** improved by 110 basis points from 47.3% to 48.4% in 2018. This increase was mainly driven by further improvements in sourcing and higher sales of new products with a higher margin. In addition, a higher share of own retail sales and the regional sales mix with stronger growth in Asia had a slight positive effect on the gross profit margin development as well. There were no full-year currency effects on the gross profit margin

compared with the previous year, as positive and negative effects during the year cancelled each other out on a full-year basis.

The gross profit margin in the Footwear segment improved by 30 basis points to 45.8%. In Apparel, margins rose from 49.0% to 50.9% and Accessories margins increased from 48.5% to 50.3% in 2018.

Operating expenses (OPEX) rose by 11.8% and amounted to € 1,928.4 million in 2018. Intensified marketing activities, the refurbishment and extension of our own retail store network, including our e-commerce business as well as further investments into our IT-infrastructure have led to this increase. The OPEX ratio in percentage of total sales decreased from 41.7% in 2017 to 41.5% in 2018. This reflects operating leverage and contributes to the improvement of profitability in 2018.

Operating Result and Net Earnings

The **operating result (EBIT)** improved significantly by 37.9% from € 244.6 million to € 337.4 million in 2018, which was slightly above the upper end of the revised EBIT guidance of a range between € 325 million and € 335 million. This development reflects the improvement of PUMA's profitability and was achieved through strong sales growth combined with a higher gross profit margin as well as operating leverage. As a result, the EBIT margin went up from 5.9% in 2017 to 7.3% in 2018.

The **financial result** decreased from € -13.4 million in 2017 to € -24.0 million and was mainly impacted by higher expenses related to currency conversion differences.

The tax rate for the full year 2018 amounted to a slightly lower rate of 26.7% compared to 27.4% last year, while the total **tax expense** increased to € 83.6 million in 2018 (2017: € 63.3 million).

Net earnings increased by 38.0% from € 135.8 million last year to € 187.4 million in 2018. This translates into improved **earnings per share** of € 12.54 compared to € 9.09 last year.

Working Capital

Despite a significant increase in sales and an increased number of own retail stores, **working capital** rose only slightly by 2.0% from € 493.9 million to € 503.9 million in 2018. **Inventories** grew by 17.5% to € 915.1 million mainly related to the planned sales growth from the 2019 spring/summer collection. **Trade receivables** rose by 9.9% from € 503.7 to € 553.7 million. On the liabilities side, **trade payables** and **other current liabilities** increased by 21.0% to a total of € 1,152.6 million (last year: total of 952.2 million).

Cashflow

The **free cash flow** improved from € 128.5 million in 2017 to € 172.9 million in 2018. This development was a result of considerably higher earnings before taxes (EBT) and the only moderate increase in working capital. As of December 31, 2018, PUMA's **cash position** amounted to € 463.7 million compared to € 415.0 million at the balance sheet date last year.

Proposal of a Dividend of € 3.50 per share

Based on PUMA's positive business development in 2018 with an improvement of profitability and cash flow, the Management Board and the Supervisory Board of PUMA SE will propose to the Annual General Meeting on April 18, 2019, a **dividend** of € 3.50 per share for the financial year 2018. This represents a payout ratio of 27.9% as a percentage of net earnings, in line with PUMA SE's dividend policy, which foresees a payout ratio of 25% to 35%.

Brand and Strategy Update

In the year of PUMA's 70th anniversary, we kept going full speed to pursue our goal of becoming the world's fastest sports brand. We further strengthened our position in sports performance. This includes our return to basketball, the signings of top football clubs, such as A.C. Milan, Olympique de Marseille, Borussia Mönchengladbach and São Paulo based Palmeiras, as well as the outstanding performances of our partnered teams, athletes and federations.

Over the past five years, we have focused on five strategic priorities: creating brand heat, a competitive product range, a leading offer for women, improved distribution quality and organizational speed. In 2018, we added a sixth priority with the aim of strengthening our position in the North American sports market – the reentry into basketball.

