

PUMA SE

PUMA SE Q1 2026 Earnings Call

30th April, 2026 | 15:00 CET

Transcript

Speakers:

Arthur Hoeld

Markus Neubrand

Manuel Bösing

Manuel Bösing

Hello, everyone, and welcome to the PUMA conference call for the first quarter. Joining me today are our CEO, Arthur Hoeld; and our CFO, Markus Neubrand.

Before we start, please take note of the cautionary statement regarding forward-looking information. Arthur and Markus will guide you through today's presentation covering our business recap, financial update, and way forward. After the presentation, we will open the floor for your questions. For the Q&A, we kindly ask you to limit your initial questions to two per person.

With that, over to you, Arthur.

Arthur Hoeld

Manuel, thank you very much and welcome and good afternoon from my side as well. Before we start to get into the business topics and the updates about Q1, I of course want to take a moment to also reference another announcement which we made this morning.

Markus Neubrand, our CFO, has decided with the Supervisory Board to step down from his office as of today, end of the month, and will remain in the company until end of September.

I would like to use the opportunity and say a sincere thank you to Markus for the support I got personally from him during my onboarding phase at PUMA and also for guiding not just the financial team but the organization through what was not the easiest of times for our company.

He was instrumental in terms of developing the reset program with us and also getting the company now into a transition mode for the years to come. So, Markus, thank you very much. We'll handle the call together almost as always, like the last couple of quarters, and I wish you all the best for your personal future as well.

At the same time, we have announced the arrival of a new CFO, which is Mark Langer. Mark will start with us early next month, i.e., on Monday next week, and I'm very much looking forward to welcome an industry veteran, someone that is very familiar to most of you, in his new role as of early May.

With that being said, we'll now start to get into the results and I would briefly like to touch upon the top-line results. Markus will of course in detail explain what you have also already seen in the announcement this morning.

So, first of all, Q1 was a result that is in line with our expectations and we would like to call this a very solid start into the year of 2026, a transition year as we called it out.

We've made significant progress this year already in our operating model, which is necessary to build the foundation for our future growth here at PUMA. Despite the macroeconomic and geopolitical uncertainties, we do remain confident on our track to achieve our plans for this year and beyond.

When we look at the first quarter, sales are down minus 1% versus last year currency adjusted. The decline in demand is partially offset by continued clearance of our inventory progressing ahead of our plan.

Wholesale declined due to a lower demand primarily in EMEA, with DTC continuing to show support by strong outlet performance, i.e., the clearance business there, and a modest growth in e-commerce despite us continuing to have reduced promotional levels versus previous year.

The footwear division declined due to continued challenges we see in the style area, but we are also very encouraged by solid development with our NITRO franchises in running and in HYROX, i.e., training.

Our profitability has improved versus last year and our EBIT stands at a shy of EUR52 million right now. Improved gross margin and a lower opex is certainly something which is worthwhile noting, and Markus will go into more details later on.

Let me start also by focusing on what is pivotal and what is most important for a sports brand like PUMA, and that's the success of our athletes and our teams in the first quarter. We have talked about an all-PUMA final at the Africa Cup of Nations in January. We've also seen an all-PUMA final at the European Handball Championships between Denmark and Germany.

Great start to the year, which was then continued when you look at track and field with another World Record, the 15th set by Mondo Duplantis in pole vaulting, where he is now at a staggering 6.31 meters.

At the World Athletics Indoor Championships, 21 PUMA athletes grabbed medals, and that was by far the best performing brand that we've seen in a championship, including our Swiss Simon Ehammer setting a new World Record in heptathlon.

Amanal Petros set a new German record in the half marathon in Berlin, again underlining the great achievement and the great potential that the NITRO technology has for us as a brand.

Ferrari have seen three consecutive podium finishes in the first three races of the new Formula 1 season. And Joanna Jozwik has set a new world record in the HYROX women's racing in Warsaw only recently.

Finally, a quick look at football, which is of course pivotal this year. Man City took the Carabao Cup against Arsenal a few weeks ago and as you've also noticed, they have advanced to the FA Cup Final and are at the moment leaders of the table in the Premiership. So all-in-all, a great start to the year, a great sporting start for PUMA as a brand.

But at the same time, we can also record that our recent product launches have really achieved, and in some instances even overachieved our best hopes. We have 11 teams qualified for the FIFA World Cup in North America in a couple of weeks' time.

We've launched those kits with the so-called Rolling Nations event in New York just a few weeks ago and had more than 10,000 visitors live for that event. From a HYROX perspective, we're very, very pleased that we've been the first one to market that has launched a specifically developed product around the event in Las Vegas and product has been sold out, but will of course get restocked in the very near future.

We've seen continued great results with our NITRO technology, here with the launch of a Deviate NITRO Elite 4 at the London Marathon, but also being displayed in Boston recently. Mathias Gidsel has launched his very own first handball shoe and also here a sell-out result which was unprecedented for us in that area.

That was a lot of great news from a sports perspective, but also from a style perspective. When you look at our street culture, we're very intrigued by the continued success we have with low profile, in this case with the launch of H-Street, a campaign which was featuring the PUMA Ambassador and K-pop artist Rosé.

And at the same time, we're looking ahead into the future where we are revitalizing Suede, a key iconic footwear piece for PUMA in the future with different activations, including our House of Suede at the Paris Fashion Week.

So there's a lot of things which have happened which give us confidence that we are on the right track, but everything of course is framed within the three-year program that we have outlined to all of you at the middle of last year. Our transformation started with a reset in 2025 and is now in execution mode in 2026, a year of transition.

And at this point in time, I would just like to briefly recap again our objectives for 2026 that do remain unchanged. It is on the one hand a continuation of a three-year transformation journey that our company and our brand will undergo.

We will definitely accelerate PUMA's brand momentum and that brand momentum will fuel future commercial success. It is very key that we continue to remind ourselves that commercial success will follow brand success and that's exactly the order in which we're working towards.

That also means we're going to shift towards a higher quality revenue with an improved focus on profitability, including better placements in our retail environment and with our customer collaborations. We will continue to work on our financial discipline and will deliver reliable results in the quarters and in the future.

All will be underpinned by us building a high-performing team around the world and some key efforts not just from a structural perspective have already been taken in 2025. When you look at the continued execution of our right-sizing efforts, there are a few which are worth mentioning.

We have a continued focus to elevate our distribution quality, particularly in key markets like North America. As previously shared, our mass merchant business in the US will see a steep double-digit decline until end of this year and the work has started already. In a moment, I'll also elaborate on the topic of overstock at wholesale partners where we've made some significant progress

In our very own channels, we have significantly reduced the level of discounts and will further decline, we will however always remain on industry standards. Our industry does see significant promotional activities and PUMA will of course at key moments, key commercial moments, be on par with our competition to also make sure we liquidate our inventories.

We see continued efforts to improve our cash management. We've made an immediate reduction of our purchase orders and these are fully implemented already for the Fall/Winter '26 season. We have a dedicated workstream in place to analyze our accounts receivables and we have put tangible actions in place to optimize those.

We are equally continually focused on our cost base for short-term tactical cost reallocations which will be part of the ongoing transition, but equally, and I'll show you a detail of that one, with the full evaluation of our range size and the complexity in our organization.

And finally, a continued assessment of our operational efficiencies in line with the ongoing efforts to improve PUMA's operating model. To name here is our reorganization of our home market Europe, which is in full swing and has been communicated to all affected teams in the first quarter already.

Looking at specific examples, here is our progress on the continued right-sizing efforts. We talked about the overstock reduction at wholesale partners and I can report that we have in North America achieved a mid-double-digit decline of inventory levels at selected wholesalers. I would call this a very solid progress in the first quarter of 2026 to also liquidate our excess inventory.

The target for us remains that we normalize to healthy levels and then we're rebuilding a sustainable business with our strategic partners based on the better segmentation, consumer activation, and also life cycle management. Last year, we have announced that we're going to right-size also our range size and the complexity that comes with it.

Historically, PUMA has had a fairly complex and specifically for the size of our organization partly inefficient range. We have immediately reviewed starting in July and August last year and we've taken decisive actions which already impact and affect Spring/Summer '27 as a collection.

Significant progress has been made by the teams to increase the efficiency of the range and to also normalize our SKU contents to a healthy level for the size of our PUMA business.

It's worth mentioning here that our storytelling product and distribution approach, which we have concerted and aligned together, have really led to a better point of view as a brand and ultimately allow us to have a more succinct brand identity both in terms of the customer presentation but also in terms of how we energize our consumers around the brand again.

And then finally, we have an ongoing reduction of our corporate positions by 20% from the end of '26 versus the beginning of 2025, so in the span over 24 months. As a reminder, 500 positions have been successfully reduced in the first half in '25 as part of the Next Level cost efficiency program.

Middle of last year, we then identified another 900 positions to be reduced until the end of this year. And here is the status of where we are with the execution of that program. 50%, i.e., 450 positions, were already identified,

communicated, and executed, i.e., the effective employees have already left the organization latest by the end of Q1.

Out of the remaining 50%, that's another 450 positions, 80% were already identified and communicated with the departure of the affected employees ongoing. So there's only 20% remaining and they are entirely identified with communication in different stages depending on the local requirements and processes that we of course adhere to.

And then last but not least, it's also worthwhile mentioning that we continue the leadership changes in our senior lineup. We have briefly mentioned the switch from Markus to Mark from a CFO positioning, but underneath also we continue to have adjustments in our leadership organization.

Four new additions have been communicated recently. Emily Müller-Lennox will return to PUMA and will start her duties as Vice President of the business unit Kids under Maria's leadership.

Also in Maria's team, we have recently announced and appointed a new Vice President of Creative Direction. Creative direction for us is pivotal for the turnaround of the PUMA brand to strengthen our brand identity and really to discuss a next level from a creation to product execution perspective.

James has vast industry experience between innovation and product excellence and it's really exciting to see him on board now. Two further leaders have been announced starting with Maria's organization, Laurent Fricker will start in June to take up the position of VP BU Style, and in that capacity he'll be overseeing our Select and our Prime business.

That's a business which we last year separated from our core business to make sure we're going to have really a different and a prosperous business in that pivotal area also from a commercial perspective.

Last but not least, moving to commerce, Bertrand Blanc will take up the position of Vice President Wholesale in Matthias's team starting next Monday already and his key mission is to ensure that we are rebuilding a healthy and sustainable business with key strategic partners across our markets.

Finally, we are also in the final stages of closing our hiring for a new VP of E-commerce, which would then complete the lineup in Matthias' center of excellence across all channels.

That's it for me for now and I would like now to hand over to Markus. Thank you.

Markus Neubrand

Thank you, Arthur, and hello to everyone also from my side. Following Arthur's business recap, I will now walk you through the key financial metrics for PUMA's first quarter, highlighting the impact of the right-sizing efforts Arthur outlined on our financials. We began our transition year 2026 with a solid first quarter. On sales, we saw a decrease of 1% currency adjusted, which is a notable improvement from the previous two quarters.

Sales development was influenced by both reset activities and clearance. On one hand, we continue to see a negative impact on sales from our reset measures, which included reduction of undesirable business and lower promotional levels in our full-price stores and e-commerce. On the other hand, we saw positive effect from clearance of elevated inventories. The clearance was executed through selected wholesale partners and our own factory outlets.

Overall, without the negative impact from reset initiatives and the positive effect from clearance, we recorded an underlying decline in sales in the low-to-mid single digits. We expect that both clearance and reset impact will continue but further decline throughout the year.

Now, let's look at the sales breakdown by channel. Wholesale decreased by 2.8%, mainly due to a lower demand from wholesale partners in EMEA. Direct-to-consumer sales grew by 3.8%, driven primarily by a 5.7% rise in owned and operated retail store sales, which mainly resulted from inventory clearance in our outlets. E-commerce also saw a 0.6% uptick, supported by new APAC marketplaces and reduced promotional activity. Overall, the DTC share increased to 28.3% from 27.5% last year.

Looking at our regional performance in the first quarter. EMEA sales declined by around 10% currency adjusted. This was broadly driven by weaker underlying demand in the region and due to our reduction of undesirable wholesale business. In addition, sales in the Middle East, which attributes less than 2% of our sales, were impacted by the ongoing regional conflict.

The Americas delivered currency-adjusted growth of around 6%, with double-digit growth in Latin America supported by improving underlying demand and 2% growth in North America. Inventory clearance supported sales development in both regions, especially in the US market where it offset the lower mass merchant business. Sales in Asia-Pacific increased by around 8% currency adjusted, driven primarily

by strong DTC performance across both owned and operated stores and e-commerce.

On the product side, we continue to see strong demand for low profile and especially the Speedcat family. Greater China grew 9% on the back of a strong Chinese New Year performance and the rest of Asia-Pacific increased by around 7%, reflecting strong DTC momentum in Southeast Asia.

Turning to performance by product division in the first quarter. Footwear sales declined 2.3%. Within footwear, running and training continue to show strong momentum, supported by NITRO styles and the rapid expansion of HYROX-related products, which partially offset declines in other categories.

Apparel sales increased 0.9%, driven primarily by training and golf categories. Football also delivered a solid performance, supported by strong demand for federation kits ahead of the FIFA World Cup. Accessories sales up 0.3%, mainly supported by the golf category.

Let me now walk you through our operating performance in the first quarter. As mentioned earlier, sales are down 1% currency adjusted, with a reported decline of 6.3% due to FX headwinds, especially in US dollar, Turkish lira, and Argentine peso. Gross profit margin improved by 60 basis points to 47.7%, which I will elaborate a bit more in just a minute.

Royalty and commission income increased by 13%, mainly reflecting a stronger Formula 1 business supported by an additional race compared to the prior year. Operating expenses, excluding one-time effects, decreased by 5.5% to EUR848 million. I will come to more details in a later slide as well. Driven by higher gross profit margin and lower operating expenses, adjusted EBIT increased to around EUR64 million, up 5% year-on-year.

One-time effects were down year-over-year and amounted to EUR12.6 million, mainly related to personnel expenses connected to the cost efficiency program. EBIT therefore came in at around EUR52 million, up almost 20% year-on-year. Financial result at around minus, negative EUR16 million improved significantly. This was mainly due to favorable currency movements, particularly US dollar and Mexican peso, which more than offset the slight increase of interest expenses on bank debt.

Income taxes increased to around EUR10 million, driven by higher earnings before tax. Consequently, profit from

continued operations came in at EUR26.5 million, a significant improvement compared to Q1 2025.

Let me now explain the development of our gross profit margin in the first quarter. Overall, gross profit margin increased 60 basis points to 47.7%. The most significant driver you see here is promotions and inventory reserves. While promotions had a negative impact on gross profit margin, the reversal of inventory reserves recorded in the second half of 2025 contributed to a significant positive effect.

In addition, we recorded lower freight costs compared to the high base in Q1 2025. The more favorable channel mix reflecting a higher share of direct-to-consumer also supported the margin development. These positive effects were partly offset by product mix and regional mix as well as currency effects, which weighed on the margin compared to last year.

Now moving over to our operating expenses, which fell 5.5% to EUR848 million, excluding one-time effects. The reduction was driven by savings from the cost efficiency program and lower marketing expenses. Marketing decreased compared to high levels in Q1 2025.

This was based on phasing effects and not a structural reduction, as we continue to invest in brand and growth opportunities. Together with favorable currency movements, these factors offset the higher costs in channel mix due to the mentioned increase of the DTC share and increase in other opex costs.

Let me now walk you through the development of our EBIT margin in the first quarter. EBIT margin improved from 2.2% in Q1 2025 to 2.8% in Q1 2026. The main positive driver was the increase in gross profit margin by 60 basis points as mentioned before.

Royalty and commission income also contributed 20 basis points, driven by a stronger Formula 1 business. Although opex fell in absolute terms, opex ratio increased by 40 basis points since costs did not decrease as sharply as sales.

One-time effects, on the other hand, contributed a 20 basis points increase to the EBIT margin, as these effects declined compared to the previous year.

Let us now take a closer look at working capital. Inventories declined by around 9% to EUR1.9 billion, mainly driven by lower purchasing volumes in line with the expected lower sales base for the year and inventory clearance.

Trade receivables decreased by around 20% to EUR1.2 billion, mainly due to lower sales levels. Trade payables were down around 26% to around EUR1 billion, also reflecting reduced purchasing volumes in the quarter.

Overall, working capital decreased by almost 10% year-over-year to EUR1.8 billion, reflecting continued progress on inventory clean-up and disciplined purchasing, and evidencing overall improved working capital management.

Looking specifically at inventory development. Inventory levels continue to decline in the first quarter and are slightly ahead of plan, supported by lower purchasing volumes and ongoing clearance activities.

As communicated previously, we expect inventories to normalize by the end of 2026, assuming disciplined purchasing and continued execution of our clearance plans.

Turning to free cash flow. Free cash flow was reported at minus EUR201 million for the end of Q1. Consistent with the typical seasonal pattern in our business, free cash flow remains negative in the first quarter. However, it demonstrates a notable improvement over the previous year.

This year-over-year improvement was mainly driven by more efficient working capital management, including inventory clearance and lower and more prudent purchasing volume as we discussed earlier, higher earnings before taxes, and lower capital expenditures while we continued our investment focusing on DTC channel to enhance our long-term competitiveness. As said during our full-year 2025 presentation in February, we expect free cash flow to be positive in 2026.

Finally, let me comment on net debt development. Net debt increased seasonally to EUR1.3 billion, up year-over-year from around EUR1 billion at the end of Q1 2025. This increase mainly reflects higher bank liabilities supporting the operating business and financing working capital.

Cash position stood at EUR326 million, up around 15% year-over-year. In addition, we had unutilized credit lines of around EUR800 million, resulting in total financial headroom of around EUR1.1 billion. This means that we maintained sufficient financial headroom to support the transformation journey and strategic investments.

Given the currently elevated level of net debt, deleveraging is a top priority and we target to reduce net debt over the coming years.

Before I hand back to Arthur, as he mentioned earlier, this will be my last earnings call as CFO of PUMA. It has been a privilege working with the team through the transformation journey and PUMA is well on track.

With that, I will now hand back to Arthur for the way forward.

Arthur Hoeld

Markus, thank you very much again. Let me now turn towards our outlook for the full year 2025. We will be building on the momentum from a very solid start to the new year and we are going to reiterate our full-year outlook. It is important to highlight that our outlook does not reflect potential implications from the ongoing conflict in the Middle East or the U.S. Supreme Court decisions on U.S. tariffs.

In the Middle East, our priority has been the well-being of our staff, ensuring their safety remains of paramount focus for us. From a business perspective, direct exposure to the region is relatively limited, with sales accounting for less than 2% of the total group revenues.

On the risk side, we do see two layers, however. At this point, the impact on sales and supply chain is manageable and we have prepared for different scenarios. The greater uncertainty, however, lies in broader consumer sentiment in response to the evolving economic and geopolitical environment globally.

On tariffs, following the Supreme Court ruling, overall U.S. tariffs have come down. That said, visibility on refunds is still limited and the situation may shift quickly again.

For our top line for full year '26, we expect a currency-adjusted sales decline in the low-to-mid single-digit percentage range. We are expecting that our second half in 2026 will be stronger than our first half. And additionally, sales growth in the second quarter of '26 is anticipated to be clearly below the first quarter.

With regard to our sales channels, we do anticipate a decrease in wholesale, while our direct-to-consumer business is expected to maintain growth. We anticipate a substantial improvement in gross profit margin, while opex are not expected to be materially lower in absolute terms as we do continue to invest in strengthening our DTC channels as Hubert has already referred to.

Our EBIT is forecast to range between minus EUR50 million to minus EUR150 million. This includes one-off effects which are projected to be significantly lower compared to last year '25. Capex is expected to come in at around EUR200 million and will focus mainly on our digital infrastructure and the investments in our DTC channels.

Looking forward again, of course, I would like to bring it back to sports and the sports company that we are. Well-anticipated is the FIFA World Cup with 11 PUMA teams competing. It's the best representation this brand has since 2006, where at the time a PUMA team was lifting the trophy.

From a HYROX perspective, there are several high-profile events coming up, most notably the largest event to date in New York with more than 50,000 participants and the World Cup in Stockholm where the HYROX World Championship will take place again with a significant amount of PUMA product being competed in the events.

And last but not least, Formula 1 will return to Miami after a break, with many, many other exciting races coming up where we definitely see the potential of PUMA as a brand and it's well-established in the Formula 1 and the motorsport scene, which seems to have a growing dynamic with consumers worldwide.

I would also like to reiterate and repeat again that for our brand, our North Star remains to become a top-three sports brand in the future again. We're committed to return to above-industry growth and equally committed to return to healthy profits in '27 and beyond. At this point in time, I would like to thank all shareholders, partners, and first and foremost all employees in joining us on that journey.

To wrap it up, there are three major messages for the first quarter in '26. Our financial results came as expected both from a sales and from a profitability perspective as we've outlined. We are well on our transformation journey, we're progressing as planned with a solid start into the transition year 2026. And for the full year, our outlook is confirmed and we remain committed to achieving our plans as outlined.

With that, I would like to hand it back to Manuel. Thank you.

Manuel Bösing

Thank you, Arthur. Thank you, Markus. We are now ready to start the Q&A session. Operator, please open the lines for questions.

Operator

Ladies and gentlemen, at this time we will begin the question-and-answer session. Anyone who wishes to ask a question may press star followed by one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star followed by two.

If you're using speaker equipment today, please lift the handset before making your selections. Anyone who has a question may press star followed by one at this time. In the interest of time, please limit yourself to two questions only. One moment for the first question, please.

The first question comes from the line of Will Woods from Bernstein. Please go ahead.

Will Woods

Hi, good afternoon. The first question, I'm trying to understand the phasing of your sales throughout the year. You maintain the kind of guidance of low-to-mid single-digit decline, but obviously Q1 was much better at negative 1% and you said that you expect improvement throughout the year. Can you give any commentary on how Q2 is going and how much of the Q1 performance was driven by the boost of clearing inventory versus the underlying growth in the business?

And then the second question is on obviously as we move into H2 and 2027, I appreciate it's still early days, but it's I think the focus will shift from resetting the brand and the transition year into rebuilding the brand heat into 2027. How are you feeling about the product pipeline into 2027 at the moment? Are you happy with the Spring/Summer range, etcetera? And any commentary there? Thank you.

Markus Neubrand

Thank you, Will, for your questions. I will start answering the first one and then hand over to Arthur. Regarding the cadence of the revenue growth by quarter throughout 2026, as Arthur outlined and I think on the way forward, we expect the second half of 2026 to be stronger than the first half of 2026. Therefore, it's fair to assume that the top-line development in the second quarter will be more muted compared to Q1. We expect Q2 to come in clearly below the Q1 result in terms of sales growth.

Talking about and I think then also part of your questions that you want to understand regarding Q1 development, the inventory clearance as outlined also in my prepared remarks in Q1 had a positive impact on our sales growth and the positive impact on the inventory clearance was more pronounced than the negative impact from the reset activities relating to the clean-up of undesirable business and reduced promotional level.

Arthur Hoeld

And to your second question, Will, in terms of rebuilding brand heat and our perspective on the range on Spring/Summer '27, I do believe we are making progress there. We're making progress in terms of building on our strength, which is definitely the NITRO platform across running and training specifically. We will launch new products in both areas and we have received pretty positive feedback in the same vein as for our new football boot collection.

Where we do see progress as well, but where of course the work is still ahead of us, is in the style and lifestyle area

where we see continued success and we believe continued success with low profile perspective also into '27, but our efforts are clearly now around making the Suede a more iconic proposition in '27 with brand activities starting in '26 again and then also further dimensioning our offer with lifestyle running as one of the key future pillars. These efforts have started to be built into Spring/Summer '27, but they will be by no means complete yet from a product nor from a marketing activation perspective. Thank you.

Will Woods

Thank you.

Operator

The next question comes from the line of Thierry Cota from Bank of America. Please go ahead.

Thierry Cota

Yes, good afternoon. Thank you for taking my questions. Two questions from me. First on the opex, they were down 5.5% in Q1. I was wondering whether you could give us the drop at constant currency and if you think that around 5% drop is a good estimate for the whole year.

And secondly, on the balance sheet, I think you've said that you wanted to have a clean inventory at the end of the year. I was wondering what that means in terms of percentage of sales, is around 23% which I think was the level in '24 a good level, do you think you can reach that? And the working capital likewise, do you think could drop back by the end of the year to the mid-teens, please? Thank you.

Markus Neubrand

Thank you, Thierry, for your two questions. Let me start with the second part first regarding the inventory development. As mentioned during my prepared remarks, we firmly committed to normalize our inventories by the end of this year. If we look at the inventory as percentage of sales, it is expected to further come down over the following quarters to more normalized levels below 25% of sales until the end of the year.

The decline will be driven by inventory clearance and adjusted purchasing volume as we outlined I think then earlier for in my prepared remarks. The first question when talking about the opex development, as mentioned also in my prepared remarks, FX was a positive and I think then contributor and I think then to the overall FX decrease, but also on a currency-adjusted or constant currency basis our opex decreased also in Q1.

I think please understand I think we're not disclosing I think that level of detail for the full year and what that means in terms of opex development here. I need to go back to the statement also Arthur made in our outlook where we I think then also for the opex overall will not be materially lower and

I think then compared to 2025 as we continue also to invest into our DTC business and into our brand.

Thierry Cota

Thank you.

Operator

The next question comes from Monique Pollard from Citi. Please go ahead.

Monique Pollard

Hi, afternoon everyone. Thank you for taking my questions. What I first wanted to understand is you talk in the release about the strong demand for low profile and Speedcat in China and you referred in the questions above, you know, the benefits you're seeing from low profile and how that can be a driver for success into 2027.

Just wondered if you could highlight to us any other markets where you're seeing meaningful demand for low profile. I guess, you know, the tie-up with Rosé, maybe you're seeing good benefits in some other pockets of Asia and whether there are any other markets?

And then the second question was on the Americas growth. So, strong growth up 6.1% and Latin America in particular very strong in the period, up 10.5%, just wondered if there's anything that's driving that growth that you can call out outside of obviously the clearance activity that you've talked to? Thank you.

Arthur Hoeld

So let me start with the low profile answer to your question. We do see significant traction of the business continuously in pretty much all Asian markets, that is Korea, that is Japan, but specifically Southeast Asia where we have restocking activity at this point in time going on.

However, also on the other side of the globe, in North America, we do see customers, primarily customers which are more style-focused and have a stronger women's basis, we do see significant results to the tune that PUMA at this point-in-time with some retailers is the Number Two brand from a sell-out perspective.

So we definitely recognize a continued concentration of the trend of low profile where only very few brands are playing, but it also is worthwhile noting that our reset activities last year are definitely paying off now.

So by right-sizing the market, right-sizing the volumes that are out there, we are extending and prolonging the lifecycle of these silhouettes, which are very much to the benefit of our product range and our product offer.

When -- you then talk about the Americas, I think it's two different answers I would like to give you. In Latin America,

both from a brand, but also from a distribution perspective, we have been well-positioned over the years.

The job the team has done there, the cleanness of the market and the distribution and the power of presenting our brand and our product propositions has historically already been very good and we're now of course continuing to harvest the fruits.

In North America, I think it's worthwhile mentioning that some of the reset activities, of course, have led to significant impact from a wholesale perspective, but as I said there are pockets of growth also with partners over there and then our DTC business is of course also benefiting from inventories that we're liquidating through our factory outlets and a decent business in our own e-commerce channel, despite promotional reductions. Thank you very much.

Monique Pollard

Thank you.

Operator

The next question comes from the line of Piral Dadhania from RBC. Please go ahead.

Piral Dadhania

Good afternoon. Thank you for taking my questions as well. My first one just relates to NITRO as a product platform. I think you talked, Arthur, around some of your plans on the lifestyle side for the remainder of '26 and '27 in response to previous questions.

But could you just help us understand what the plan is in relation to commercialization of NITRO; both in running and also using it in other footwear styles and subcategories?

And then my second question is one which you may or may not be able to answer and it just relates to any update in terms of the Anta acquisition of a minority stake in PUMA. Have you got any visibility on the timing of when that deal may close? Thank you.

Arthur Hoeld

Thank you, Piral. Let me start with the second question because the answer is rather short. There are no news versus what we announced earlier in the year. We are awaiting the closure of the transaction and that timing remains to be seen, so no further news to share on that topic.

From a NITRO perspective, the NITRO platform will be relevant across most performance categories in PUMA. That means, we're not only having products available in the running segment where we are known, but also our latest HYROX proposition is fully based on a NITRO platform.

The specific indoor handball shoe that we've launched in collaboration with Matthias Gidsel, the world's best player in

that field, was also based on a NITRO technology and NITRO platform.

So NITRO is more than quote-unquote just a running platform, it will really be the major footwear technology that we are promoting across all different performance segments when it comes to '26 and 2027. Thank you.

Piral Dadhania

Thanks.

Operator

The next question comes from the line of Adam Cochrane from Deutsche Bank. Please go ahead.

Adam Cochrane

Good afternoon. Two questions if I may. First one is in terms of the lead time on your new product purchases, when you're talking about your new ranges for Spring/Summer '27, given the input cost inflation that we're hearing about because of oil prices, when do you actually have to start ordering this product from the suppliers and are you hearing anything on potential cost inflation on those future ranges?

And the second question is can you just give us an idea of how far you are through in terms of the clearance activities just as a way that we can try and benchmark, is it 25% of the way through, 50% at the end of the first quarter? And on that regard, there was quite a big gross margin gain from the inventory provision reversal.

Is that something that might happen again in future quarters or is that just something that is as you sell the product or do you just revalue the inventory as at the end of the first quarter? Thanks.

Markus Neubrand:

Adam, thank you for your questions. Let me first answer the second part regarding the clearance progress of the inventories. As we mentioned, I think, we are slightly ahead of plan, made good progress in Q1 with the reduction of our inventories and with the clearance, which also resulted in the decrease of the inventories since we peaked, if you look at the chart, in middle of 2025.

With the targeted clearance also through selected wholesale partners and our factory outlets, we of course also then need to revalue our inventories which leads to inventory reserves on the other side, as we also outlined gross profit margins.

You've seen also that our promotions in wholesale have been more pronounced, which you can see that of course the mechanism as we're working through the targeted reduction. This process will continue throughout 2026 as we are firmly committed to normalize the inventories until the end of the year.

When we provided also the guidance for the full year, we outlined that we expect the gross profit margin to improve and one of the key drivers of the substantial improvement of the gross profit margin 2026 will be driven by lower promotions, but also of course with the targeted reduction of that excess inventory, which will the reversal of inventory reserves will contribute to that gross profit margin development.

Then coming to your first question related to the Middle East crisis and the oil price driven, I think then, increase of the input cost. If we look at first, let me start for Autumn/Winter 2026, all of the orders until end of the Autumn 2026 have been placed and we see no cost inflation on our product cost.

For Spring/Summer '27, that's where we now, and I think as you again in the early stages, so this is where we start to present and I think to take orders now within the next months from our accounts and now as we speak, we are in discussions with our vendors and we see selective I think then also increases in the product cost, but not material in Spring/Summer '27. And Autumn/Winter '27 of course is still too early to see and I think of course how the situation overall evolves.

Adam Cochrane

Great. Thanks.

Operator

The next question comes from the line of Andreas Riemann from ODDO BHF. Please go ahead.

Andreas Riemann

Yes, sir, good afternoon. First one to Arthur on SKU reduction. So by how much did you reduce SKUs and would you say that, you're going forward plan to sell a global product to all markets or is part of your offer still a local product that reflects local preferences? That would be the first question.

And the second one for Markus, the financial result improved actually materially and you speak about currency benefit. So have you changed your hedging strategy and is that sustainable or was Q1 rather a one-off? This is the second question. Thanks.

Arthur Hoeld

Thank you very much, Andreas. So to start with the first question in terms of range size reduction, we have reduced our range size by a significant mid-double digit. So the process between Spring/Summer '25 and now Spring/Summer '28, the collection that we're at the moment developing, has been significant and we're committed to also then executing that.

What this means of course is that, there will be a more significant global footprint from PUMA, i.e., also more mandatory parts of the collection that we would like to see in each and every market. That's also part of our life cycle management across both style, but also the performance areas.

What that does not mean, however, is that we're reducing or even abolishing our policy to offer locally relevant products. We continue to have regional creation centers in Asia and North America and India to make sure we're going to cater for the needs of the local consumer to complement and to complete the range offer.

So it will be a mix and a blend between a stronger global offer, a stronger global life cycle management, and the additions, the well-needed additions in order to cater for demand from a local perspective. Thank you.

Markus Neubrand

Thank you, Andreas, for your question on the financial result. Yes, a significant improvement as outlined year-over-year in the Q1 of 2026.

Let me first start with the also what I mentioned prepared remarks, our interest expenses on bank debt have been slightly increasing, of course, given the elevated levels and higher levels of our bank financing compared year-over-year.

The biggest factor and I think that I also outlined in the prepared remarks is driven by positive favorable currency movements and here particularly the US dollar and Mexican peso had a positive impact I think then also on our financial result, I think that means from a translation but also valuation of derivatives that impact our financial result.

So given the nature also of FX of course developments, where it would be rather prudent not to project such favorable currency movements for the quarters to come.

Andreas Riemann

Okay. Thanks.

Markus Neubrand

Welcome.

Operator

The next question comes from the line of Warwick Okines from BNP Paribas. Please go ahead.

Warwick Okines

Thanks very much. Good afternoon. Just a couple to try and understand the shape of the year, please. So firstly, just back on the Q2 sales comments you made. Is the main reason for the lower or the bigger sales decline in Q2 compared with Q1, is the main factor here less promotional support or are there other factors because presumably the drag from the reset is moderating?

And then the second question is, just if you could comment a little bit more about the EBIT shape for the year? It's helpful for you to have commented about inventory reversals continuing for the rest of the year, but maybe just to comment on how you see the phasing of your EBIT losses through the next three quarters. Thank you.

Markus Neubrand

Thank you very much for your questions. Q2, and I think as mentioned earlier, is expected from a sales growth perspective to come in clearly below Q1 and the key reason is the impact of the reset and here specifically the reduction of the undesirable business, which is more pronounced in the second quarter compared to what we expect, in think and also what we've seen in Q1.

The clearance, I think as I mentioned earlier, of the excess inventories of course continues throughout the year. Coming to the second part of your question, of course now from a sales perspective also, and what does it mean also from an EBIT development for the remainder of 2026.

It is fair to say that we started 2026 clearly on a positive note from an EBIT perspective. There's still a lot of moving parts for the remaining of the year, including of course the top-line development as I just outlined, but as well also the level of one-time costs as we will make sure to set the right foundation in 2026 to return to growth in 2027.

If we then also look at and the geopolitical and macroeconomic uncertainties that we, especially with the Iran conflict that we see and the tariffs, in Iran conflict, the negative impact that is expected on sales and margin and even more importantly on consumer sentiment.

Tariffs as of now, there will be a positive impact on margin but to which extent is still unclear and can as we know change on a daily basis. Therefore, we confirm our reported EBIT guidance for full year 2026 to be within the range, guided range of -EUR50 to -EUR150 million.

Warwick Okines

Thanks, Markus, and best of luck for the future.

Markus Neubrand

You're welcome. Thank you.

Operator

For any further questions, please press star and one on your telephone.

The next question comes from the line of Jürgen Kolb from Kepler Cheuvreux. Please go ahead.

Jürgen Kolb

Thank you very much. And Markus, thanks very much for everything and probably also welcome back Mark. I guess you're listening in, so welcome back to the market. On the two questions, first of all, on the run shoe business. I think

you mentioned that the running shoes, the NITRO Foam is selling strong and is quite successful.

Maybe you could talk a little bit about your progress on getting the shoes into the special specialty store chain and in which markets are you actually seeing the strong sell-through or a market improvement?

Secondly, on current trends, I guess you indicated the Middle East conflict obviously the main or the difficult to forecast effect is from the consumer behaviour. Have you noticed any underlying trend changes from the consumer?

I know it's probably difficult for you because there is so much going on in your stores and with the wholesaler in terms of clearing inventories and what have you, but in terms of, you know, any observations that you have could be quite interesting to note if there is anything currently going on. Thank you very much.

Arthur Hoeld

Jürgen, thank you very much for the question. So when we talk about the running shoe specialist, what we have embarked upon last year is that specifically in Europe and in North America we have drastically ramped up our specialist sales force. That means specialist PUMA people who visit running accounts, who will be then promoting the PUMA brand but also our NITRO technology.

Only in Paris this weekend, we had 110 specialty accounts from all over the globe spending two days with us, getting excited about our collections but also giving us feedback in terms of where they see our efforts. That's primarily where we see growth happening, but equally and spilling over into the mainstream accounts that would be in Europe, Intersport and others basically. So that's what we project in '26 and in '27 then the major part of the growth to be coming from.

We don't have any specific region where NITRO is either overly exposed or underperforming, we do see this as a global development for us actually. And when you talk about underlying consumer sentiment, it is difficult to of course project where the market is going and consumer sentiment is on the one hand driven by a significant inventory and promotional activities again.

We, of course, also do see that there is energy in the market, that there is energy in the market both in Europe and the US in terms of consumers continuously seeking the sporting goods industry and seeking out sneakers.

From our very own perspective, we are very much focusing on the major areas that we've discussed earlier to improve both our brand trajectory but also our product offer simply

based on the fact that despite any economic headwinds or despite industry dynamics, we see significant headroom for PUMA to grow versus competition from our current perspective. Thank you very much.

Jürgen Kolb

And just one very, very quick add there, add-on question. Your contracts with the container shipping companies and the freight contracts there, when does it end and are you already in negotiations for the next contract?

Markus Neubrand

Jürgen, good question and I'll take that one. The contract I think, that we have, helping them with our carriers on the inbound side runs until the end of June of this year and yes, as we currently speak, I think that's where we're already in advanced negotiations with our partners on the inbound transportation side.

Jürgen Kolb

And assume costs going up?

Markus Neubrand

If, I think that looking at what is currently a nothing year. If you look at the market with the oil prices and you know and I think how the mechanisms are in those contracts, there are surcharges.

And I think then also what we've seen I think since the start of the Middle East crisis also that there have been bunker and fuel surcharges being raised, so that's actually where we see of course, also then an impact also from the Middle East crisis I think then also to, to come through.

But as Arthur mentioned overall, I think then also we have plans in place I think looking at our supply chain I think then also and evaluating different scenarios how to mitigate these impacts.

Jürgen Kolb

Thank you. Super.

Markus Neubrand

You're welcome.

Operator

There are no further questions at this time. I hand back to Manuel Bösing for closing comments.

Manuel Bösing

Thank you very much, Moira, and thanks to everyone for your questions. We appreciate your interest in PUMA, we will stay in touch and we look forward to speaking with you again soon. This concludes our call for Q1 2026. Thank you everyone, and goodbye.