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EQUITY RESEARCH – PUMA: EVALUATING ITS PERFORMANCE IN THE ATHLETIC
WEAR INDUSTRY

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Abstract: This paper provides an evaluation of Puma's strategic positioning and future development within the sportswear/athletic wear industry. Through comprehensive analysis, it delves into Puma's business model, historical financial performance, and market insights. By reorganizing the three financial statements into core, non-core, and financial components, the paper offers a nuanced understanding of Puma's primary operations. Furthermore, it formulates a forward-looking forecast of these statements, serving as the basis for a valuation model dated December 2024. This model integrates relative and intrinsic methodologies. With respect to the disclosures, the analysis identifies upside potential in Puma's stock performance.

Keywords: Puma SE, Equity Research, Sportswear

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This report is part of the Equity Research report (annexed), developed by Jakob Can Heinz Ibrahim Isensee and Deniz Can Ceylan and should be read as an integral part of it.

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Introduction

A collaborative research report, supervised by the Nova faculty, was prepared, with both students of the pair contributing individual sections. This report provided an academic equity research analysis of Puma SE, with a valuation date set for December 2024. The comprehensive analysis conducted by the student pair encompassed various aspects, including Puma's business model, financial performance, and future prospects. Each student focused on specific areas, resulting in an analysis that integrated both intrinsic and relative valuation methods. One student concentrated on elucidating Puma's business model and corporate history in a detailed company overview, while also exploring additional industry analyses such as Porter's Five Forces and key risks. Additionally, the other part examined value drivers, downside risks, and conducted forecasts, including an intrinsic valuation analysis incorporating the cost of capital.

Company Overview – Stock Performance



Figure 1: Puma relative share performance between April 2014-2024 (Refinitiv)

Puma's stock (**Figure 1**) has risen by **99% over the past decade**, underperforming compared to its principal competitors Adidas and Nike, which have seen increases of **190% and 221%**, respectively. These figures illustrate the competitive challenges Puma faces.

In 2018, Kering's distribution of 70% of its shares to its shareholders influenced stock supply, causing short-term price fluctuations. Generally, the sportswear market, including Puma, Nike, and Adidas, is highly sensitive to macroeconomic and geopolitical events, as evidenced by the adverse impacts of the **2020 COVID-19 outbreak** and subsequent economic downturns. **Post-pandemic**, Puma faced **persistent inflation** and slow growth, which undermined consumer confidence and affected its stock performance negatively. Its recovery has been less robust and slower than its competitors, reflecting ongoing strategic vulnerabilities. Additionally, the **2022 Russia-Ukraine conflict** contributed to modest declines in Puma's stock, further demonstrating its sensitivity to geopolitical disturbances. Economic uncertainties remain a significant challenge for Puma's market position and operational resilience (IMF 2024a).

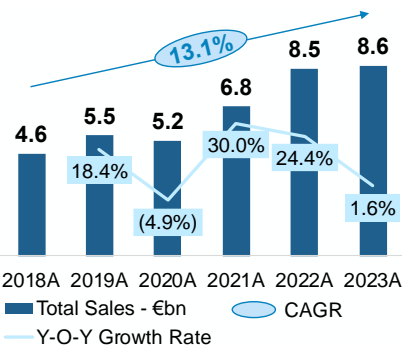


Figure 2: Puma sales development in €bn (Puma)

Historic Financial Analysis

Sales

From 2018 to 2023, Puma's **sales rose from €4.6bn to €8.6bn (Figure 2)**. In 2020, sales fell to €5.2bn due to the COVID-19 pandemic impact, but Puma swiftly recovered within a year, surpassing pre-pandemic levels. **Nike and Adidas** recorded **sales of €49.1bn and €21.4bn**, respectively. Nike's CAGR from 2018 to 2023 was 13.1%; Adidas's was -0.4%, partly due to Reebok's sale in 2022.

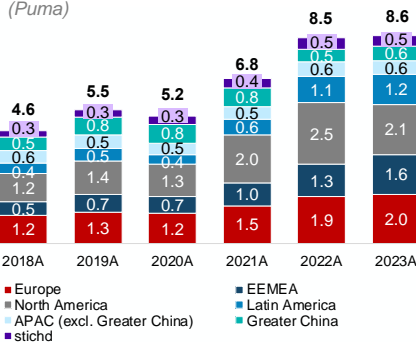


Figure 3: Puma sales by region in €bn (Puma)

A breakdown of Puma's 2023 total sales across seven regions is as follows: North America, including the U.S. and Canada, leads with €2.1bn, followed by Europe with €2.0bn, mainly driven by Germany. EEMEA generated €1.6bn, while Latin America, Greater China, and Asia-Pacific (excl. Greater China) follow with €1.2bn, €0.6bn, and €0.6bn, respectively (**Figure 3**). Additionally, Puma reports a seventh segment, labelled 'stichd', covering all knitwear globally, with sales of €0.5bn.

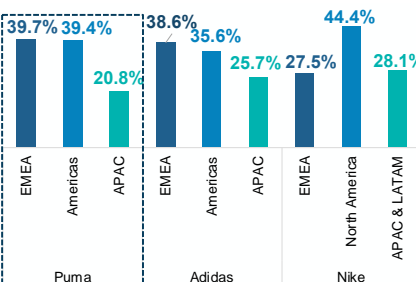


Figure 4: Sales by region (Puma, Adidas, Nike)

Sales growth in the past six years was strongest in Latin America and North America and weakest in Greater China and Asia-Pacific (**Figure 3**). This trend reflects Puma's decline in APAC and China, countered by strong growth in Latin America, where the brand notably increased its market share, and in North America. However, Puma faced another setback in North America in 2023.

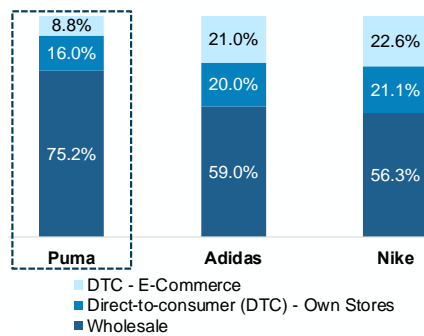


Figure 5: Sales by distribution channel (Puma, Adidas, Nike)

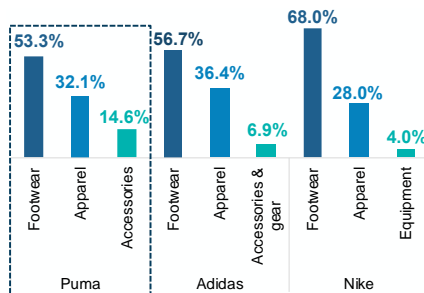


Figure 6: Puma sales by product type (Puma, Adidas & Nike)

| Date | Acquirer | Target Company |
|--------|--------------------------------|---|
| Jun-15 | Authentic Brands Group LLC | Tretorn Sweden AB |
| Apr-10 | Puma SE | Cobra Golf Inc II |
| Mar-09 | Puma SE | Brandon AB |
| Jan-09 | Puma SE | Dobotex International BV |
| Jul-07 | PPR (then Kering SA) | Puma SE |
| Feb-06 | Puma SE | ATA, Inc |
| Jan-06 | Unisol SA | PUMA SE |
| Jun-05 | Puma SE | A.C.K. Spor Giyim Tekstil UrUnleri San Tic A.S. |
| May-05 | Mayfair Vermögensverwaltung SE | Puma SE |
| Mar-03 | Puma SE | Puma Japan K.K. |
| Jun-01 | Puma SE | Tretorn Sweden AB |

Figure 7: Puma's latest M&A activities (Mergermarket as of May-2024)

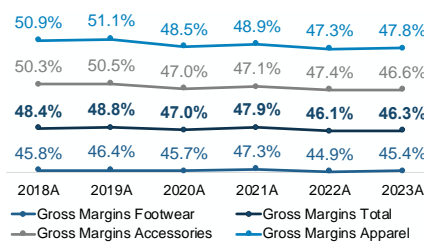


Figure 8: Gross margin development by product type (Puma)

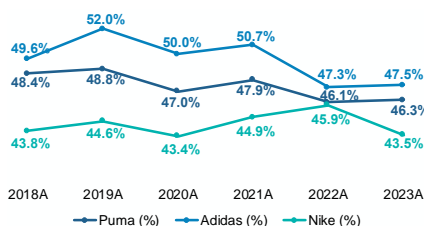


Figure 9: Gross margin development by competitors (Puma, Adidas, Nike)

A comparison of regional sales indicates that Puma and Adidas have the largest share of their sales in EMEA, accounting for nearly 40%, while Nike has only 28%. Nike focuses on North America, making up 44% of its sales, in contrast to Adidas and Puma, which have less than 40% of their sales across the entire Americas (**Figure 4**). This implies Nike's potential for outsized profits from North America's dynamic market, given its status as one of the largest and fastest-growing markets.

Analysing the **breakdown by sales channel** reveals that **Adidas** and **Nike** hold a significantly **larger share of direct-to-customer (DTC)** sales, exceeding 40.0%, compared to Puma's 24.8% (**Figure 5**). This places Puma at a disadvantage for several reasons. Firstly, margins are naturally higher in direct sales than wholesale, especially in e-commerce with fewer intermediaries interacting and lower overhead costs. However, **Puma's e-commerce share** is only **8.8%** (**Figure 5**), contrasting with rivals' which exceed 20.0%. This discrepancy significantly impacts Puma's outlook due to small involvement in e-commerce and potential higher margins.

The **sales breakdown by product type**, depicts that **footwear is the top-selling product** for all companies. Nike leads with 68.0%, followed by Adidas with 58.7% and Puma with 53.3% (**Figure 6**). This gives Nike and Adidas a slight advantage, as shoes are considered a necessity and are more likely to have brand loyalty, making them less susceptible to sales declines. Furthermore, the future of accessories may be more impacted by emergence of new private labels.

Inorganic Growth

As depicted in **Figure 7**, Puma has shown a relatively low level of involvement in mergers and acquisitions (M&A) activities in recent years, notably lacking participation in large-scale transactions. For detailed information regarding individual M&A activities, please refer to the **Appendix 2**.

Gross Margins

Gross margins peaked at **48.8% in 2019** but declined to 46.3% in 2023 due to heightened energy and raw material costs, alongside decreased consumer confidence, leading to subdued demand (**Figure 8**). This trend is consistent across all product categories. However, it's important to note that gross margins for footwear are inherently lower due to higher complexity. While footwear margins did not decrease as much as apparel and accessories, increased competition in subsequent markets played a role. In comparison, **Adidas boasts higher average gross margins** than its competitors, with Nike having the lowest (**Figure 9**). Despite challenges, Puma exhibits reasonable performance in the industry.

EBIT/EBITDA

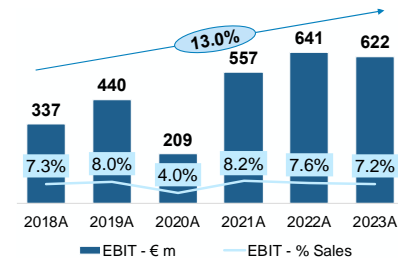


Figure 10: Puma EBIT development (Puma)

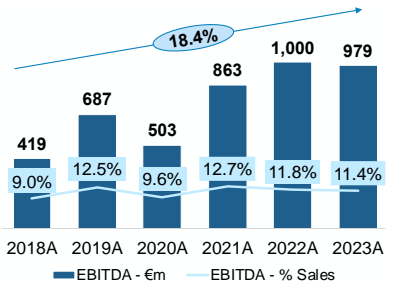


Figure 11: Puma EBITDA development (Puma)

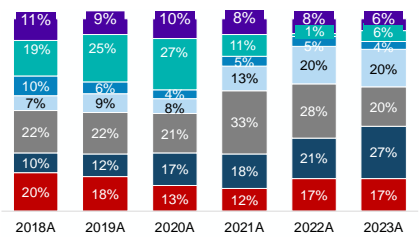


Figure 12: EBIT shares by region (Puma)

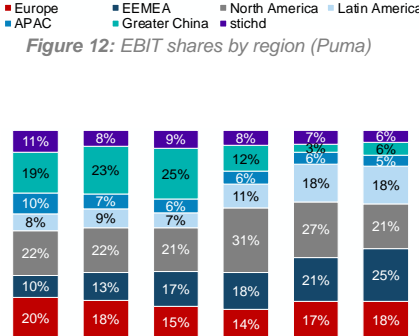


Figure 13: EBITDA shares by region (Puma)

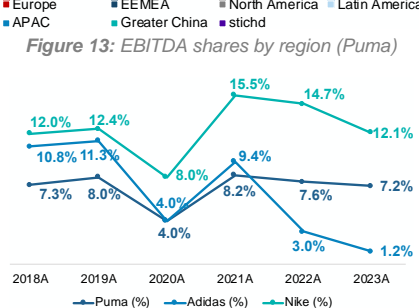


Figure 14: EBIT development by competitor (Puma, Adidas, Nike)

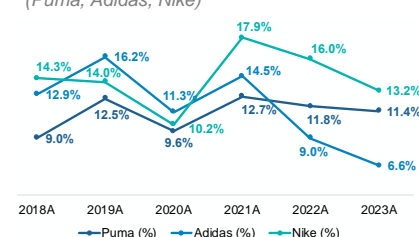


Figure 15: EBITDA development by competitor (Puma, Adidas, Nike)

At the group level, **EBIT** and **EBITDA** were calculated by adding relevant items in the core result before taxes. Over the period from 2018 to 2023, the EBIT margin exhibited **relative stability**, marginally decreasing from **7.3% to 7.2%**, despite sales growth (**Figure 10**). The peak EBIT margin attained was 8.2% in 2021. Conversely, EBITDA increased from 9.0% in 2018 to 11.4% in 2023, driven partly by a rise in D&A, climbing from 1.8% of sales in 2018 to 4.2% in 2023 (**Figure 11**).

Before analyzing **regional EBIT** and **EBITDA** figures further, it's important to note that Puma calculates these metrics by deducting central area and marketing expenses from regional totals. In 2023, EEMEA emerged as largest contributor, accounting for 27% of the group's EBIT and 25% of its EBITDA, marking a substantial increase from 10% in 2018 (**Figure 12 & Figure 13**). North America remained a stable contributor, around 20% for both group EBIT and EBITDA, consistent with its 22% share in 2018. Europe's contribution remained fairly stable, starting at around 20% in 2018 and slightly decreasing to about 17% for group EBIT and 18% for EBITDA in 2023. Latin America's EBIT contribution surged from approximately 7% in 2018 to 20% in 2023. However, EBITDA contribution growth was slower, rising from 8% in 2018 to approximately 4% in 2023. This trend can be attributed to stagnation in the APAC market during this period. Notably, Greater China's contribution plummeted from approximately 19% to 6% in both EBIT and EBITDA, largely due to COVID-19 restrictions in 2022. The stichd segment also saw a reduction in contribution, from about 11% in 2018 to 6% in 2023 for both EBIT and EBITDA, due to slower sales growth and reduced profitability.

When contrasting **Adidas** and **Nike**, it becomes evident that Nike holds the advantage in terms of **EBIT** margin, boasting **12.1%**, while **Puma** maintains a consistent **7.2%**, and Adidas struggles with a meagre **1.2%** (**Figure 14**). In **EBITDA** margin, **Puma** surpasses **Adidas** with **11.4%** compared to **6.6%**, while **Nike** continues to lead with **13.2%** (**Figure 15**). The notable disparities between Puma and Adidas' EBITDA to EBIT margins imply substantial investments by both entities. Although regional EBIT margins present limitations, a discernible conclusion can still be derived. Lastly, akin to other global sportswear corporations, Puma witnessed not only a downturn in sales but also a decline in margins in China, as evidenced in this report's financial analysis section. In 2022, the EBIT margin dwindled to 3.9%, and while it marginally stabilized in 2023, it remained below the prior level. This trend is likewise observable for Adidas and Nike.

Core OPEX

In FY 2023, **core operating expenses** (OPEX), excluding pension provisions, financial income/expenses, and other operating income, totalled **€3.3bn**, representing **38.6%** of **total sales**. This ratio, though slightly lower than the 2018 figure of 40.8%, remained relatively stable over time (**Figure 16**).

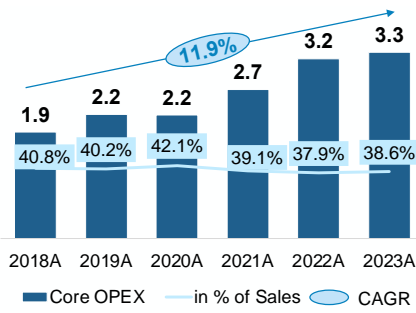


Figure 16: Core OPEX development (Puma)

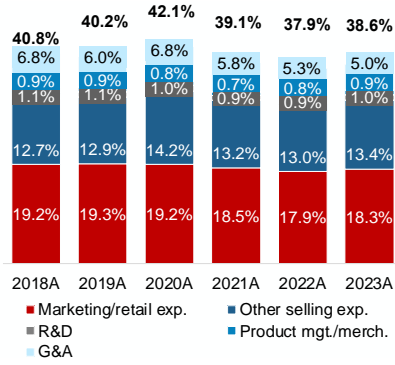


Figure 17: Core OPEX split (Puma)

Sales and distribution costs accounted for the largest share of expenses, comprising **31.7%** (Figure 17). These costs include marketing and retail expenses, as well as other selling costs like warehousing and logistics. Specifically, marketing and retail expenses contributed 18.3 percentage points, while other selling expenses contributed 13.4 percentage points. An in-depth examination of the components comprising marketing and retail expenditures reveals their composite nature, encompassing centrally allocated marketing outlays, central area overheads, and regionalized marketing expenditures.

Research and development expenses (R&D), including pure R&D expenses and product management/merchandising costs, represented **1.9%** of sales in 2023, slightly lower than the 2.0% recorded in 2018 (Figure 17). While pure R&D costs decreased by 0.1 percentage points, product management/merchandising costs saw a minor increase of less than 0.1 percentage points. Lastly, **general and administrative expenses** comprised **5.0%** of sales in 2023, marking a 1.8 percentage point decrease from 2018 (Figure 17).

CAPEX

The Capital Expenditure (CAPEX) ratio is pivotal for assessing Puma's investment strategies, particularly regarding sustainability and advancement. Net CAPEX is derived from diligent monitoring of changes in fixed assets, including Property, Plant and Equipment (PPE), Right of Use Assets (RA), and other Intangible Assets (IA), offset by depreciation. The consistently higher figure, exceeding Depreciation and Amortization, underscores PUMA's unwavering commitment to innovation and competitiveness. Fluctuating between 8.8% to 5.3% of sales from 2020 to 2023, these investments (Figure 18). This shows that changes in net CAPEX demonstrate a sustainable level of investment.

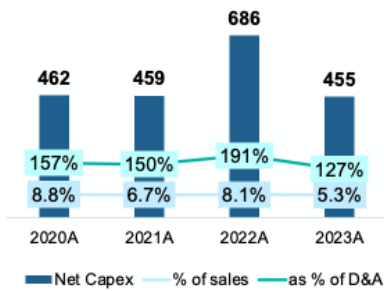


Figure 18: Net CAPEX development (Puma)

Liquidity and Debt-to-Value (D/V) Ratio

Puma maintains **robust short-term liquidity** with cash and cash equivalents, backed by unused credit lines of €896.1m as of December 2023, ensuring solvency, financial flexibility, and effective liquidity risk management. Furthermore, promissory note loans totalling €551.5m support the company's medium to long-term funding needs.

The net debt (D) to value ratio (V) for Puma was calculated by summing all financial assets and liabilities essential for financing the core business, using the reformulated financial statements (Figure 19). Financial assets, financial liabilities, and lease liabilities for machinery and similar assets were considered. However, pension assets and liabilities, along with financial assets from stock investments in Borussia Dortmund, were excluded from this calculation. Excess cash (Cash and Cash Equivalents – Operating Cash) was added to financial debt to

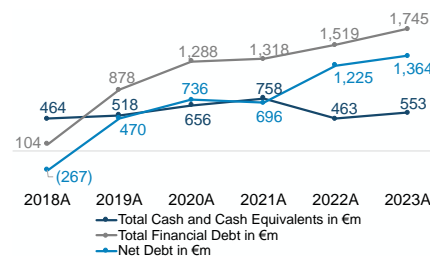


Figure 19: Total cash and cash equivalents, total financial debt, and net debt (Puma)

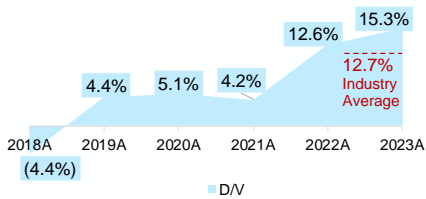


Figure 20: Net debt to value ratio (Puma)

| | 2021 | 2022 | 2023 |
|--------------------------|-------|-------|--------|
| ROA | | | |
| Puma | 10.9% | 10.8% | 10.8% |
| Adidas | 8.7% | 1.7% | 0.3% |
| Nike | 19.2% | 17.0% | 15.9% |
| ROE | | | |
| Puma | 15.7% | 15.1% | 12.1% |
| Adidas | 20.8% | 3.6% | (2.5%) |
| Nike | 55.0% | 43.1% | 34.6% |
| ROIC | | | |
| Puma | 16.0% | 14.9% | 13.9% |
| Adidas | 12.0% | 2.2% | (0.6%) |
| Nike | 22.4% | 21.0% | 17.5% |
| Cash Cycle (Days) | | | |
| Puma | 72.5 | 82.7 | 88.7 |
| Adidas | 114.2 | 126.9 | 140.7 |
| Nike | 97.6 | 101.6 | 98.8 |
| Current Ratio | | | |
| Puma | 1.61 | 1.48 | 1.55 |
| Adidas | 1.56 | 1.27 | 1.22 |
| Nike | 2.72 | 2.63 | 2.72 |
| Quick Ratio | | | |
| Puma | 0.92 | 0.69 | 0.84 |
| Adidas | 1.11 | 0.62 | 0.66 |
| Nike | 2.01 | 1.84 | 1.81 |
| Solvency Ratio | | | |
| Puma | 1.66 | 1.60 | 1.64 |
| Adidas | 1.55 | 1.36 | 1.38 |
| Nike | 1.51 | 1.61 | 1.60 |

Figure 21: Financial Analysis Comparison of Peers (Puma, Adidas, Nike)

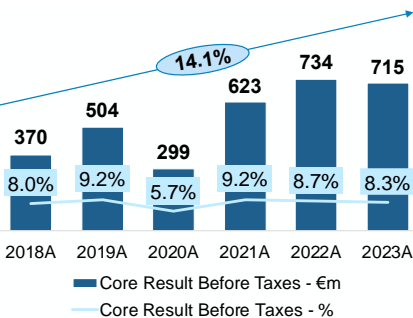


Figure 22: Evolution of Core Result Before Taxes and Margin

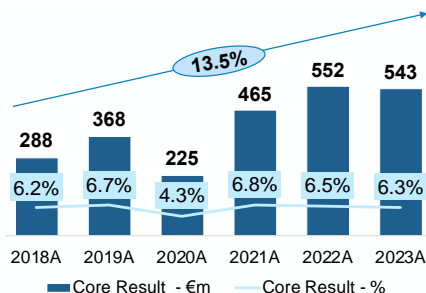


Figure 23: Evolution of Core Result and Margin

derive net debt. Net debt was then divided by EV, calculated using the formula $EV = Net\ Debt + Equity$. This resulted in a **D/V ratio of 15.3%** for 2023, aligning with the industry average derived from the Multiple Valuation of 12.7% (**Figure 20**). Puma intends to maintain its current philosophy and capital structure as of May 2024.

Key liquidity metrics demonstrate Puma's financial strength. The current ratio was 1.55 in 2023, exceeding industry benchmarks, indicating sufficient current assets for short-term obligations while maintaining asset efficiency. The operating cash flow (OCF) ratio remained robust at 18.8% in 2023, reflecting consistent cash generation. Moreover, the net working capital, at 15.5% of sales in 2023, highlights the company's stability and conformity with industry standards. **Figure 21** indicates that while Puma's financial performance generally aligns with industry standards, it slightly underperforms compared to peers in terms of profitability and efficiency, particularly in comparison to Nike. Notably, Puma excels in its cash conversion cycle. Additionally, its current and solvency ratios demonstrate stable short-term liquidity and solvency.

Free Cash Flows

The **Unlevered Free Cash Flow (FCF)**, as defined by DCF valuation, represents the cash available to all capital providers after meeting operational and investment needs. It is derived from the **Core Result Before Taxes**, which is an earnings metric before the effects of capital structure, similar to EBIT but based on reorganized financial statements. This measure includes pre-tax operating profit while excluding non-recurring and financial incomes and expenses, providing a comprehensive assessment of a company's financial performance. In Puma's case, the **Core Result Before Taxes** generally remained **above 8%** throughout the observed period relative to sales except a decrease to 4.3% of sales during the COVID-induced downturn in 2020 (**Figure 22**). However, it decreased from 9.2% in 2021 to 8.3% in 2023, possibly due to declining consumer confidence influenced by global geopolitical tensions.

After subtracting statutory taxes and making adjustments for tax discrepancies, the **Core Result** for Puma increased from €288m in 2018 to €543m in 2023, indicating a projected CAGR of 13.5% (**Figure 23**). Further deductions of CAPEX and adjustments for net changes in Deferred Taxes and Net Working Capital yield the unlevered FCF. For Puma, this figure rose from €-513m in 2019 to €389m in 2023.

Cash flow from non-operating activities fluctuated significantly from 2019 to 2023, starting at approximately €-112m and peaking in 2021 due to currency changes and cash flow hedges (**Figure 24**). By 2023, it increased further to €-265m, indicating a strong negative trend over this period.

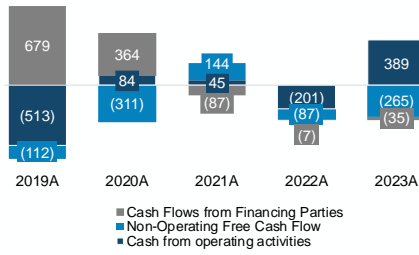


Figure 24: Evolution of Cash flows (in €m)

Conversely, **cash flow from financing activities**, which includes the financial result such as income and expenses from various financial operations, statutory taxes, and changes in net financial assets and dividends, showed a decreasing trend. It declined from €332m in 2020 to €-89m in 2023 (Figure 24).

Industry Overview

Macroeconomic Environment

The European economy was particularly affected by the **energy price shock caused by Russia's war in Ukraine** (OECD 2024b). This led to an increase in raw material prices for many companies, naturally putting pressure on gross margins. However, Puma was less affected due to its high proportion, over 90%, of sourcing in Asia. Nevertheless, if the conflict were to escalate further, it could have a negative impact on the broader economic landscape, presenting a medium-level overall macroeconomic risk for Puma.

| | 2023A | 2024E | 2025F |
|----------------------------|-------|-------|-------|
| World | 3.2% | 3.2% | 3.2% |
| United States | 2.5% | 2.7% | 1.9% |
| Euro Area | 0.4% | 0.8% | 1.5% |
| Japan | 1.9% | 0.9% | 1.0% |
| United Kingdom | 0.1% | 0.5% | 1.5% |
| China | 5.2% | 4.6% | 4.1% |
| India | 7.8% | 6.8% | 6.5% |
| Latin America & Caribbean | 2.3% | 2.0% | 2.5% |
| Middle East & Central Asia | 2.0% | 2.8% | 4.2% |

Figure 25: Growth projections real GDP (IMF 2024a)

The **escalation of the conflict in and around Israel** could have significant consequences for the global economy (IMF 2024a). A further intensification of the conflict could result in sanctions and embargos being imposed, which could have a detrimental impact on global economic output and consumer confidence. Consequently, this could have a detrimental impact on the sales of Puma.



Figure 26: Euro annual inflation rate (Eurostat 2024c)

The IMF (2024b) anticipates that **shipping issues in the Red Sea** will likely not substantially disrupt supply chains. Nevertheless, companies like Puma, based in Europe with sourcing networks in Asia, are vigilantly observing the situation, apprehensive about possible escalation. Extended shipping routes lead to heightened transportation expenses, and in the event of intensified disruptions, costs could escalate further.

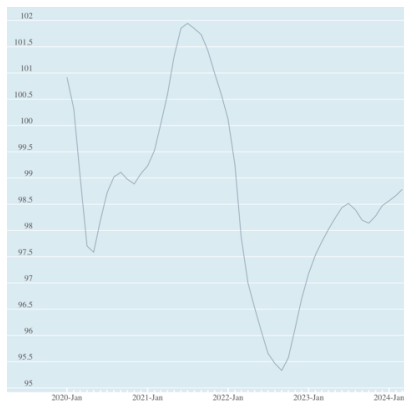


Figure 27: Euro area consumer confidence index (OECD 2024b)

Moreover, a **decline in Chinese economic growth** was foreseen (IMF 2024a). China has long been a significant global economic powerhouse, notably exemplified by the rapid expansion of the consumer market driven by the country's increasing disposable household income, particularly prominent in the sportswear sector. China is expected to emerge as the second-largest sportswear market worldwide in the medium term. A slowdown in China would also impact Puma, potentially hindering its attainment of local sales objectives.

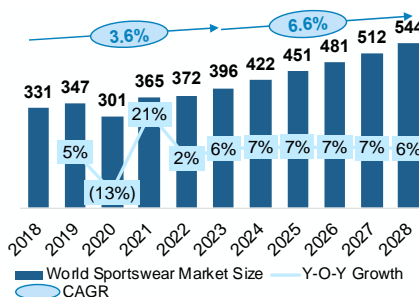


Figure 28: Market size global sportswear market in \$bn (Euromonitor 2024)

The **Eurozone encountered stagnation** towards the end of 2023 due to tight financing, subdued consumer confidence, and economic competitiveness issues (European Central Bank 2024). This trend, particularly in the uprise of labour costs, is expected to persist, indicating a slower short-term recovery. Global and European declines in consumer confidence are negatively impacting the economy, notably the consumer goods sector, as shown in Figure 27. However, EU net

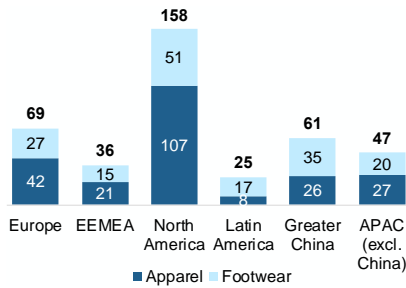


Figure 29: Market split by region and product in \$bn (Euromonitor 2024)

Market Overview

exports have recently increased (European Central Bank 2024). In conclusion, the economic stagnation, and the ongoing rise in labour costs, exerting inflationary pressure, may significantly affect Puma, particularly in Europe. Fortunately, the company has a relatively small workforce in Europe. Conversely, the global decline in consumer confidence may significantly impact the sportswear industry, necessitating a recovery for more promising prospects.

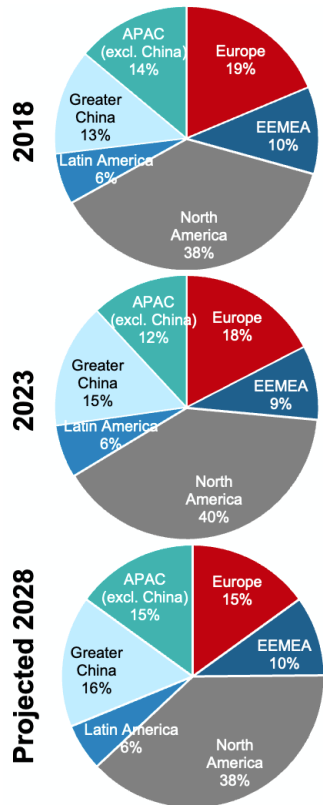


Figure 30: Evolution of Market Split by Region (Euromonitor 2024)

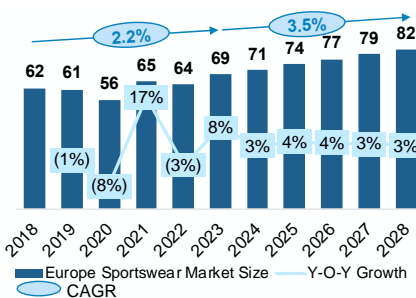


Figure 31: Evolution of Market Size in Europe in \$bn (Euromonitor 2024)

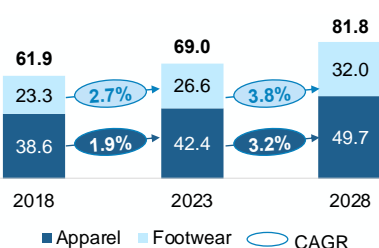


Figure 32: Evolution and Split of Market Size in Europe in \$bn (Euromonitor 2024)

Puma operates within the **sportswear market**, encompassing **sports apparel** encompassing (performance, outdoor, and sports-inspired) and **athletic/sports footwear** (performance, outdoor, and sports-inspired), along with **accessories**. Before diving into the market overview, it's important to note that **market sizes** were obtained **from Euromonitor** in USD. Therefore, USD will be used for consistency and to minimize distortions caused by currency fluctuations. Conversions to EUR will be handled in a sophisticated manner during the forecast section. As of 2023, the **market size stands at \$395.5bn** (Figure 28, Euromonitor 2024), with \$230.9bn from sports apparel and \$164.7bn from athletic footwear (Figure 29). Historically, the market grew at a CAGR of 3.6% from 2018 to 2023. Projections suggest that sports apparel will grow at a CAGR of 6.3% and athletic footwear at 7.0%. The latter segment is expected to experience heightened growth. North America is the largest regional market, with a 39.9% market share, followed by Europe with 17.4%, and Greater China with 15.3% (Figure 30).

Europe

The **European market** for Puma covers all Western European countries. As of 2023, the **market size is \$69.0bn**, representing 17.4% of the global market (Figure 31). Revenue splits into \$42.4bn from **sports apparel** and \$26.6bn from **athletic footwear** (Figure 32). Historically, from 2018 to 2023, the market grew at a CAGR of 2.2%, with a COVID-related decline of -8.4% in 2020. Despite this, pre-COVID revenue levels were surpassed in 2021 before another setback in 2022 due to a loss in global consumer confidence. However, both the COVID slump and the subsequent recovery were less severe than in the global market, indicating a higher maturity level. Looking ahead, a CAGR of 3.5% is anticipated for this market until 2028, with 3.2% for sports apparel and 3.8% for footwear. This will elevate the **market** to an aggregate **size of \$81.8bn by 2028**.

EEMEA

The **EEMEA market** combines Eastern Europe and the Middle East and African (MEA) regions into a single market. As of 2023, the **market totalled \$35.7bn**, accounting for 9.0% of the global market (Figure 33). Eastern Europe contributed \$13.6bn, and MEA contributed \$22.0bn. Both segments, sports apparel, and

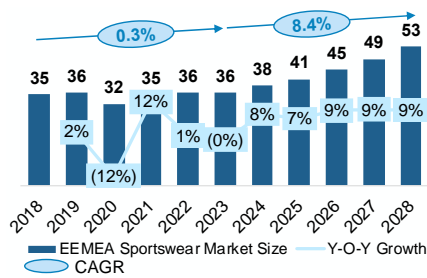


Figure 33: Evolution of Market Size in EEMEA in \$bn (Euromonitor 2024)

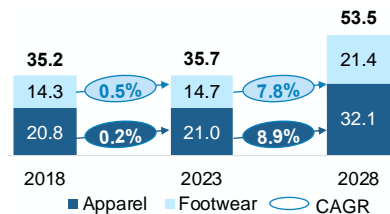


Figure 34: Evolution and Split of Market Size in EEMEA in \$bn (Euromonitor 2024)

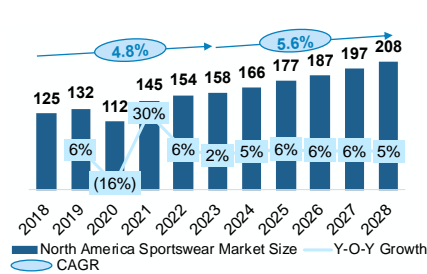


Figure 35: Evolution of Market Size in North America in \$bn (Euromonitor 2024)

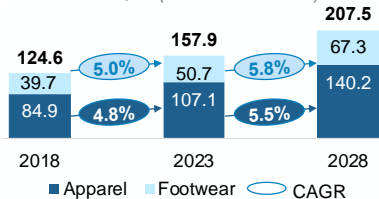


Figure 36: Evolution and Split of Market Size in North America in \$bn (Euromonitor 2024)

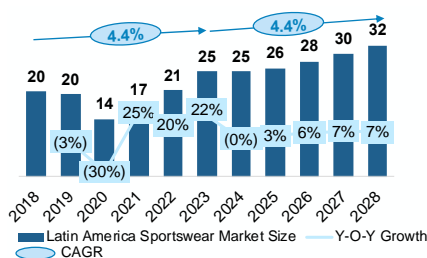


Figure 37: Evolution of Market Size in Latin America in \$bn (Euromonitor 2024)

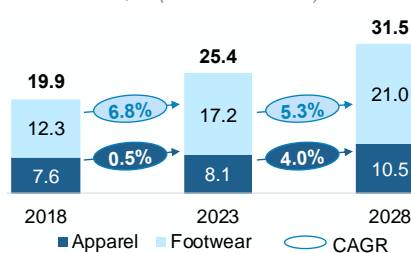


Figure 38: Evolution and Split of Market Size in Latin America in \$bn (Euromonitor 2024)

athletic footwear, constitute \$21.0bn and \$14.7bn, respectively, of the total (Figure 34). Recent market developments have witnessed modest growth, with the market facing a series of challenges such as the pandemic and declining consumer confidence. Despite these obstacles, there was only a 0.3% increase from 2018 to 2023. Specifically, Eastern Europe faced challenges, experiencing an annual contraction of 1%, while the MEA region demonstrated a modest 1.1% growth during this period. Looking ahead, the market is forecasted to grow at a **CAGR of 8.4% until 2028**. MEA is expected to surpass Eastern Europe, with projected CAGRs of 10.4% and 4.9%, respectively. The footwear and apparel segments are anticipated to grow at CAGRs of 7.8% and 8.9%, respectively, by 2028.

- North America

The **North American** market comprises the United States, which constitutes over 95% of the market size, and Canada. As of 2023, the **market volume** totals **\$157.9bn**, with \$107.1bn attributed to sports apparel and \$50.7bn to athletic footwear (Figure 35 & 36). Thus, the region accounts for roughly 39.9% of the global market size. Historically, the market has shown remarkable growth, doubling in size since 2010. Between 2018 and 2023, it grew at a CAGR of 4.8%. Despite a 15.6% decline in 2020 due to COVID-19, the market rebounded by 30.0% the following year. Forecasts indicate significant growth ahead, with an expected total market **CAGR of 5.6%**, reaching \$207.5bn by 2028. Footwear and apparel are anticipated to grow at CAGRs of 5.8% and 5.5%, respectively. The United States is expected to outpace Canada until 2028, with a projected growth rate of 5.7% compared to Canada's 3.8%.

- Latin America

Latin America, spanning from Mexico to Central and South America, accounted for approximately 6.4% of the global sportswear industry by 2023, with a **total market size of \$25.2bn** (Figure 37). Of this, \$17.2bn was generated from athletic footwear and \$8.1bn from sports apparel, resulting in an uneven distribution of market share within the global segments. In footwear, Latin America held a global market share of 10.5%, while only possessing a 3.5% market share in the sports apparel market. This suggests a lower maturity level in the market and a consumer preference for investing in footwear, perceived as a necessary and cost-effective premium product. Historically, market growth was mixed. From 2010 to 2018, revenues grew moderately at an annual rate of 0.75%, peaking at \$25.2bn in 2013 before a slight decline until 2018 (Euromonitor 2024). Between 2018 and 2023, the market accelerated, growing at a CAGR of 4.4%. Especially after COVID-19, the market experienced double-digit growth rates each year. The projected growth rate for the Latin American market is a **4.4% CAGR until 2028**, with total revenue expected to reach \$31.5bn. Notably, the apparel segment is anticipated to

experience slightly stronger growth at 5.33% compared to the footwear segment's 4.0% CAGR (**Figure 38**).

- Greater China

Puma considers **Greater China** a pivotal component of the Eastern Asian market, encompassing Mainland China, Hong Kong, Macau, and Taiwan, with Mainland China holding over 90% of the market share. As of 2023, the region's **market size is \$61.0bn**, with sports apparel contributing \$25.5bn and sports footwear \$35.1bn. As a result, Greater China achieves a share of 15.3% in the global market. Historically, this market has nearly tripled since 2010, growing at a CAGR of 7.2% from 2018 to 2023, with footwear and apparel segments expanding at 7.8% and 6.4%, respectively (**Figure 39 & 40**; Euromonitor 2024). Despite setbacks from COVID, experiencing declines of -2.8% in 2020 and -4.1% in 2022, the outlook for Greater China remains highly positive. Robust economic growth in China drives market expansion, fuelled by increasing demand for sportswear associated with a healthier, growing population, projecting a **CAGR of 7.7% until 2028**, reaching a market size of \$87.9bn (**Figure 39**). Notably, this attractive market landscape now also features local competitors, particularly Anta and Li-Ning, challenging established brands like Puma, Adidas, and Nike.

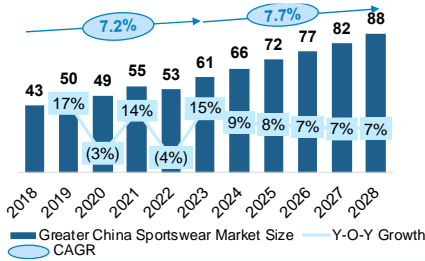


Figure 39: Evolution of Market Size in Greater China in \$bn (Euromonitor 2024)

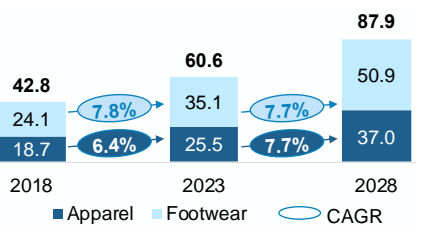


Figure 40: Evolution and Split of Market Size in Greater China in \$bn (Euromonitor 2024)

- APAC (excl. Greater China)

The **Asia-Pacific** market, including Australasia and Southeast Asia, comprises countries like Australia, South Korea, Japan, and India. This region accounted for 14.0% of the global market size. As of 2023, it **reached a size of \$47.0bn**, with \$26.7bn from sports apparel and \$20.4bn from footwear (Euromonitor 2024). Historically, this region showed robust growth from 2010 to 2018, with a CAGR of 7.7%. However, between 2018 and 2023, growth slowed to a CAGR of just 0.4% (**Figure 41 & 42**), largely due to significant declines in 2020 and 2022, falling by 17.1% and 3.9%, respectively, due to COVID-19 impacts. During the same period, the Australasian market grew by a CAGR of 5.1%, while the Southeast Asian market slightly contracted by -0.1%. Both sub-regions experienced significant growth prior to this, reaching their highest revenue to date in 2019 at \$47.3bn. In the foreseeable future, it is anticipated that the market will surpass this revenue in 2024, reaching a total size of \$81.7bn **by 2028**, with a **CAGR of 11.7%**. The apparel segment is projected to expand at a CAGR of 10.2%, while the sports footwear segment is anticipated to grow by 13.5%. This growth is primarily driven by economic development in Southeast Asian emerging markets.

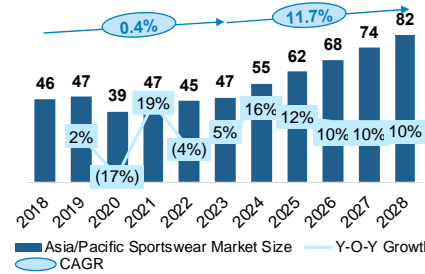


Figure 41: Evolution of Market Size in APAC in \$bn (Euromonitor 2024)

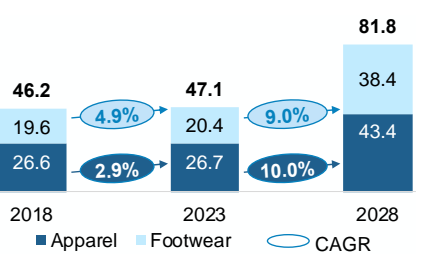


Figure 42: Evolution and Split of Market Size in APAC in \$bn (Euromonitor 2024)

Industry Trends and Drivers

Market recovery reflected in rebound in US consumer confidence...

A gradual recovery for the sportswear industry: After market turbulence, the sportswear industry expects a gradual yet significant recovery. Pandemic-induced

changes in work habits have stimulated demand for varied sportswear. Despite global consumer reluctance to spend on leisure items, evidenced by the OECD Consumer Confidence Index dropping to 98.0 by 2023, nearly matching its 2020 low, persistent inflation pressures persist (Figure 27; OECD 2024b). Nonetheless, positive global economic forecasts and early recovery indicators, such as heightened consumer confidence and purchasing power in the U.S., enhance market optimism. Moreover, despite reduced consumer confidence in 2022, the sportswear sector consistently outperformed the broader apparel and footwear industry, a trend expected to persist.

Casualization of sportswear: The rising demand for casual sportswear is transforming the market, with sports shoes, sneakers, and casual attire integrating seamlessly into daily wardrobes, merging functionality with fashion. This trend extends beyond specific athletic purposes to encompass everyday clothing with a sporty aesthetic. Sports shoes are progressively dominating traditional footwear market share and are projected to maintain this trend. Conventional sportswear brands and non-sportswear manufacturers are both embracing the allure of casual sportswear. This ongoing shift towards casualization is poised to persist, offering an intriguing alternative narrative within the broader market landscape.

Private labels on the rise: The surge in casual sportswear demand has spurred private labels and non-sportswear brands to introduce sportswear lines, as evidenced in **Figure 43** (Euromonitor 2024). This trend, notably in apparel (CAGR 2.0%), sees established players like Puma (2.6% market share) competing with private labels (3.7% market share). The fusion of functionality and style in sportswear, reflecting broader apparel market trends, attracts new competitors, especially in Asian markets. Brands like Puma must cultivate loyalty through diverse channels, including e-commerce, localized retail, events, and influencer partnerships. In this competitive arena, sportswear companies are investing in immersive physical and digital experiences.

Sustainability becoming increasingly important: Growing environmental awareness and regulatory pressures drive major clothing corporations to adopt sustainability strategies, emphasizing water conservation, pollution control, carbon emissions reduction, fair labour practices, and diversity. Consumers increasingly demand brand accountability, preferring socially and environmentally responsible options. Leading brands like Puma exemplify this shift, gaining consumer trust amid changing expectations. The Adidas case illustrates consumer backlash in 2022 due to offensive remarks by Kanye West, highlighting the broad scope of sustainability, encompassing Environmental, Social, and Governance (ESG) principles (Euromonitor 2024). Studies suggest that robust ESG performance not only mitigates risk but also enhances financial performance.

Casual sportswear is becoming more and more important and is now even worn in the business sector, e.g. On shoes...

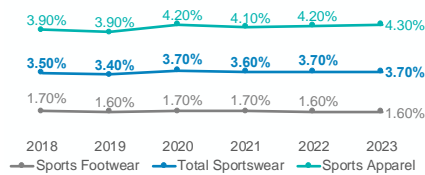


Figure 43: Global development of private label shares (Euromonitor 2024)

Sustainability can be an argument to win customers, but it can also cause problems if it is violated...

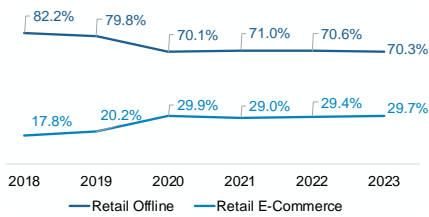


Figure 44: Worldwide e-commerce shares development (Euromonitor 2024)

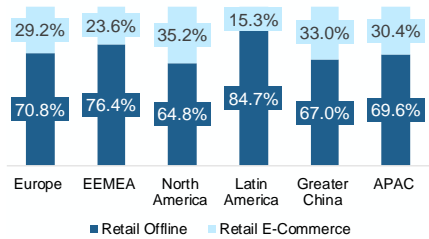


Figure 45: Local e-commerce shares as of 2023 (Euromonitor 2024)

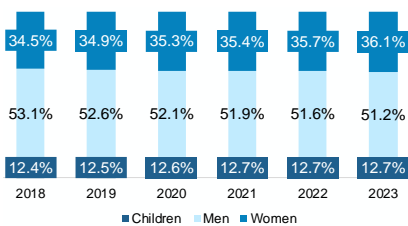


Figure 46: Worldwide demographic share development (Euromonitor 2024)

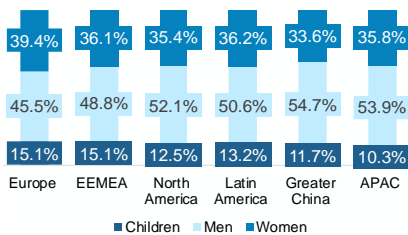


Figure 47: Worldwide demographic shares by region (Euromonitor 2024)

In the U.S. more than 64m individual regularly go to the gym...

Digitalization (e-commerce): As depicted in **Figure 44**, e-commerce sales have consistently grown at a 10.8% CAGR since 2018, accounting for nearly 30.0% of total sales (Euromonitor 2024). The unmatched convenience of e-commerce drives this trend, offering customers the ability to shop anytime and anywhere, even amid busy schedules. Furthermore, e-commerce increases the likelihood of finding desired items. From the seller's viewpoint, e-commerce broadens customer reach, streamlines targeted advertising, and enables thorough analysis of purchasing patterns through data aggregation. Moreover, it slashes operational costs by eliminating expensive physical establishments and staff, leveraging existing IT infrastructure and storage facilities. **Figure 45** illustrates regional disparities; while relatively similar, the Asian Pacific region and North America exhibit slightly higher e-commerce maturity levels (Euromonitor 2024).

Age of women's empowerment: **Figure 46** illustrates women's current underrepresentation in revenue shares. However, emerging trends in female empowerment, notably in regions such as Northern Europe, challenge traditional gender norms. Increased female participation in sports, evidenced by events like the 2023 Puma, exemplifies this shift. Projections suggest women will account for 50% of disposable income, signalling untapped potential with implications for the sportswear market and broader macroeconomics. This forecast anticipates heightened purchasing power and potentially disproportionate growth in women's product sales relative to men's, a trend observed consistently across continents (**Figure 47**; Euromonitor 2024)

Healthier lifestyle: As economies develop, people prioritize healthier lifestyles, leading to increased gym memberships and regular exercise, even in countries like China. For instance, over 64 million Americans visit the gym more than 104 days annually, a trend poised to further fuel the demand for sportswear (Glofox 2023).

Competitive Landscape

The competitive landscape in the sportswear industry is **highly fragmented**, as evidenced by a **Herfindahl-Hirschman Index of <450 (Figure 48)**. Broadly, the same competitors dominate the global market, with slight variations in market share and presence in specific regions. For instance, local competitors are more prominent in Asian markets, European brands more present in Europe, and American companies prevail in North America.

Additionally, from Puma's perspective, the competitive landscape can be divided into several categories: **Traditional sportswear** produced by established manufacturers like Nike, Adidas, and Puma (**Figure 49**); **Asian players** at the front Anta and Li-Ning, which have recently entered this segment and **niche players** specialized in particular segments competing with Puma. These niche players

| # | Company | Market Share |
|----|-----------------|--------------|
| 1 | Nike | 18.0% |
| 2 | Adidas | 8.3% |
| 3 | VF Corp | 3.4% |
| 4 | Anta Sports | 3.1% |
| 5 | Puma | 2.6% |
| 6 | Skechers | 2.4% |
| 7 | Lululemon | 2.2% |
| 8 | Under Armour | 2.1% |
| 9 | New Balance | 1.5% |
| 10 | Li Ning | 1.4% |
| 11 | Asics | 1.4% |
| 12 | Decathlon | 1.2% |
| 13 | Columbia Sports | 1.1% |
| 14 | On | 0.7% |
| 15 | Others | 50.6% |

Figure 48: Market shares by company in sportswear market (Euromonitor 2024)



Figure 49: Competitive landscape of Puma

include **athletic footwear** companies like Asics and Skechers, solely focusing on footwear production, **outdoor experts** such as Fenix and Columbia Sports, concentrating on outdoor activities, and **lifestyle players** like Hugo Boss, Birkenstock, and Crocs, with whom Puma competes in lifestyle products, primarily due to geographical reasons.

Figure 50 delineates Puma's main competitors and their strengths, revealing the striking similarity in operational business models among Puma, Adidas, and Nike.

| | Traditional competitors | | | | New competitors | | Asian competitors | |
|-----------------------------------|---|---|---|--|---|---|--|---|
| Company | PUMA | Adidas | Nike | DECATHLON | Under Armour | Birkenstock | ANTA | LI-NING |
| Headquarters | Herzogenaurach | Herzogenaurach | Beaverton | Villeneuve-d'A. | Vancouver | Baltimore | Jinjiang | Beijing |
| Foundation | 1948 | 1949 | 1964 | 1976 | 1998 | 1996 | 1994 | 1989 |
| Employees ¹⁾ | ~18,500 | ~59,000 | ~83,500 | ~103,000 | ~38,000 | ~15,000 | ~59,000 | ~4,500 |
| Revenue in EUR m ¹⁾ | 8,600 | 21,400 | 46,600 | 15,400 | 8,700 | 5,300 | 8,200 | 3,300 |
| EBITDA in EUR m ¹⁾ | 980 | 1,400 | 6,200 | n.a. | 2,400 | 400 | 2,600 | 700 |
| Net Income in EUR m ¹⁾ | 300 | (100) | 4,900 | 900 | 1,400 | 400 | 1,300 | 400 |
| Pricing ²⁾ | Low | Low | Low | Low | Low | Low | Low | Low |
| Product offer | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle |
| Description | Strong innovation; designs, develops, sells, and markets sportswear; strong presence in European sports | Same origin as Puma with comparable Business model; design, development, sale of sportswear | Largest sportswear firm in the world; Design, marketing and distribution of sportswear and diverse services | Privately held sportswear manufacturer; diverse range of products across sports and outdoor activities | Pioneer in the lifestyle sports segment; Product range focuses mainly on a range of non-ball sportswear | Focus on combat and thermal sportswear; Expanded to athletic apparel, footwear, and accessories | Leading Chinese sportswear manufacturer; Strong growth supported by strategic M&A's, (e.g., Amer Sports) | Leading firm engaged in development, design, manufacturing, and sales of sportswear |

Figure 50: Competitive landscape main competitor matrix (Refinitiv, Company Information)

Comparative SWOT Analysis: Puma, Adidas & Nike

The following chapter examines the strengths, weaknesses, opportunities, and threats of Puma, Adidas, and Nike in the context of their competitive environment (The Strategy Story 2024).

Strengths: Adidas, Nike, and Puma are renowned for their strong global brand recognition, which is crucial for success in the competitive sportswear market. Each company has successfully harnessed high-profile endorsements and sponsorships to enhance brand visibility and consumer engagement. While Adidas and Nike offer a broad and diverse product range, Puma distinguishes itself with its innovative marketing strategies and bold expansion efforts, which have effectively established its presence in over 120 countries.

Weaknesses: Nike and Adidas are particularly vulnerable to risks associated with outsourced manufacturing, which exposes them to potential supply chain disruptions and labour controversies. Puma, on the other hand, contends with challenges related to its market share and brand perception. Its reliance on footwear limits its market flexibility compared to Adidas, which has diversified extensively into sports and lifestyle products. This narrower focus may hinder Puma's ability to adapt quickly to changing market trends.

Opportunities: The shift towards digital sales platforms and the expansion into emerging markets present lucrative opportunities for all three brands. Increasing internet penetration and the growth of the middle class in these regions offer new

Digital sales and strong Latin American presence offer Puma opportunities...

Puma's narrow focus may hinder the company's ability to adapt adequately to market trends, e.g. e-commerce...

Puma stands out with bold marketing strategy...

Threats come mainly from the market and macro environment...

avenues for consumer engagement. Puma is well-positioned to enhance its brand equity through strategic partnerships and increasing its footprint in untapped markets, particularly in Asia and Latin America. Its strong commitment to marketing and sponsorships, demonstrated by its involvement in global sports events like the FIFA World Cup, further amplifies its potential to expand its global presence.

Threats: Economic downturns and the prevalence of counterfeit products are significant threats that impact Adidas, Nike, and Puma alike, affecting their global operations and profitability. The highly competitive nature of the sportswear market compels all three to continually innovate and adapt to consumer preferences. Puma faces additional challenges due to its smaller scale and lesser brand power, which may limit its competitive capabilities relative to Adidas and Nike. Additionally, market saturation and economic sensitivity in key growth regions pose specific risks that Puma must navigate to maintain its growth trajectory and profitability.

Valuation

Relative Valuation

In our relative valuation, we employ a **Comparable Company Analysis (CCA)** to evaluate Puma by comparing it to similar publicly traded firms in the athletic footwear, apparel, and equipment sectors. We analysed EV, market capitalization and forecasted financial metrics such as sales, EBITDA, EBIT, and earnings multiples to ensuring a diverse and relevant peer group comparison.

Sportswear: This group includes prominent industry leaders such as Adidas, Nike, Lululemon Athletica, Under Armour, and ON. These companies are directly comparable to Puma in terms of product offerings in sports apparel and footwear. The inclusion of both established giants like Nike and newer, rapidly growing entities like ON allows for a balanced view of the market's potential and challenges.

Asian Players: This includes major Asian market players like Anta Sports and Li Ning, which are significant for their strong regional presence. This group offers valuable insights into Puma's strategic positioning and growth in these burgeoning markets.

Athletic Footwear: Focusing on companies like Skechers and ASICS that specialize in athletic footwear, this group helps assess the sector's specific operational metrics and market dynamics. In doing so, this is crucial for evaluating Puma's competitive standing in this area.

Outdoor Performance: With companies such as Deckers Outdoor, Columbia Sportswear, AMER Sports, Fenix Outdoor, RevolutionRace, Dick's Sporting Goods, and VF, this group spans a broad spectrum of outdoor and performance gear. This diverse set provides a lens to consumer trends and product innovation.

| Calculating Implied Share Price | 2024 Trading Multiple | | | |
|---------------------------------|-----------------------|--------|-------|-------|
| | Revenue | EBITDA | EBIT | P/E |
| Minimum | 0.59x | 5.7x | 8.6x | 10.0x |
| 25th Percentile | 1.42x | 9.3x | 12.1x | 15.1x |
| Mean | 2.14x | 13.1x | 15.4x | 19.9x |
| Median | 2.03x | 11.7x | 14.6x | 19.7x |
| 75th Percentile | 2.73x | 18.4x | 21.4x | 27.7x |
| Maximum | 3.99x | 24.7x | 33.8x | 47.2x |

Figure 51: Trading Multiple based on CCA Valuation

Lifestyle: This segment includes companies like Hugo Boss, Crocs, and Birkenstock, which are aligned with Puma's lifestyle product lines. These companies, though varied in their core product focus, provide a perspective on the lifestyle segment, which intersects with casual wear and fashion-oriented products.

For each peer group, we calendarized the collected financial data to ensure comparability. We extracted current and projected multiples, with a focus on EV/Sales, EV/EBITDA, EV/EBIT, and P/E ratios. These ratios were calculated based on Refinitiv's forecasts for Sales, EBITDA, EBIT, and Net income.

Through the analysis of diverse peer groups, various dimensions of Puma's operations were scrutinized, including regional performances, product-specific strategies, and overarching market trends. By applying the median forward multiples projected for 2024 as illustrated in **Figure 52** to our 2024 projected financials of Puma's, an EV range was determined, spanning from approximately €8.6bn to €18.2bn. The valuation using the EBIT multiple marked the lower boundary, while the sales multiple represented the upper limit.

After adjusting for Puma's 2024 projected net debt of €1,238m and dividing this value by the total number of outstanding shares, an implied share price range was established. The results from the CCA suggest that Puma's share can be valued between €49.4 and €113.4 (**Figure 54**).

Recommendation

Subsequent to the completion of prior valuation methodologies, we proceed to the **Football-Field** analysis, where all valuation ranges are overlaid (**Appendix 3**). Notably, the valuation based on EV/EBITDA multiples in the CCA predominantly exhibits distinctiveness and lacks intersections with the valuation ranges of other methods. To derive a comprehensive valuation, a weighted aggregation of all methodologies is employed. The valuation based on EV/Revenue Multiples is excluded due to its significant deviation and consequent distortion. The relative methodology using multiples contributes 40% to the overall valuation, with each of the remaining multiples equally weighted at 13.3%. The DCF valuation holds a weight of 60%. This yields a **final valuation of €55.1**, implying a **premium of 29.9%** over the current Share Price of €42.4 as of 24th April 2024. Based on this substantial premium, a **buy recommendation** for Puma stock is substantiated.

Sensitivity Analysis

A sensitivity analysis was conducted on a DCF valuation to evaluate the impact of varying the terminal growth rate, Exit EBIT multiple, and WACC.

Exit Multiples and WACC: The baseline scenario uses an Exit Multiple of 14.6x

| | Enterprise Value | | | |
|-----------------|------------------|--------|--------|------------|
| | Revenue | EBITDA | EBIT | Net Income |
| Minimum | 5,314 | 5,594 | 5,063 | 5,055 |
| 25th Percentile | 12,782 | 9,067 | 7,103 | 7,000 |
| Mean | 19,205 | 12,809 | 9,062 | 8,861 |
| Median | 18,203 | 11,484 | 8,610 | 8,753 |
| 75th Percentile | 24,455 | 18,036 | 12,621 | 11,839 |
| Maximum | 35,820 | 24,204 | 19,893 | 19,315 |

Figure 52: Enterprise Values (in €m) based on CCA Valuation

| | Equity Value | | | |
|-----------------|--------------|--------|--------|------------|
| | Revenue | EBITDA | EBIT | Net Income |
| Minimum | 4,102 | 4,382 | 3,851 | 3,843 |
| 25th Percentile | 11,570 | 7,855 | 5,891 | 5,789 |
| Mean | 17,993 | 11,597 | 7,850 | 7,649 |
| Median | 16,991 | 10,273 | 7,399 | 7,541 |
| 75th Percentile | 23,243 | 16,824 | 11,409 | 10,628 |
| Maximum | 34,608 | 22,992 | 18,681 | 18,103 |

Figure 53: Equity Values (in €m) based on CCA Valuation

| | Implied Share Price | | | |
|-----------------|---------------------|---------|---------|------------|
| | Revenue | EBITDA | EBIT | Net Income |
| Minimum | € 27.37 | € 29.24 | € 25.70 | € 25.65 |
| 25th Percentile | € 77.22 | € 52.42 | € 39.31 | € 38.63 |
| Mean | € 120.08 | € 77.40 | € 52.39 | € 51.05 |
| Median | € 113.39 | € 68.56 | € 49.38 | € 50.33 |
| 75th Percentile | € 155.12 | € 112.3 | € 76.14 | € 70.93 |
| Maximum | € 230.96 | € 153.4 | € 124.7 | € 120.8 |

Figure 54: Implied Share Prices based on CCA Valuation

| | | Exit EBIT Multiple | | | | |
|------|------|--------------------|-------|-------|-------|-------|
| | | 12.6x | 13.6x | 14.6x | 15.6x | 16.6x |
| WACC | 6.5% | 59.7 | 63.7 | 67.7 | 71.6 | 75.6 |
| | 7.0% | 58.0 | 61.8 | 65.7 | 69.5 | 73.4 |
| | 7.5% | 56.3 | 60.0 | 63.8 | 67.5 | 71.2 |
| | 8.0% | 54.7 | 58.3 | 61.9 | 65.5 | 69.2 |
| | 8.5% | 53.1 | 56.6 | 60.1 | 63.7 | 67.2 |

Figure 55: Sensitivity analysis Terminal Growth Rate and WACC (Own calculations)

and a WACC of 7.5%. Adjusting the Exit Multiple to 13.6x lowers the share price to €60.0 due to a reduced terminal value and total present value. Increasing the Exit Multiple to 15.6x raises the share price to €67.5, reflecting a higher terminal value. Similarly, decreasing the WACC to 7.0% increases the share price from €63.7 to €65.6 by lowering the discount rate, thereby enhancing the present value of future cash flows. Conversely, raising the WACC to 8.0% reduces the share price to €61.9 due to an increased discount rate (Figure 55).

| | | TGR | | | | |
|------|------|-------|-------|-------|-------|-------|
| | | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% |
| WACC | 6.5% | 62.8 | 66.1 | 69.8 | 73.9 | 78.7 |
| | 7.0% | 55.8 | 58.4 | 61.2 | 64.4 | 68.0 |
| | 7.5% | 50.1 | 52.1 | 54.4 | 56.9 | 59.7 |
| | 8.0% | 45.3 | 47.0 | 48.8 | 50.8 | 53.0 |
| | 8.5% | 26.8 | 27.6 | 28.5 | 29.4 | 30.4 |

Figure 56: Sensitivity analysis Exit EBIT Multiple and WACC (Own calculations)

TGR and WACC: Changing the TGR by ±0.25 percentage points from the baseline of 2.5% with a constant WACC of 7.5% also provides valuable insights. Reducing the TGR to 2.25% decreases the share price to €52.1 as it suggests slower long-term growth and a lower terminal value. Increasing the TGR to 2.75% boosts the share price to €56.9 due to expected higher long-term growth (Figure 56).

Overall Impact: Minor adjustments in **WACC** (7.0% to 8.0%) and **Exit Multiples** (13.6x to 15.6x) set a **share price range** of approximately **€58.2 to €69.4**. Similarly, altering the **TGR by ±0.25 points** from 2.5%, along with adjustments in WACC, shifts the share price between **€47.0 and €64.4**. These results suggest that even conservative changes to TGR, WACC, and Exit Multiples project Puma's shares to exceed the current price of €42.4, supporting **our buy recommendation**.

Scenario Analysis

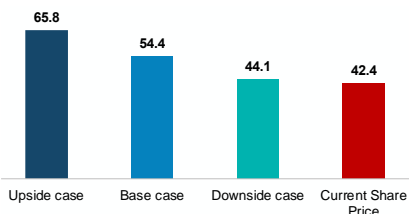


Figure 57: Scenario Analysis of Implied Share Prices based on DCF (in €)

In the scenario analysis, two cases were evaluated: an upside and downside case. In the **upside** scenario, it was assumed that total revenue growth, gross margins, and OPEX as % of sales would each improve by 1.0 percentage point compared to the base case. This improvement is attributed to a stronger economic recovery and increased consumer confidence, leading to higher demand for sportswear and successful implementation of Puma's strategic initiatives, including gaining more market share in the Asia-Pacific region due to effective marketing initiatives, the US strategy, and traction with lifestyle products. Conversely, the **downside** scenario assumes: a decline in consumer confidence, reduced demand for sportswear, and unsuccessful execution of Puma's strategic initiatives. This would result in reductions of 1.0 percentage point in both total revenue growth and gross margins, along with a corresponding 1.0 percentage point increase in OPEX as % of sales. These adjustments result in an estimated share price of **€65.8** for the upside case and **€44.1** for the downside case (Figure 57). Remarkably, even the projected share price in the downside case exceeds the current share price of €42.4 by 5.2%, thereby supporting our **buy recommendation**.

Appendix

1. Financial Statements

Reformulated Income Statement

| | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| REFORMULATED INCOME STATEMENT (€m) | | | | | | | | | | | | | | |
| CORE BUSINESS | | | | | | | | | | | | | | |
| Sales | 4,648 | 5,502 | 5,234 | 6,805 | 8,465 | 8,602 | 8,971 | 9,448 | 9,979 | 10,536 | 11,134 | 11,651 | 12,068 | 12,370 |
| Sales Europe | 1,171 | 1,268 | 1,229 | 1,524 | 1,923 | 2,016 | 2,074 | 2,141 | 2,217 | 2,272 | 2,343 | 2,412 | 2,477 | 2,539 |
| Sales EEMEA | 523 | 736 | 688 | 975 | 1,333 | 1,626 | 1,740 | 1,831 | 1,943 | 2,068 | 2,207 | 2,324 | 2,414 | 2,475 |
| Sales North America | 1,163 | 1,409 | 1,350 | 1,969 | 2,531 | 2,096 | 2,193 | 2,311 | 2,437 | 2,570 | 2,702 | 2,818 | 2,913 | 2,986 |
| Sales Latin America | 432 | 517 | 403 | 631 | 1,098 | 1,240 | 1,244 | 1,289 | 1,366 | 1,458 | 1,555 | 1,637 | 1,701 | 1,743 |
| Sales Asia Pacific (excl. China) | 553 | 521 | 460 | 533 | 589 | 552 | 611 | 684 | 751 | 825 | 906 | 974 | 1,022 | 1,047 |
| Sales Greater China | 534 | 756 | 789 | 767 | 521 | 582 | 636 | 699 | 751 | 803 | 857 | 903 | 938 | 961 |
| Sales stichd | 272 | 296 | 316 | 406 | 470 | 459 | 472 | 492 | 516 | 540 | 563 | 585 | 603 | 618 |
| Others | | | | | | 30 | | | | | | | | |
| Cost of Sales | (2,399) | (2,816) | (2,776) | (3,548) | (4,562) | (4,615) | (4,799) | (5,044) | (5,277) | (5,564) | (5,880) | (6,153) | (6,374) | (6,533) |
| Gross Profit | 2,249 | 2,686 | 2,458 | 3,258 | 3,903 | 3,987 | 4,172 | 4,404 | 4,702 | 4,972 | 5,254 | 5,498 | 5,694 | 5,837 |
| Royalty and Commission Income | 16 | 25 | 16 | 24 | 34 | 39 | 35 | 36 | 38 | 41 | 43 | 45 | 47 | 48 |
| SGA (excl. Expenses for retirement pension, Other operating income and impairment losses on trade receivables and other financial assets) | (1,895) | (2,208) | (2,175) | (2,659) | (3,202) | (3,310) | (3,515) | (3,702) | (3,910) | (4,128) | (4,363) | (4,565) | (4,729) | (4,847) |
| <i>thereof impairment losses on trade receivables and other financial assets</i> | - | 3 | 31 | (0) | 4 | 12 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| <i>Of which Selling Expenses (excl. Expenses for retirement pension)</i> | <i>(1,470)</i> | <i>(1,757)</i> | <i>(1,735)</i> | <i>(2,139)</i> | <i>(2,588)</i> | <i>(2,700)</i> | <i>(2,876)</i> | <i>(3,028)</i> | <i>(3,199)</i> | <i>(3,377)</i> | <i>(3,569)</i> | <i>(3,734)</i> | <i>(3,868)</i> | <i>(3,965)</i> |
| <i>Selling Expenses</i> | <i>(1,524)</i> | <i>(1,821)</i> | <i>(1,794)</i> | <i>(2,207)</i> | <i>(2,677)</i> | <i>(2,799)</i> | <i>(2,975)</i> | <i>(3,134)</i> | <i>(3,310)</i> | <i>(3,494)</i> | <i>(3,693)</i> | <i>(3,864)</i> | <i>(4,002)</i> | <i>(4,103)</i> |
| <i>Expenses for retirement pension and other personnel expenses</i> | <i>54</i> | <i>64</i> | <i>59</i> | <i>69</i> | <i>90</i> | <i>99</i> | <i>100</i> | <i>105</i> | <i>111</i> | <i>117</i> | <i>124</i> | <i>130</i> | <i>134</i> | <i>138</i> |
| <i>Of which General Administrative Expenses</i> | <i>(372)</i> | <i>(393)</i> | <i>(415)</i> | <i>(458)</i> | <i>(537)</i> | <i>(533)</i> | <i>(553)</i> | <i>(582)</i> | <i>(615)</i> | <i>(649)</i> | <i>(686)</i> | <i>(718)</i> | <i>(743)</i> | <i>(762)</i> |
| <i>Product management/merchandising</i> | <i>(44)</i> | <i>(53)</i> | <i>(46)</i> | <i>(53)</i> | <i>(71)</i> | <i>(83)</i> | <i>(86)</i> | <i>(91)</i> | <i>(96)</i> | <i>(101)</i> | <i>(107)</i> | <i>(112)</i> | <i>(116)</i> | <i>(119)</i> |
| <i>Administrative and general expenses</i> | <i>(328)</i> | <i>(340)</i> | <i>(369)</i> | <i>(405)</i> | <i>(466)</i> | <i>(451)</i> | <i>(467)</i> | <i>(491)</i> | <i>(519)</i> | <i>(548)</i> | <i>(579)</i> | <i>(606)</i> | <i>(628)</i> | <i>(643)</i> |
| <i>Of which Research and Development Costs</i> | <i>(54)</i> | <i>(62)</i> | <i>(57)</i> | <i>(62)</i> | <i>(82)</i> | <i>(89)</i> | <i>(87)</i> | <i>(92)</i> | <i>(97)</i> | <i>(102)</i> | <i>(108)</i> | <i>(113)</i> | <i>(117)</i> | <i>(120)</i> |
| Core Result before Taxes | 370 | 504 | 299 | 623 | 734 | 715 | 692 | 739 | 830 | 884 | 934 | 978 | 1,012 | 1,038 |
| <i>Statutory Taxes</i> | <i>(101)</i> | <i>(137)</i> | <i>(81)</i> | <i>(170)</i> | <i>(200)</i> | <i>(195)</i> | <i>(188)</i> | <i>(201)</i> | <i>(226)</i> | <i>(241)</i> | <i>(254)</i> | <i>(266)</i> | <i>(276)</i> | <i>(283)</i> |
| <i>Tax Adjustments</i> | <i>19</i> | <i>2</i> | <i>7</i> | <i>12</i> | <i>18</i> | <i>23</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> | <i>13</i> |
| Core Result | 288 | 368 | 225 | 465 | 552 | 543 | 517 | 551 | 618 | 657 | 693 | 725 | 750 | 768 |
| NON-CORE BUSINESS | | | | | | | | | | | | | | |
| Other Operating Income | 21 | 4 | 0 | 3 | 0 | 18 | 12 | 12 | 13 | 14 | 15 | 15 | 16 | 16 |
| <i>Impairment Losses on Trade Receivables and Other Financial Assets</i> | <i>-</i> | <i>(3)</i> | <i>(31)</i> | <i>0</i> | <i>(4)</i> | <i>(12)</i> | <i>(15)</i> | <i>(16)</i> | <i>(17)</i> | <i>(18)</i> | <i>(19)</i> | <i>(20)</i> | <i>(20)</i> | <i>(21)</i> |
| <i>Expenses for Retirement Pensions</i> | <i>(54)</i> | <i>(64)</i> | <i>(59)</i> | <i>(69)</i> | <i>(90)</i> | <i>(99)</i> | <i>(100)</i> | <i>(105)</i> | <i>(111)</i> | <i>(117)</i> | <i>(124)</i> | <i>(130)</i> | <i>(134)</i> | <i>(138)</i> |
| <i>Results from Associated Companies</i> | <i>(2)</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Non-Core Result before Taxes | (35) | (63) | (90) | (66) | (94) | (94) | (103) | (109) | (115) | (121) | (128) | (134) | (139) | (142) |
| <i>Statutory Taxes</i> | <i>9</i> | <i>17</i> | <i>24</i> | <i>18</i> | <i>26</i> | <i>26</i> | <i>28</i> | <i>30</i> | <i>31</i> | <i>33</i> | <i>35</i> | <i>37</i> | <i>38</i> | <i>39</i> |
| <i>Tax Adjustments</i> | <i>(17)</i> | <i>4</i> | <i>(2)</i> | <i>(3)</i> | <i>5</i> | <i>(10)</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> |
| Other Comprehensive Income | 76 | (41) | (237) | 207 | 8 | (107) | (26) | (27) | (29) | (30) | (32) | (34) | (35) | (36) |
| Non-Core Result | 34 | (84) | (305) | 157 | (55) | (185) | (101) | (106) | (112) | (119) | (125) | (131) | (136) | (139) |
| FINANCIALS | | | | | | | | | | | | | | |
| Other Financial Income | 8 | 19 | 27 | 18 | 47 | 76 | 41 | 43 | 45 | 48 | 51 | 53 | 55 | 56 |
| <i>Interest Income</i> | <i>4</i> | <i>7</i> | <i>8</i> | <i>12</i> | <i>32</i> | <i>37</i> | <i>51</i> | <i>59</i> | <i>62</i> | <i>65</i> | <i>64</i> | <i>61</i> | <i>57</i> | <i>51</i> |
| <i>Interest Expense</i> | <i>(15)</i> | <i>(14)</i> | <i>(14)</i> | <i>(13)</i> | <i>(15)</i> | <i>(53)</i> | <i>(59)</i> | <i>(54)</i> | <i>(51)</i> | <i>(47)</i> | <i>(41)</i> | <i>(34)</i> | <i>(36)</i> | <i>(37)</i> |
| <i>Other Financial Expenses</i> | <i>(20)</i> | <i>(35)</i> | <i>(68)</i> | <i>(69)</i> | <i>(153)</i> | <i>(203)</i> | <i>(113)</i> | <i>(119)</i> | <i>(125)</i> | <i>(132)</i> | <i>(140)</i> | <i>(146)</i> | <i>(151)</i> | <i>(155)</i> |
| Financial Result before Taxes | (23) | (23) | (47) | (52) | (89) | (143) | (80) | (70) | (69) | (67) | (67) | (67) | (75) | (85) |
| <i>Statutory Taxes</i> | <i>6</i> | <i>6</i> | <i>13</i> | <i>14</i> | <i>24</i> | <i>39</i> | <i>22</i> | <i>19</i> | <i>19</i> | <i>18</i> | <i>18</i> | <i>18</i> | <i>21</i> | <i>23</i> |
| Financial Result | (16) | (16) | (34) | (38) | (65) | (104) | (58) | (51) | (50) | (49) | (49) | (48) | (55) | (62) |
| Total Comprehensive Income | 306 | 268 | (114) | 584 | 433 | 254 | 358 | 393 | 455 | 489 | 519 | 545 | 559 | 567 |
| EBIT | 337 | 440 | 209 | 557 | 641 | 622 | 589 | 630 | 716 | 763 | 806 | 843 | 874 | 895 |
| <i>D&A</i> | <i>82</i> | <i>246</i> | <i>294</i> | <i>306</i> | <i>359</i> | <i>358</i> | <i>391</i> | <i>413</i> | <i>437</i> | <i>463</i> | <i>490</i> | <i>514</i> | <i>533</i> | <i>546</i> |
| EBITDA | 419 | 687 | 503 | 863 | 1,000 | 979 | 980 | 1,043 | 1,153 | 1,226 | 1,297 | 1,357 | 1,406 | 1,441 |

▪ Reformulated Balance Sheet

| REFORMULATED BALANCE SHEET (€m) | | | | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Fiscal Year | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
| CORE BUSINESS | | | | | | | | | | | | | | |
| Inventories | 915 | 1,110 | 1,138 | 1,492 | 2,245 | 1,804 | 1,991.0 | 2,092.5 | 2,189.4 | 2,308.4 | 2,439.6 | 2,552.9 | 2,644.3 | 2,710.4 |
| Trade receivables | 554 | 612 | 621 | 848 | 1,065 | 1,118 | 1,090.6 | 1,148.5 | 1,213.1 | 1,280.7 | 1,353.5 | 1,416.3 | 1,467.0 | 1,503.7 |
| Income tax receivables | 34 | 34 | 21 | 38 | 54 | 90 | 60 | 63 | 67 | 70 | 74 | 78 | 80 | 82 |
| Other current assets - Core | 92 | 93 | 89 | 167 | 214 | 223 | 194 | 204 | 215 | 227 | 240 | 251 | 260 | 267 |
| Core Current Assets | 1,594 | 1,849 | 1,870 | 2,545 | 3,578 | 3,236 | 3,335 | 3,508 | 3,684 | 3,887 | 4,108 | 4,298 | 4,452 | 4,563 |
| Trade payables | (705) | (844) | (942) | (1,176) | (1,735) | (1,500) | (1,575.3) | (1,655.7) | (1,732.3) | (1,826.4) | (1,930.3) | (2,019.9) | (2,092.2) | (2,144.5) |
| Income taxes | (68) | (89) | (89) | (86) | (87) | (79) | (118) | (126) | (142) | (151) | (160) | (167) | (173) | (177) |
| Other current liabilities | (305) | (376) | (378) | (549) | (619) | (493) | (623.8) | (656.9) | (693.9) | (732.6) | (774.2) | (810.1) | (839.1) | (860.1) |
| Core Current Liabilities | (1,078) | (1,309) | (1,409) | (1,811) | (2,441) | (2,073) | (2,317) | (2,439) | (2,568) | (2,710) | (2,864) | (2,997) | (3,104) | (3,182) |
| Operating Working Capital (excl. Operating Cash) | 516 | 541 | 461 | 734 | 1,138 | 1,163 | 1,018 | 1,069 | 1,116 | 1,177 | 1,243 | 1,301 | 1,348 | 1,381 |
| Operating Cash | 93 | 110 | 105 | 136 | 169 | 172 | 179 | 189 | 200 | 211 | 223 | 233 | 241 | 247 |
| Operating Working Capital (incl. Operating Cash) | 609 | 651 | 566 | 870 | 1,307 | 1,335 | 1,197 | 1,258 | 1,316 | 1,387 | 1,466 | 1,534 | 1,589 | 1,629 |
| Property, plant and equipment | 295 | 395 | 407 | 472 | 592 | 686 | 797 | 913 | 1,037 | 1,167 | 1,305 | 1,449 | 1,598 | 1,751 |
| Right-of-use assets | - | 719 | 878 | 941 | 1,111 | 1,088 | 1,246 | 1,312 | 1,386 | 1,463 | 1,546 | 1,618 | 1,676 | 1,718 |
| Intangible assets | 192 | 205 | 202 | 227 | 264 | 292 | 294.5 | 310.1 | 327.6 | 345.8 | 365.5 | 382.4 | 396.1 | 406.0 |
| Total Fixed Assets | 486 | 1,319 | 1,487 | 1,640 | 1,967 | 2,065 | 2,337 | 2,535 | 2,750 | 2,976 | 3,216 | 3,449 | 3,670 | 3,875 |
| Deferred tax assets | 208 | 238 | 278 | 280 | 295 | 296 | 376 | 396 | 418 | 441 | 466 | 488 | 505 | 518 |
| Deferred tax liabilities | (48) | (53) | (41) | (49) | (42) | (12) | (62) | (65) | (69) | (72) | (77) | (80) | (83) | (85) |
| Core Invested Capital | 1,256 | 2,154 | 2,289 | 2,741 | 3,527 | 3,684 | 3,848 | 4,124 | 4,415 | 4,732 | 5,072 | 5,391 | 5,682 | 5,937 |
| NON-CORE BUSINESS | | | | | | | | | | | | | | |
| Non-core Business (Assets) | | | | | | | | | | | | | | |
| Other current assets - Non-core | 24 | 37 | 35 | 34 | 22 | 48 | 47 | 50 | 53 | 55 | 59 | 61 | 63 | 65 |
| Other non-current assets | 9 | 19 | 7 | 9 | 9 | 26 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Goodwill | 246 | 250 | 241 | 245 | 243 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 |
| Total | 279 | 306 | 283 | 288 | 273 | 312 | 252 | 252 | 252 | 252 | 252 | 252 | 252 | 252 |
| Non-core Business (Liabilities) | | | | | | | | | | | | | | |
| Pension, other provisions and liabilities | (98) | (117) | (113) | (119) | (104) | (79) | (116) | (123) | (129) | (137) | (144) | (151) | (157) | (160) |
| Pension provisions | (29) | (34) | (38) | (32) | (22) | (23) | | | | | | | | |
| Other current provisions | (40) | (35) | (35) | (48) | (50) | (28) | | | | | | | | |
| Other non-current provisions | (26) | (43) | (39) | (38) | (30) | (27) | | | | | | | | |
| Other non-current liabilities | (3) | (4) | (1) | (2) | (1) | (1) | | | | | | | | |
| Total | (98) | (117) | (113) | (119) | (104) | (79) | (116) | (123) | (129) | (137) | (144) | (151) | (157) | (160) |
| Non-core Invested Capital | 178 | 185 | 169 | 167 | 168 | 232 | 136 | 130 | 123 | 116 | 108 | 101 | 96 | 92 |
| Total Invested Capital | 1,434 | 2,340 | 2,458 | 2,908 | 3,695 | 3,916 | 3,984 | 4,254 | 4,538 | 4,847 | 5,180 | 5,492 | 5,777 | 6,028 |
| FINANCIAL | | | | | | | | | | | | | | |
| Financial (Assets) | | | | | | | | | | | | | | |
| Other current financial assets | 111 | 77 | 53 | 153 | 138 | 95 | 194 | 204 | 215 | 227 | 240 | 251 | 260 | 267 |
| Other non-current financial assets | 65 | 72 | 59 | 64 | 58 | 84 | 62 | 65 | 69 | 72 | 77 | 80 | 83 | 85 |
| Total Financial Assets | 177 | 148 | 112 | 218 | 196 | 179 | 255 | 269 | 284 | 300 | 317 | 331 | 343 | 352 |
| Financial (Liabilities) | | | | | | | | | | | | | | |
| Non-current lease liabilities | - | (601) | (775) | (851) | (1,030) | (1,020) | (1,110) | (1,169) | (1,234) | (1,303) | (1,377) | (1,441) | (1,493) | (1,530) |
| Financial Liabilities | (258) | (235) | (426) | (447) | (417) | (662) | (662) | (705) | (780) | (829) | (877) | (918) | (951) | (975) |
| Current financial liabilities | (21) | (10) | (121) | (69) | (76) | (146) | | | | | | | | |
| Non-current borrowings | - | - | - | - | - | (426) | | | | | | | | |
| Other current financial liabilities | (57) | (61) | (151) | (64) | (76) | (79) | | | | | | | | |
| Other non-current financial liabilities | (181) | (164) | (154) | (314) | (265) | (11) | | | | | | | | |
| Current lease liabilities | - | (145) | (157) | (172) | (200) | (212) | (231) | (244) | (257) | (272) | (287) | (300) | (311) | (319) |
| Liabilities from acquisitions | (3) | - | - | - | - | - | | | | | | | | |
| Total Financial Liabilities | (262) | (980) | (1,358) | (1,470) | (1,648) | (1,894) | (2,003) | (2,118) | (2,271) | (2,404) | (2,541) | (2,659) | (2,755) | (2,823) |
| Total Net Financial Assets (excl. Excess Cash) | (104) | (878) | (1,288) | (1,318) | (1,519) | (1,745) | (1,780) | (1,883) | (2,023) | (2,142) | (2,265) | (2,371) | (2,457) | (2,519) |
| Excess Cash | 371 | 408 | 551 | 621 | 294 | 381 | 568 | 644 | 783 | 895 | 1,008 | 1,140 | 1,288 | 1,451 |
| Total Net Financial Assets (incl. Excess Cash) | 267 | (470) | (736) | (696) | (1,225) | (1,364) | (1,212) | (1,239) | (1,241) | (1,247) | (1,257) | (1,231) | (1,169) | (1,067) |
| Subscribed capital | (39) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) |
| Capital reserve | (147) | (83) | (85) | (86) | (91) | (94) | (94) | (94) | (94) | (94) | (94) | (94) | (94) | (94) |
| Other reserves | (1,547) | (1,668) | (1,514) | (2,003) | (2,254) | (2,330) | (2,581) | (2,825) | (3,110) | (3,416) | (3,740) | (4,081) | (4,430) | (4,785) |
| Treasury stock | 29 | 28 | 27 | 27 | 24 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Shareholders' equity | (1,703) | (1,874) | (1,722) | (2,213) | (2,472) | (2,553) | (2,772) | (3,014) | (3,296) | (3,600) | (3,922) | (4,261) | (4,608) | (4,960) |
| Non-controlling interests | (19) | (47) | (42) | (65) | (67) | (29) | (32) | (34) | (36) | (39) | (41) | (43) | (46) | (47) |
| Equity | (1,722) | (1,920) | (1,764) | (2,278) | (2,539) | (2,582) | (2,804) | (3,048) | (3,333) | (3,639) | (3,963) | (4,304) | (4,653) | (5,008) |

▪ Reformulated Cash Flow Statement

| REFORMULATED CASH FLOW STATEMENT | | | | | | | | | | | | | | |
|---|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (€m) | | | | | | | | | | | | | | |
| | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
| Core Result before Taxes | 370 | 504 | 299 | 623 | 734 | 715 | 692 | 739 | 830 | 884 | 934 | 978 | 1,012 | 1,038 |
| Statutory Taxes | (101) | (137) | (81) | (170) | (200) | (195) | (188) | (201) | (226) | (241) | (254) | (266) | (276) | (283) |
| Tax Adjustments | 19 | 2 | 7 | 12 | 18 | 23 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Core Result | 288 | 368 | 225 | 465 | 552 | 543 | 517 | 551 | 618 | 657 | 693 | 725 | 750 | 768 |
| Depreciation & Amortization | 82 | 246 | 294 | 306 | 359 | 358 | 391 | 413 | 437 | 463 | 490 | 514 | 533 | 546 |
| Operating Gross Cash Flow | 370 | 614 | 518 | 771 | 911 | 900 | 908 | 964 | 1,055 | 1,120 | 1,184 | 1,239 | 1,283 | 1,315 |
| Net CAPEX | n.a. | (1,079) | (462) | (459) | (686) | (455) | (663) | (612) | (652) | (689) | (731) | (747) | (754) | (751) |
| Change in PP&E | n.a. | (100) | (12) | (66) | (120) | (93) | (111) | (117) | (123) | (130) | (138) | (144) | (149) | (153) |
| Change in Right-of-use assets | n.a. | (719) | (159) | (63) | (171) | 24 | (158) | (66) | (74) | (77) | (83) | (72) | (58) | (42) |
| Change in Intangible assets | n.a. | (13) | 3 | (25) | (37) | (28) | (3) | (16) | (17) | (18) | (20) | (17) | (14) | (10) |
| Change in D&A | n.a. | (246) | (294) | (306) | (359) | (358) | (391) | (413) | (437) | (463) | (490) | (514) | (533) | (546) |
| Change in Operating Working Capital (excl. Operating Cash) | n.a. | (24) | 80 | (273) | (404) | (26) | 146 | (51) | (47) | (60) | (67) | (58) | (47) | (34) |
| Change in Deferred Taxes | n.a. | (25) | (52) | 6 | (22) | (31) | (30) | (17) | (19) | (19) | (21) | (18) | (15) | (11) |
| Cash from operating activities | n.a. | (513) | 84 | 45 | (201) | 389 | 360 | 284 | 337 | 351 | 365 | 416 | 468 | 519 |
| Other Comprehensive Income | 76 | (41) | (237) | 207 | 8 | (107) | (26) | (27) | (29) | (30) | (32) | (34) | (35) | (36) |
| Non-Core Result Before Taxes | (35) | (63) | (90) | (66) | (94) | (94) | (103) | (109) | (115) | (121) | (128) | (134) | (139) | (142) |
| Other Operating Income | 21 | 4 | 0 | 3 | 0 | 18 | 12 | 12 | 13 | 14 | 15 | 15 | 16 | 16 |
| Impairment Losses on Trade Receivables and Other Financial Assets | - | (3) | (31) | 0 | (4) | (12) | (15) | (16) | (17) | (18) | (19) | (20) | (20) | (21) |
| Expenses for Retirement Pensions | (54) | (64) | (59) | (69) | (90) | (99) | (100) | (105) | (111) | (117) | (124) | (130) | (134) | (138) |
| Results from Associated Companies | (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in non-core invested capital | n.a. | (7) | 16 | 2 | (1) | (64) | 96 | 6 | 7 | 7 | 8 | 7 | 5 | 4 |
| Non-Operating Free Cash Flow | n.a. | (112) | (311) | 144 | (87) | (265) | (33) | (130) | (137) | (145) | (153) | (161) | (168) | (174) |
| Financial Result | (16) | (16) | (34) | (38) | (65) | (104) | (58) | (51) | (50) | (49) | (49) | (48) | (55) | (62) |
| Other Financial Income | 8 | 19 | 27 | 18 | 47 | 76 | 41 | 43 | 45 | 48 | 51 | 53 | 55 | 56 |
| Interest Income | 4 | 7 | 8 | 12 | 32 | 37 | 51 | 59 | 62 | 65 | 64 | 61 | 57 | 51 |
| Interest Expense | (15) | (14) | (14) | (13) | (15) | (53) | (59) | (54) | (51) | (47) | (41) | (34) | (36) | (37) |
| Other Financial Expenses | (20) | (35) | (68) | (69) | (153) | (203) | (113) | (119) | (125) | (132) | (140) | (146) | (151) | (155) |
| Statutory Taxes | 6 | 6 | 13 | 14 | 24 | 39 | 22 | 19 | 19 | 18 | 18 | 18 | 21 | 23 |
| Change Total Net Financial Assets (excl. Excess Cash) | n.a. | 774 | 409 | 30 | 201 | 226 | 35 | 103 | 141 | 119 | 123 | 106 | 86 | 62 |
| Dividends | (68) | (71) | (46) | (72) | (183) | (216) | (135) | (148) | (171) | (183) | (195) | (204) | (210) | (213) |
| Transaction with Shareholder | - | (8) | 35 | (7) | 39 | 60 | 25 | 28 | 29 | 30 | 33 | 34 | 36 | 37 |
| Cash Flows from Financing Parties | (85) | 679 | 364 | (87) | (7) | (35) | (133) | (69) | (51) | (83) | (87) | (113) | (143) | (176) |
| Net change in cash during periods | n.a. | 54 | 137 | 102 | (295) | 90 | 195 | 85 | 149 | 124 | 125 | 142 | 157 | 169 |
| Cash and cash equivalents at beginning of the financial year | | 464 | 518 | 656 | 758 | 463 | 553 | 748 | 833 | 982 | 1,106 | 1,230 | 1,373 | 1,529 |
| Cash and cash equivalents at end of the financial year | n.a. | 518 | 656 | 758 | 463 | 553 | 748 | 833 | 982 | 1,106 | 1,230 | 1,373 | 1,529 | 1,699 |

2. Puma's latest M&A activities

| Date | Acquirer | Target Company | Deal Description |
|--------|--------------------------------|---|---|
| Jun-15 | Authentic Brands Group LLC | Tretorn Sweden AB | