



For immediate release

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**Herzogenaurach, Germany, February 18, 2009 – PUMA AG announces its consolidated financial results for the 4<sup>th</sup> Quarter and Financial Year of 2008**

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**Highlights 4<sup>th</sup> Quarter**

- Consolidated sales up more than 7% currency-adjusted reaching € 561 million
- Gross profit margin below last year due to close out sales
- Operational result reached € 37 million, down 29% versus last year
- Special items at € 25 million impact net earnings
- EPS at € 0.60 versus € 2.40

**Highlights January - December**

- Global brand sales up 2.9%
- Consolidated sales up 8.5% currency-adjusted
- Gross profit margin 51.8% compared to 52.3%
- Operational result at € 350 million or 13.9% of sales
- EBIT including special items at € 325 million
- EPS at € 15.15 compared to € 16.80

**Outlook 2009**

- Orders at € 1,153 million versus € 1,218 million
- Challenging market environment expected

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The year 2008 was in particular highlighted by major sports events. PUMA successfully capitalized on these events and continued to strengthen its position as a desirable sportlifestyle brand. In the autumn of 2008, however, the world economy began to slow down significantly in connection with the global financial crisis.

Despite the decline in consumer spending, PUMA succeeded in posting new record sales. Currency-adjusted, global brand sales rose by 2.9% to almost € 2.8 billion. Currency-adjusted consolidated sales grew by as much as 8.5% to over € 2.5 billion. Consolidated sales thus grew for the 14th consecutive year, with ten of these years at double-digit rates. The gross profit margin reached a strong 51.8% and was with 50 basis points slightly below previous year's level due to the difficult market environment, particularly in the fourth quarter. The operating profit before special items totaled € 350.4 million or 13.9% of sales, compared to 15.7% in the previous year. PUMA's position is one of strong profitability, which is leading within the sporting goods industry. However, earnings are affected by special items associated with the global economic slowdown and, in particular, the difficult consumer environment. In consideration of the special items, earnings per share were € 15.15 compared to € 16.80 in the previous year.

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Growth Rates	Sales				Orders on hand	
	Q4/2008		1-12/2008		31.12.2008	
	Euro %	currency adjusted %	Euro %	currency adjusted %	Euro %	currency adjusted %
<b>Breakdown by regions</b>						
EMEA	2,5	5,5	5,2	6,8	-14,2	-10,0
Americas	10,5	6,6	1,6	8,1	16,3	19,9
Asia/Pacific	26,1	10,7	15,4	13,0	-1,2	-15,9
<b>Total</b>	<b>11,3</b>	<b>7,3</b>	<b>6,4</b>	<b>8,5</b>	<b>-5,4</b>	<b>-5,8</b>
<b>Breakdown by product segments</b>						
Footwear	9,0	6,2	3,3	6,3	-3,2	-2,3
Apparel	10,9	5,8	8,7	9,6	-10,3	-12,4
Accessories	33,0	26,1	20,4	21,7	2,1	-0,1
<b>Total</b>	<b>11,3</b>	<b>7,3</b>	<b>6,4</b>	<b>8,5</b>	<b>-5,4</b>	<b>-5,8</b>

### **Sales and Earnings Development 4<sup>th</sup> Quarter 2008**

Consolidated sales rose solidly in the fourth quarter 2008 despite a continuous deterioration of the consumer environment. Sales increased currency-adjusted by 7.3% and by 11.3% in Euro terms to € 561.3 million. All regions contributed to the growth: Sales in EMEA rose currency-adjusted 5.5%, Americas sales grew 6.6% and Asia/Pacific went up 10.7%. Footwear sales increased 6.2% and Apparel was up 5.8%. Sales in Accessories contributed a strong 26.1% increase to the growth.

The gross profit margin in the fourth quarter was squeezed by close out sales and inventory devaluations and fell by 480 basis points from last year to 46.8%. All regions and product segments were affected.

SG&A increased by 6.3% to € 230.9 million, which helped to reduce the cost ratio from 43.1% to 41.1%. The improvement in the cost ratio did not completely offset the softening of the gross profit margin.

Operating profit declined by 29.0% from € 52,4 million to € 37.2 million or from 10.4% to 6.6% as a percentage of sales. Measures that had been implemented to tackle the effects of the global economic slow-down and the difficult consumer environment had an impact of € 25 million on fourth quarter EBIT. Including these special items, earnings per share were at € 0.60 compared to € 2.40 in the previous year.

### **Sales and Earnings Development January-December 2008**

#### **Global brand sales**

Global PUMA brand sales, comprised of consolidated and licensed sales, rose by 2.9% to € 2.8 billion after currency adjustments. In Euro terms, brand sales rose 1.1%. Currency-adjusted footwear sales rose by 2.3% to € 1,471.6 million, and Apparel sales climbed by 5.1% to € 969.7 million. Accessories posted a 0.5% decrease to € 326.7 million. In terms of regions, solid growth was achieved in the EMEA and Americas regions. Sales in Asia/Pacific decreased slightly. EMEA contributed 53.0% (52.3%), America 25.8% (25.3%), and Asia/Pacific 21.3% (21.5%) to global brand sales.



### **Consolidated sales up 8.5% currency-adjusted**

Consolidated sales increased for the fourteenth consecutive year, with double-digit growth rates in ten of these years. 2008 currency-adjusted sales rose by 8.5% to € 2,524.2 million and in Euro terms 6.4%. Sales from the company's own retail operations grew by 15.3% to € 468.6 million in 2008. The share of consolidated sales rose from 17.1% to 18.6%.

In terms of segments, Footwear sales grew currency-neutral by 6.3% to € 1,434.3 million. In particular, the Teamsport, Running and Lifestyle units contributed to this performance.

Currency-adjusted Apparel sales improved by 9.6% to € 899.3 million. The Teamsport, Running and Fundamentals units posted solid performances.

Sales in Accessories, which includes bags, balls and sports accessories, rose currency-adjusted by 21.7% to € 190.6 million, with almost all product areas contributing significantly to the rise.

### **Gross profit margin remains at a high level**

The gross profit margin decreased by 50 basis points to 51.8% in 2008 and is therefore still leading within the sporting goods industry. In absolute figures, the gross profit margin grew from € 1,241.7 million to € 1,306.6 million, or by 5.2%. The decrease in margin stems from higher devaluations of increased inventories that were necessary in the face of the market slowdown and to the higher close-out sales in the fourth quarter.

In Footwear, the gross profit margin was at 51.7% compared to 52.3% last year; Apparel reached 51.9% after 52.2%, and Accessories achieved 51.7% compared to 52.8%.

### **Operating Expenses**

Other operating expenses – comprised of selling expenses, expenses for product development and design, and administration and general expenses – increased by 8.5% in 2008, rising from € 905.2 million to € 982.0 million before special items, or from 38.1% to 38.9% as a percentage of sales. The increase in the cost ratio resulted from scheduled brand investments, particularly in the Marketing and Retail segment.

As part of selling expenses, investments in Marketing/Retail increased by a total of € 80.2 million or 17.9% to € 528.6 million. The cost ratio rose from 18.9% to 20.9% of sales. This increase derived from investments in the selective expansion of the company's retail operations and stepped-up marketing activities for the major sports events in 2008.

Expenses for product development and design decreased from € 58.1 million to € 55.1 million, or from 2.4% to 2.2% as a percentage of sales. The decrease resulted from a weakening in the US dollar compared to the Euro as a significant portion of development costs is financed in US dollars. Like-for-like, expenses for product development and design exceeded the previous year's level.

Other selling, general and administration expenses were unchanged from last year at € 398.4 million. As a percentage of sales this represents an improved cost ratio from 16.8% to 15.8%.

Operating Expenses include depreciations of € 55.9 million in total. This is an increase in depreciations of 21.4% compared to last year, which mainly results from the scheduled expansion of the company's own retail operations. Operating expenses before depreciation increased by 50 basis points from 36.2% to 36.7% of sales.



### **Operational Result**

Operational result before special items declined 5.8% from € 372.0 million to € 350.4 million. As a percentage of sales, this corresponds to an operating margin of 13.9%, compared to 15.7% in the previous year. The decrease in the operating margin derives exclusively from the scheduled brand investments. The decrease in the operating margin derives exclusively from the scheduled investments related to increased marketing around the major sports events and selective retail expansion. Excluding these costs, the operating margin exceeded last year's level.

### **Special Items**

PUMA has taken measures to tackle the effects of the difficult current market environment. The special items associated with these measures had an impact of € 25 million in total on PUMA's EBIT in the fourth quarter of 2008. Expenses related to special items include depreciation of inventories, reorganization expenses as well as impending losses.

After adjusting for the special items, EBIT amounted to € 325.4 million or 12.9% of sales.

### **Financial Result**

The financial result was at € 1.1 million compared to € 10.5 million in the previous year. This includes interest income of € 11.9 million (previous year: € 21.2 million), as well as interest expenses of € 6.7 million (previous year: € 5.3 million). Measured against the average net financing base, this corresponds to a rate of return of 1.7% compared to 3.9% in the previous year. The financial result also includes expenses from long-term purchase price liabilities from corporate acquisitions amounting to € 3.1 million (previous year: € 3.5 million), and € 1.0 million (previous year: € 2.0 million) from the valuation of pension plans.

### **Earnings Before Taxes**

Earnings before taxes (EBT) reached € 326.4 million compared to € 382.6 million in the previous year, which represents a decrease of 14.7%. Return was at 12.9% compared to 16.1%. Tax expenses decreased from € 110.9 million to € 94.8 million. The tax rate was at previous year's level of 29.0%.

### **Net Earnings**

Taking tax expenses and minority interests into account, net earnings in 2008 amounted to € 232.8 million after € 269.0 million in the previous year. The decline of 13.5% resulted from scheduled brand investments and special items in connection with the measures taken. The net rate of return was 9.2% after 11.3% in the previous year. Earnings per share came in at € 15.15, compared to € 16.80, and diluted earnings per share were € 15.15, compared to € 16.78.



## **Regional Development**

Currency-adjusted sales in the **EMEA** region rose by 6.8% to € 1,299.3 million. In terms of segments, currency-adjusted Footwear sales increased 4.1%, Apparel 8.8%, and Accessories 21.7%. The gross profit margin reached 53.5% after 53.9% in the previous year. The operating margin (EBIT) accounted for 18.2% of sales, compared to 21.2%.

Currency-adjusted sales in the **Americas** region rose by 8.1% to € 651.3 million despite negative order indications at the beginning of the year. Currency-adjusted Footwear sales were up 7.0%, and Apparel grew 6.1%. Accessories posted a strong sales growth of 31.5%. The gross profit margin was 49.2%, compared to 50.7% in the previous year. The operating margin was at 14.5%, compared to 17.6%.

Currency-adjusted sales in the region's largest market, the **US**, decreased by 4.1% to USD 538.1 million. The performance was mainly affected by an ongoing difficult mall-based retail environment. However, sales were above expectations as the sales performance during the year showed a significant improvement compared to the order trend seen at the beginning of the year. In the second half of 2008, PUMA even achieved a growth in sales despite a negative order book indication.

Currency-adjusted sales in **Asia/Pacific** grew by 13.0% to € 573.6 million. This improvement stems partly from the initial consolidation of the subsidiary in Korea. Currency-adjusted Footwear sales climbed 12.7%, Apparel was up 12.6%, and Accessories rose 16.0%. The gross profit margin increased from 50.6% to 50.8%. Operating margin remained at last year's level of 20.3%.

## **Net Assets and Financial Position**

### **Equity ratio at 62%**

The equity ratio as of December 31, 2008 remained unchanged at 62.0%. In absolute figures, shareholders' equity increased 1.9%, rising from € 1,154.8 million to € 1,177.2 million. Total assets rose by 1.9% from € 1,863.0 million to € 1,898.7 million. This gives PUMA very solid financial resources and leaves it highly stable despite the global financial crisis.

### **Working Capital**

Working capital increased by 7.3%, rising from € 406.5 million to € 436.4 million, which corresponds to 17.3% of sales compared to 17.1% in the previous year. Working capital includes inventories, trade receivables and trade payables, as well as other current assets and current liabilities.

The increase in working capital derives mainly from a rise in inventory of 15.3% to € 430.8 million, which is partly attributable to the consolidation of Korea. Trade receivables were up only slightly by 1.8% to € 396.5 million, which is an improvement relative to sales growth. Trade payables increased by a total of 15.0% to € 269.1 million.



### **Cashflow**

Gross cashflow decreased by 6.9% from € 420.2 million to € 391.1 million.

Compared to the net cash provided by changes in net current assets of € 3.0 million in the previous year, 2008 saw a net cash outflow of € 77.0 million. This outflow of cash stems primarily from financing the inventory increase. Taxes, interest and other payments accounted for total outflows of € 95.0 million, compared to € 120.8 million in the previous year. Tax payments included in the total decreased from € 115.2 million to € 88.3 million. In all, cash provided by operating activities amounted to € 219.1 million, compared to € 302.4 million in the previous year.

Net cash used for investing activities increased from € 93.5 million to € 133.3 million. The expansion of retail operations, current investments and construction of "PUMA Plaza", the new corporate headquarters in Herzogenaurach, accounted for € 119.2 million compared to € 103.4 million in the previous year. In addition, payments for purchase price liabilities in connection with corporate acquisitions in the amount of € 24.9 million were recorded (previous year: € 9.4 million). Cash flow from interest income decreased from € 21.3 million to € 11.9 million.

As a result, the "free cashflow" decreased from € 208.8 million to € 85.8 million. Excluding the payments for acquisition, the free cash flow amounted to € 110.7 million compared to € 218.3 million in the previous year. As a percentage of sales, free cashflow (before acquisitions) was at 4.4%, compared to 9.2%.

Net cash used for financing activities mainly includes dividend payments of € 42.5 million and investments of € 181.4 million for the purchase of own shares.

Cash reported as of December 31, 2008 totaled € 375.0 million, compared to € 522.5 million in the previous year.

### **Dividend**

Despite the impact on earnings through special items, the Board of Management and the Supervisory Board will propose a payout of a dividend of 2.75 Euros from the retained earnings of PUMA AG at the Annual General Meeting on May 13, 2009. As a percentage of consolidated net earnings, this represents an increase from 15.8% to 17.8% of the dividend pay-out rate. The dividend is to be paid on the day after the Annual General Meeting who will authorize the dividend payout.

### **Own Shares**

PUMA continued its share buy-back program and purchased another 100,000 of its own shares during the fourth quarter. At closing date, 950,000 shares were held as treasury stock in the balance sheet, accounting for 5.9% of total share capital and representing a total investment of € 216.1 million.



## **Outlook 2009**

As a result of the slowdown of the global economy and the deterioration in consumer spending, order backlog as of year-end declined by 5.4% or currency-adjusted 5.8% to € 1,152.5 million. This includes mainly deliveries scheduled for the first and second quarter of 2009.

Currency-adjusted orders for Footwear decreased by 2.3% to € 698.3 million, and Apparel orders were down 12.4% to € 383.8 million. Currency-adjusted orders for Accessories stood at € 70.4 million and were unchanged from last year's level.

Currency-adjusted orders in the EMEA region were down by 10.0% to € 610.9 million. Orders in the Americas region increased significantly by 19.9% currency-neutral to € 280.7 million. Because of the difficult market environment in the Asia/Pacific region orders declined by 15.9% to € 260.7 million after several years of double-digit growth rates.

Performance in the year 2009 will be difficult to forecast due to the general ongoing market environment. However, PUMA is prepared to react appropriately in an uncertain market environment and to a weak economy. The implemented measures, which were already reflected in the expenses recorded on December 31, 2008, should contribute accordingly.

**Jochen Zeitz, Chairman and CEO:** "Despite a very difficult market situation and a weak consumer sentiment, PUMA managed to post new sales records in the last financial year. In particular, sales growth in the fourth quarter was solid. We have implemented measures in the fourth quarter to prepare us properly for the coming year and will react flexibly to further changes in the market environment."

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This document contains forward-looking information about the Company's financial status and strategic initiatives. Such information is subject to a certain level of risk and uncertainty that could cause the Company's actual results to differ significantly from the information discussed in this document. The forward-looking information is based on the current expectations and prognosis of the management team. Therefore, this document is further subject to the risk that such expectations or prognosis, or the premise of such underlying expectations or prognosis, become erroneous. Circumstances that could alter the Company's actual results and procure such results to differ significantly from those contained in forward-looking statements made by or on behalf of the Company include, but are not limited to those discussed be above.

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PUMA is one of the world's leading sportlifestyle companies that designs and develops footwear, apparel and accessories. It is committed to working in ways that contribute to the world by supporting Creativity, SAFE Sustainability and Peace, and by staying true to the values of being Fair, Honest, Positive and Creative in decisions made and actions taken.

PUMA starts in Sport and ends in Fashion. Its Sport Performance and Lifestyle labels include categories such as Football, Running, Motorsports, Golf and Sailing. The Black label features collaborations with renowned designers such as Alexander McQueen, Yasuhiro Mihara and Sergio Rossi. The PUMA Group owns the brands PUMA, Tretorn and Hussein Chalayan. The company, which was founded in 1948, distributes its products in more than 120 countries, employs more than 9,000 people worldwide and has headquarters in Herzogenaurach/Germany, Boston, London and Hong Kong. For more information, please visit [www.puma.com](http://www.puma.com)



Income Statement	Q4/2008 € million	Q4/2007 € million	Devi- ation	1-12/2008 € million	1-12/2007 € million	Devi- ation
<b>Sales</b>	561,3	504,5	11,3%	2.524,2	2.373,5	6,4%
Cost of sales	-298,8	-244,3	22,3%	-1.217,6	-1.131,8	7,6%
<b>Gross profit</b>	262,5	260,2	0,9%	1.306,6	1.241,7	5,2%
- in % of consolidated sales	46,8%	51,6%		51,8%	52,3%	
Royalty and commission income	5,6	9,5	-40,7%	25,7	35,6	-27,7%
	268,1	269,7	-0,6%	1.332,4	1.277,2	4,3%
Other operating income and expenses (incl. depreciation)	-230,9	-217,3	6,3%	-982,0	-905,2	8,5%
Operational result before special items	37,2	52,4	-29,0%	350,4	372,0	-5,8%
Special items	-25,0	0,0	#DIV/0!	-25,0	0,0	#DIV/0!
EBIT	12,2	52,4	-76,7%	325,4	372,0	-12,5%
- in % of consolidated sales	2,2%	10,4%		12,9%	15,7%	
Financial result	0,6	2,0	-72,0%	1,1	10,5	-89,8%
<b>EBT</b>	12,8	54,4	-76,5%	326,4	382,6	-14,7%
- in % of consolidated sales	2,3%	10,8%		12,9%	16,1%	
Taxes on income	-4,8	-15,7	-69,6%	-94,8	-110,9	-14,5%
- Tax rate	37,4%	28,9%		29,0%	29,0%	
Net earnings attributable to minority interest	0,1	-0,4	-126,7%	1,1	-2,6	-143,2%
<b>Net earnings</b>	8,1	38,3	-78,8%	232,8	269,0	-13,5%
<b>Earnings per share (€)</b>	0,60	2,40	-75,0%	15,15	16,80	-9,8%
<b>Earnings per share (€) - diluted</b>	0,60	2,39	-74,9%	15,15	16,78	-9,7%
Weighted average shares outstanding				15,360	16,018	-4,1%
Weighted average shares outstanding - diluted				15,360	16,031	-4,2%

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	Dec 31, '08 € million	Dec 31, '07 € million	Devi- ation
<b>ASSETS</b>			
Cash and cash equivalents	375,0	522,5	-28,2%
Inventories	430,8	373,6	15,3%
Trade receivables	396,5	389,6	1,8%
Other current assets (Working Capital)	124,3	108,4	14,6%
Other current assets	35,5	1,2	2789,4%
<b>Current assets</b>	<b>1.362,0</b>	<b>1.395,3</b>	-2,4%
Deferred taxes	80,5	77,4	3,9%
Other non-current assets	456,2	390,3	16,9%
<b>Non-current assets</b>	<b>536,6</b>	<b>467,7</b>	14,7%
	<b>1.898,7</b>	<b>1.863,0</b>	1,9%
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current bank liabilities	49,7	61,3	-18,9%
Trade liabilities	269,1	234,0	15,0%
Other current liabilities (Working Capital)	246,1	231,1	6,5%
Other current liabilities	49,9	76,7	-34,9%
<b>Current liabilities</b>	<b>614,8</b>	<b>603,1</b>	1,9%
Deferred taxes	26,5	22,7	16,6%
Pension provisions	21,3	17,9	19,6%
Other non-current liabilities	58,9	64,5	-8,8%
<b>Non-current liabilities</b>	<b>106,7</b>	<b>105,1</b>	1,5%
<b>Shareholders' equity</b>	<b>1.177,2</b>	<b>1.154,8</b>	1,9%
	<b>1.898,7</b>	<b>1.863,0</b>	1,9%

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	1-12/2008 € million	1-12/2007 € million	Devi- ation
<b>EBT</b>	326,4	382,6	-14,7%
Depreciation	56,2	46,0	21,9%
Non-cash effected expenses and income	8,5	-8,4	-200,9%
<b>Cashflow - gross</b>	391,1	420,2	-6,9%
Change in net assets	-77,0	3,0	-2671,0%
Taxes, interests and other payments	-95,0	-120,8	-21,4%
<b>Cashflow from operating activities</b>	219,1	302,4	-27,5%
Payments for acquisitions	-24,9	-9,4	164,5%
Purchase of property and equipment	-119,2	-103,4	15,2%
Interest received and others	10,7	19,3	-44,4%
<b>Cashflow from investing activities</b>	-133,3	-93,5	42,6%
<b>Free Cashflow</b>	85,8	208,8	-58,9%
<b>Free Cashflow (before acquisition)</b>	110,7	218,3	-49,3%
Capital increase	0,9	12,9	-92,8%
Dividend payments	-42,5	-39,9	6,5%
Purchase of own shares	-181,4	-76,3	137,7%
Other changes	-6,6	-12,0	-44,8%
<b>Cashflow from financing activities</b>	-229,6	-115,3	99,1%
Effect on exchange rates on cash	-3,7	-30,3	-87,7%
<b>Change in cash and cash equivalents</b>	-147,5	63,3	
Cash and cash equivalents at beginning of financial year	522,5	459,2	13,8%
<b>Cash and cash equivalents end of the period</b>	375,0	522,5	-28,2%

Segment Data								
	Sales		Gross profit		Sales		Gross profit	
	by head office location of customer				by head office location of customer			
	Q4/2008 € million	Q4/2007 € million	Q4/2008 %	Q4/2007 %	1-12/2008 € million	1-12/2007 € million	1-12/2008 %	1-12/2007 %
<b>Breakdown by regions</b>								
EMEA	220,5	215,1	45,3%	51,0%	1.299,3	1.235,3	53,5%	53,9%
Americas	171,1	154,8	49,9%	53,6%	651,3	641,2	49,2%	50,7%
- thereof USA in US\$	131,5	131,3			538,1	561,1		
Asia/Pacific	169,8	134,6	45,5%	50,2%	573,6	497,0	50,8%	50,6%
	561,3	504,5	46,8%	51,6%	2.524,2	2.373,5	51,8%	52,3%
	Sales		Gross profit		Sales		Gross profit	
	by head office location of customer				by head office location of customer			
	Q4/2008 € million	Q4/2007 € million	Q4/2008 %	Q4/2007 %	1-12/2008 € million	1-12/2007 € million	1-12/2008 %	1-12/2007 %
<b>Breakdown by product segments</b>								
Footwear	302,1	277,2	46,4%	52,3%	1.434,3	1.387,8	51,7%	52,3%
Apparel	215,9	194,7	47,4%	51,0%	899,3	827,3	51,9%	52,2%
Accessories	43,3	32,6	46,4%	48,6%	190,6	158,3	51,7%	52,8%
	561,3	504,5	46,8%	51,6%	2.524,2	2.373,5	51,8%	52,3%

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