Both from a sports and business perspective, PUMA's return to **Basketball** was off to a promising start. Together with entrepreneur, business mogul and PUMA Basketball Creative Director Jay-Z, we rolled out an exciting campaign, that resonated well with athletes, media and fans. Our first shoe in this category after 20 years, the Clyde Court Disrupt, quickly sold out. The signings of some of the biggest names in basketball, such as Skylar Diggins-Smith, Terry Rozier, Rudy Gay, Danny Green and four-time NBA All-star DeMarcus Cousins, underpinned our performance credibility. In addition, we signed the Top Picks in the annual NBA draft Deandre Ayton, Marvin Bagley III, Kevin Knox, Michael Porter Jr and Zhaire Smith.

For our **Football** category, the FIFA World Cup 2018 in Russia was the perfect stage to present the PUMA brand and our innovative performance products. Our four partnered national teams Uruguay, Switzerland, Serbia and Senegal as well as our impressive roster of players ensured high brand visibility on the pitch. Uruguay and Switzerland secured PUMA's presence in the knockout stage, while PUMA players Antoine Griezmann and Romelu Lukaku emerged as two of the top three scorers of the tournament. Antoine Griezmann was even named "FIFA Man of the Match" after scoring the winning goal in the final. All our players were equipped with special editions of the football boots PUMA FUTURE or PUMA ONE.

We also continued to grow our portfolio of players by signing international football stars, such as Barcelona and Uruguay striker Luis Suarez, Vincent Kompany (Manchester City), Axel Witsel (Borussia Dortmund), David Silva (Manchester City), Dejan Lovren (FC Liverpool) and Davie Selke (Hertha BSC).

Our **Running and Training** category thrived on the extraordinary performances of our track-and-field athletes along with the introduction of innovative products. The 19-year-old Cuban Juan Miguel Echevarria did not only win Gold at the Diamond League Meeting in Stockholm, but also claimed the IAAF title "Highlight of the Season 2018" with his incredible long-jump of

8.83 meters. We also signed additional top athletes, such as Europe's "fastest man", French sprinter Jimmy Vicaut.

With our running shoes HYBRID RUNNER and HYBRID ROCKET, we introduced an entirely new midsole technology to the market.

In our **Women's category**, we welcomed supermodel Adriana Lima to the PUMA family as an ambassador for Women's Training. On the product side, our shoe styles PHENOM and DEFY, worn by popstar and social media influencer Selena Gomez, were a great success with our female consumers.

In **Motorsport**, PUMA Formula One partners MERCEDES-AMG Petronas, Scuderia FERRARI and RED BULL Racing once again dominated the season. The championship titles were claimed by Mercedes and Lewis Hamilton – representing Lewis' fifth career title.

PUMA Motorsport lifestyle products were in growing demand, particularly in the USA and France.

In our **Golf** category, our players Rickie Fowler, Lexi Thompson and Bryson DeChambeau continued to add excitement to the PUMA and COBRA Golf brands with numerous victories. Bryson DeChambeau caused a stir with his ONE Length irons, winning five tournaments with this to date unique concept.

In our **Sportstyle** business, we proved that our "Forever Faster" spirit has already been deeply engrained into the way we do business. When consumers asked for "chunky shoes", a reemerging sneaker trend from the 1990s featuring thick soles and an overall chunky look, we reacted immediately and introduced our successful new style platforms Thunder, RS-0 and the RS-X.

Apart from PUMA's 70th birthday, we celebrated another anniversary: the Suede, one of our greatest classics, turned 50. We marked this occasion with a string of special editions and collaborations with several designers, artists and brands. Throughout the year, we launched new Suede editions with designs by fashion icon Karl Lagerfeld, rock legend Paul Stanley and cartoon character Hello Kitty to name but a few.

We continued to improve the quality of our **distribution** channels. We have worked hard to be a flexible and service-oriented business partner in order to strengthen our relationship with key retailers and gain shelf space. Our direct-to-consumer business has been able to grow through expansion of our retail store network, like-for like sales growth in our existing stores and the continued strong growth of our eCommerce business.

To speed up our organizational processes, we further invested into our **IT** infrastructure with a strong focus on Business Intelligence, Planning and IT Security. Besides working on the modernization of our distribution centers worldwide, we have put our focus on the development of a new ERP systems, which will be rolled out in the coming years starting 2019.

In 2019, PUMA will start working on a new multichannel distribution center in Geiselwind, Germany. We expect the Geiselwind center, which is the first in a series of investments and upgrades in our **logistics** operations, to be operational in early 2021.

In addition to our business priorities, **social, economic and environmental sustainability** remains a core value for PUMA. We continued to execute our 10FOR20 strategy, while collaborating with industry peers, suppliers and NGOs to create positive impact.

Inspired by sprint star Tommie Smith, who made a statement against racism and social inequality with his legendary “silent gesture” at the 1968 Olympics, PUMA launched the **#REFORM** platform in October. With the help of activists from the world of sports, music and entertainment, among others American rapper Meek Mill, the program supports NGOs and encourages conversations around issues such as universal equality and criminal justice reform in the United States.

The **PUMA share** returned to the M-Dax in June last year, after our former majority shareholder Kering S.A. distributed approximately 70% of PUMA shares to its shareholders.

Outlook 2019

Our business developed strongly in 2018, both in terms of net sales and profitability. We are confident that the positive development will continue in 2019.

For the full year 2019, we therefore expect currency-adjusted sales growth of around 10%. We forecast the gross profit margin to show a slight improvement compared to last year (2018: 48.4%) and operating expenses (OPEX) to increase at a slightly lower rate than sales. Based on the current exchange rate levels, management expects an operating result (EBIT) for the financial year 2019 in a range between € 395 million and € 415 million (2018: € 337.4 million). Management also expects a significant improvement of net earnings in 2019. With that, PUMA is well on track towards achieving our medium-term ambition of 10% EBIT margin by 2021/22 with average annual sales growth of 10% in constant currency.

The new accounting standard relating to lease accounting (IFRS 16), which has been effective since January 1, 2019, leads to a capitalization of the operating leases on the balance sheet (an increase of approximately € 618 million in assets and liabilities on January 1st, 2019). The outlook for the operating result (EBIT) in a range of € 395 million to € 415 million (see above) includes a positive effect of approximately € 16 million caused by the new accounting standard. Taking into account interest and deferred tax effects of IFRS 16, the estimated impact on net earnings in 2019 is, however, a negative amount of approximately € 7 million. Please refer to the Notes to the Consolidated Financial Statements, Chapter 1 General, for a detailed description of the new accounting standards and the effects of the first-time application of IFRS 16 Leases.

Income Statement	Fourth Quarter			Full Year		
	Q4/2018 € million	Q4/2017 € million	Devi- ation	1-12/2018 € million	1-12/2017 € million	Devi- ation
Sales	1.226,4	1.040,2	17,9%	4.648,3	4.135,9	12,4%
Cost of sales	-648,3	-549,9	17,9%	-2.399,0	-2.181,5	10,0%
Gross profit	578,1	490,3	17,9%	2.249,4	1.954,3	15,1%
- in % of consolidated sales	47,1%	47,1%		48,4%	47,3%	
Royalty and commission income	4,5	4,8	-6,1%	16,3	15,8	3,2%
Other operating income and expenses	-544,9	-465,3	17,1%	-1.928,4	-1.725,6	11,8%
Operating result (EBIT)	37,6	29,8	26,1%	337,4	244,6	37,9%
- in % of consolidated sales	3,1%	2,9%		7,3%	5,9%	
Financial result / Income from associated companies	-1,4	-7,5	-82,0%	-24,0	-13,4	79,6%
Earnings before taxes (EBT)	36,3	22,3	62,4%	313,4	231,2	35,5%
- in % of consolidated sales	3,0%	2,1%		6,7%	5,6%	
Taxes on income	-2,8	-4,2	-34,0%	-83,6	-63,3	32,0%
- Tax rate	7,6%	18,7%		26,7%	27,4%	
Net earnings attributable to non-controlling interests	-17,8	-16,0	11,5%	-42,4	-32,2	31,7%
Net earnings	15,7	2,2	624,7%	187,4	135,8	38,0%
Earnings per share (€)	1,05	0,14	624,5%	12,54	9,09	38,0%
Earnings per share (€) - diluted	1,05	0,14	624,5%	12,54	9,09	38,0%
Weighted average shares outstanding (million)				14,947	14,943	0,0%
Weighted average shares outstanding - diluted (million)				14,947	14,943	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	Dec. 31,'18 € million	Dec. 31,'17 € million	Devi- ation
ASSETS			
Cash and cash equivalents	463,7	415,0	11,7%
Inventories	915,1	778,5	17,5%
Trade receivables	553,7	503,7	9,9%
Other current assets (working capital)	187,7	164,0	14,5%
Other current assets	72,6	23,6	207,2%
Current assets	2.192,8	1.884,8	16,3%
Deferred taxes	207,6	207,9	-0,2%
Other non-current assets	806,8	761,1	6,0%
Non-current assets	1.014,4	969,0	4,7%
Total Assets	3.207,2	2.853,8	12,4%
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current financial liabilities	20,5	29,0	-29,2%
Trade payables	705,3	646,1	9,2%
Other current liabilities (working capital)	447,3	306,1	46,1%
Other current liabilities	22,1	75,2	-70,6%
Current liabilities	1.195,2	1.056,5	13,1%
Deferred taxes	47,7	37,6	27,0%
Pension provisions	28,9	29,7	-2,9%
Other non-current liabilities	213,1	73,3	190,6%
Non-current liabilities	289,7	140,7	106,0%
Shareholders' Equity	1.722,2	1.656,7	4,0%
Total Liabilities and Shareholders' Equity	3.207,2	2.853,8	12,4%

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	1-12/2018 € million	1-12/2017* € million	Devi- ation
Earnings before taxes (EBT)	313,4	231,2	35,5%
Financial result and non cash effected expenses and income	84,7	99,7	-15,1%
Cashflow - gross	398,0	330,9	20,3%
Change in net working capital	-38,0	-50,6	-25,0%
Tax payments and dividends received	-81,9	-41,5	97,2%
Cashflow from operating activities	278,1	238,8	16,5%
Payments for acquisitions/ proceeds from the sale of shareholdings	23,5	0,0	-
Payments for investments in fixed assets	-130,2	-122,9	5,9%
Other investing activities	1,4	12,7	-88,6%
Cashflow from investing activities	-105,3	-110,3	-4,5%
Free Cashflow	172,9	128,5	34,5%
Free Cashflow (before acquisitions)	149,4	128,5	16,3%
Dividends paid to equity holders of the parent company	-186,8	-11,2	-
Dividends paid to non-controlling interests	-55,7	-13,4	-
Proceeds from borrowings	128,6	22,3	-
Other changes	-14,4	-32,7	-55,9%
Cashflow from financing activities	-128,3	-34,9	-
Effect of exchange rates on cash	4,2	-5,3	-
Change in cash and cash equivalents	48,7	88,3	-44,8%
Cash and cash equivalents at beginning of financial year	415,0	326,7	27,0%
Cash and cash equivalents end of the period	463,7	415,0	11,7%

* Prior-year figures adjusted, see notes to the consolidated financial statements chapter 27 (notes to the cash flow statement)

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 FY 2019:

February 14, 2019	Financial Results FY 2018
April 18, 2019	Annual General Meeting
April 26, 2019	Quarterly Statement Q1 2019
July 31, 2019	Interim Report Q2 2019
October 24, 2019	Quarterly Statement Q3 2019

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

Media Relations:

Kerstin Neuber – Senior Head of Communications – PUMA SE - +49 9132 81 2984 - kerstin.neuber@puma.com

Investor Relations:

Johan-Philip Kuhlo - Head of Investor Relations - PUMA SE - +49 9132 81 2589 - investor-relations@puma.com

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 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, Basketball, 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.