



PRESS RELEASE

PUMA's First Quarter Results in line with Guidance

Negative Impact of Volatile Currencies

Herzogenaurach, May 14, 2014

2014 First Quarter Facts

- Stable currency adjusted sales of € 726 million
- OPEX improves, reduced by 3.8% to € 298 million
- EBIT at € 59 million
- Continued balance sheet focus results in further working capital improvement

Key Sales Figures at a Glance

Sales by regions and product segments		Q1		growth rates	
€ million	2014	2013	Euro	currency adjusted	
Breakdown by regions					
EMEA	337,3	347,9	-3,1%	0,3%	
Americas	235,2	260,2	-9,6%	-0,5%	
Asia/Pacific	153,3	173,4	-11,6%	-2,1%	
Total	725,7	781,6	-7,1%	-0,5%	
Breakdown by product segments					
Footwear	320,9	373,1	-14,0%	-7,1%	
Apparel	245,9	256,1	-4,0%	3,0%	
Accessories	158,9	152,4	4,3%	9,5%	
Total	725,7	781,6	-7,1%	-0,5%	

Bjørn Gulden, Chief Executive Officer of PUMA SE: "PUMA's currency adjusted sales and operating margin for the first quarter were in line with our expectations – yet negatively impacted by adverse currency affects. During the quarter, we continued to make progress towards our mission to become the Fastest Sports Brand in the world and achieved all our key project milestones in this pursuit. We know that the repositioning of PUMA and the turnaround of the business will take time, but I am convinced that we are progressing well on all our key strategic priorities and that we have initiated the right projects to make 2014 the start of the turnaround."

Sales performance in line

PUMA's first quarter **sales** performance in 2014 was in line with our expectations. Currency adjusted sales declined slightly by 0.5% to € 726 million. This represents a decrease in reported terms of 7.1%, as currency volatility in Russia, Turkey, North America, Latin America, India and Japan had a negative impact on sales in Euro terms.

Improved performance in EMEA

Sales rose by 0.3% currency adjusted to € 337 million in the **EMEA** region. Russia, Turkey and the United Kingdom continued to deliver strong performances in the first quarter of 2014, which offset declines in Scandinavia and France, where wholesale revenues remained weak.

Sales in the **Americas** declined by 0.5% currency adjusted to € 235 million. Sales in North America improved slightly, while we recorded mixed sales performances within Latin America with improvements in Chile and Argentina and a major decline in Brazil.

Asia/Pacific sales decreased by 2.1% currency adjusted to € 153 million. Sales in China were up slightly, but business in Oceania decreased. Japan also declined, impacted by weaker sales in the Golf category.

Mixed segment performance in the first quarter

Footwear sales declined by 7.1% currency adjusted to € 321 million as the Motorsport business continued to decline in mature markets. The Teamsport category was, however,

strengthened by the positive global reception of the new evoPOWER football boot during the first quarter of the year.

Ahead of the Football World Cup in June, the launch of PUMA's football jerseys for its eight teams, including Italy, Chile and Ghana, helped **Apparel** sales increase by 3.0% currency adjusted to € 246 million.

Accessories performed well in the first quarter, with sales increasing 9.5% currency adjusted to € 159 million due to continued demand for PUMA's socks and bodywear.

Retail performance

PUMA's first quarter **Retail sales** were stable on a currency adjusted basis at € 124 million, with comparable sales in full-price stores and outlets up, while operating a slightly lower number of stores. Retail sales represented 17.1% of total sales compared to 17.3% last year.

Gross Profit Margin decreases to 48.5%

PUMA's **gross profit margin** declined by 60 basis points from 49.1% to 48.5% in the first quarter due to negative currency impacts and changes in the regional and product mixes. The Footwear gross profit margin declined from 46.1% to 44.1%, as high margin Motorsport Footwear in particular declined. Apparel increased from 51.5% to 53.6% related to strong Teamsport business and Accessories decreased from 52.6% to 49.7% impacted by negative currency effects.

OPEX improvement in the first quarter

PUMA continued to maintain a strict approach to its operating expenditures in the first three months of the year. **OPEX** declined by 3.8% to € 298 million in spite of higher marketing investments.

Operating Result (EBIT) declines

Improved first quarter operating expenditures could not fully offset weak currencies in a number of countries, which impacted reported sales, and a softening of the gross profit margin.

As a result, PUMA's **operating profit** decreased from € 79 million to € 59 million for the first three months of 2014. The EBIT ratio decreased from 10.1% to 8.1%.

Financial Result improves

The **financial result** improved from € -4.0 million to € -3.2 million in the first quarter. The result remained negative due mainly to currency conversion impacts.

Net Earnings decrease

PUMA's consolidated **net earnings** declined by 29.2% from € 50 million to € 36 million. As a result, **earnings per share** decreased from € 3.36 to € 2.38 in the first quarter of the year.

Net Assets and Financial Position

Working Capital improves

The company's continued strong balance sheet management resulted in an 11.5% decrease in **inventory** to € 524 million and a 14.8% decrease in **trade receivables** to € 506 million. With the decline in trade payables also taken into account, PUMA's **working capital** improved by 13.1% from € 775 million to € 674 million at the end of March.

Cashflow / Capex

The **Free Cashflow before acquisitions** improved slightly to € -132 million in spite of lower operational cashflows.

Capex increased from € 9 million to € 12 million, which was mainly invested in the opening and refitting of selected retail stores as well as office and IT equipment.

Cash Position improved

PUMA's **net cash** position improved from € 207 million to € 229 million at the end of the first quarter.

Brand Update

In March, PUMA revealed the new national kits for its eight national **football** teams heading to the World Cup in Brazil this summer. The home and away kits for Italy, Switzerland, Algeria, Cameroon, Ghana, Ivory Coast, Chile and Uruguay all feature PUMA's new football apparel innovation PWR ACTV, a first-to-market use of both athletic taping and compression within the apparel.

Cobra PUMA **Golf** athlete Lexi Thompson fulfilled her number one goal for 2014 by winning her first ever major. After taking the lead during the second round, Lexi shot a final round of 68 to win at the Kraft Nabisco Championship. She has been using Cobra Golf equipment and wearing PUMA Golf gear on the course since she first turned pro in June 2010.

In **Formula 1**, Lewis Hamilton of the PUMA-supplied Mercedes AMG Petronas team took the world championship lead from his Mercedes teammate Nico Rosberg by winning his fourth race in a row at the Spanish Grand Prix last Sunday. Lewis led from start to finish to win a tense battle with Nico, with the rest of the field far behind. With PUMA-partnered Ferrari driver Fernando Alonso currently third in the standings, the current top three F1 drivers are all equipped with PUMA products and wear the PUMA evoSPEED II Pro.

Strategy Update

In line with PUMA's mission to become the Fastest Sports Brand in the World, we have continued our efforts to make PUMA faster and more efficient. This strategy encompasses the repositioning of PUMA as the World's Fastest Sports Brand, the improvement of our product engine, the optimization of our distribution quality, and increasing the speed within our organization and infrastructure.

In terms of our brand repositioning, we have completed the definition of our brand platform and are now translating them into a marketing campaign, which will be launched in August 2014 – the biggest campaign for PUMA ever. The campaign will showcase many of our great

athletes like Usain Bolt, Mario Balotelli, Rickie Fowler, Marta and Lexi Thompson in their pursuit of our brand mantra Forever Faster.

To improve our product engine, we have adapted our design language in accordance with our new brand platform. Torsten Hochstetter, our Global Creative Director, translated our brand mantra "Forever Faster" into a new distinctive design language for PUMA, which takes its clear inspirations from our heritage and our roots in sports. With innovative products and a more commercial focus, we are convinced that we will have a strong product offering in place to excite the market in Spring/Summer 2015.

We have also started to improve the quality of our revenues and distribution. Our current focus is to reestablish the relationships with our Key Accounts using dedicated product and marketing programs. With the PUMA Lab at Foot Locker, we have a large scale program in more than 100 doors in the US in place, which provide a great opportunity to showcase our brand and great products in this opinion-leading retailer. We are satisfied with the results as our comparable sales are significantly up. Furthermore, we are currently adapting our direct-to-consumer channels to our new brand direction: Our new unified eCommerce site will be launched in the USA, Europe and Russia by mid 2014 and our new retail format will launch with our new full-price store opening in Dubai in the fourth quarter of 2014.

We have also continued to make our organizational structure and setup faster. As of 2 May, our PUMA Village development center in Vietnam is closed. Our developers have moved into the sample rooms of our suppliers' factories to speed up our development process, while our office employees moved into our new offices in central Ho Chi Minh. The property sale of PUMA Village is currently ongoing. Our relocations of the Lifestyle Business Unit from London and of the Global and European Retail Organization from Oensingen, Switzerland, to our headquarters in Herzogenaurach are in process and will be finalized by the end of May and September respectively.

Outlook for the Financial Year 2014

2014 will be a turnaround year for PUMA, where the brand will be re-established in the market place and brought back to a path of profitable and sustainable growth in the mid-term. To support this turnaround, PUMA will continue to invest strongly in marketing and sports assets, while maintaining tight control on other operating expenditures.

Based on the results of the first quarter and our assumptions at the beginning of the year, which foresaw stable currencies, our expectations for full year net sales (flat), gross profit (slight increase), OPEX (increase due to Marketing Investments) and EBIT/Net Earnings (approx. 5% / 3% of net sales respectively) remain unchanged. Given the current currency volatility, which is weighing negatively on our results, there may be a correspondingly negative impact of around 50 basis points on the EBIT and Net Earnings margin for the full year.

First Quarter

Income Statement	Q1/2014 € million	Q1/2013 € million	Devi- ation
Sales	725,7	781,6	-7,1%
Cost of sales	-373,5	-397,6	-6,1%
Gross profit	352,2	384,0	-8,3%
- in % of consolidated sales	48,5%	49,1%	
Royalty and commission income	4,6	4,8	-4,5%
Other operating income and expenses	-298,2	-309,8	-3,8%
Operating result (EBIT)	58,6	79,0	-25,8%
- in % of consolidated sales	8,1%	10,1%	
Financial result / Income from associated companies	-3,2	-4,0	-20,0%
Earnings before taxes (EBT)	55,4	75,0	-26,1%
- in % of consolidated sales	7,6%	9,6%	
Taxes on income	-15,9	-22,0	-27,5%
- Tax rate	28,7%	29,3%	
Net earnings attributable to non-controlling interests	-3,9	-2,8	40,6%
Net earnings	35,6	50,3	-29,2%
Earnings per share (€)	2,38	3,36	-29,1%
Earnings per share (€) - diluted	2,38	3,36	-29,1%
Weighted average shares outstanding	14,940	14,965	-0,2%
Weighted average shares outstanding - diluted	14,941	14,966	-0,2%

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.

Balance Sheet	Mar. 31,'14 € million	Mar. 31,'13 € million	Devi- ation	Dec. 31,'13 € million
ASSETS				
Cash and cash equivalents	301,3	260,0	15,9%	390,1
Inventories	523,7	591,6	-11,5%	521,3
Trade receivables	505,8	593,7	-14,8%	423,4
Other current assets (Working Capital related)	182,5	178,3	2,3%	167,8
Other current assets	4,4	17,2	-74,3%	11,6
Current assets	1.517,6	1.640,7	-7,5%	1.514,2
Deferred taxes	161,1	139,0	15,9%	164,2
Other non-current assets	631,5	734,2	-14,0%	630,1
Non-current assets	792,6	873,2	-9,2%	794,3
Total Assets	2.310,3	2.513,9	-8,1%	2.308,5
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current financial liabilities	39,7	53,4	-25,6%	25,1
Trade payables	341,5	376,0	-9,2%	373,1
Other current liabilities (Working Capital related)	196,9	212,9	-7,5%	211,1
Other current liabilities	98,9	66,9	47,9%	81,6
Current liabilities	677,0	709,2	-4,5%	690,8
Deferred taxes	48,4	54,6	-11,4%	50,3
Pension provisions	28,1	31,1	-9,5%	28,1
Other non-current liabilities	39,8	43,4	-8,2%	42,1
Non-current liabilities	116,4	129,1	-9,9%	120,4
Shareholders' equity	1.516,9	1.675,6	-9,5%	1.497,3
Total Liabilities and Shareholders' equity	2.310,3	2.513,9	-8,1%	2.308,5

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Cashflow Statement	1-3/2014 € million	1-3/2013 € million	Deviation
Earnings before taxes (EBT)	55,4	75,0	-26,1%
Financial result and non cash effected expenses and income	13,5	13,7	-0,9%
Cashflow - gross	69,0	88,7	-22,2%
Change in net working capital	-164,5	-177,4	-7,3%
Taxes and interest payments	-21,2	-38,8	-45,2%
Cashflow from operating activities	-116,8	-127,5	-8,4%
Payments for acquisitions	0,0	-19,5	-100,0%
Payments for investments in fixed assets	-12,4	-8,9	38,4%
Other investing activities	-2,9	2,4	-219,7%
Cashflow from investing activities	-15,2	-26,1	-41,7%
Free Cashflow	-132,0	-153,6	-14,1%
Free Cashflow (before acquisition)	-132,0	-134,0	-1,5%
Dividends paid to non-controlling interests	-0,1	-0,4	-61,5%
Proceeds from short term borrowings	32,2	0,0	
Other changes	13,8	7,8	77,1%
Cashflow from financing activities	45,9	7,4	520,3%
Effect on exchange rates on cash	-2,7	-1,1	141,1%
Change in cash and cash equivalents	-88,8	-147,3	-39,7%
Cash and cash equivalents at beginning of financial year	390,1	407,3	-4,2%
Cash and cash equivalents end of the period	301,3	260,0	15,9%

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Notes to the editors:

- This press release and financial reports are posted on www.about.puma.com.
- PUMA SE stock symbol:
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PUMA

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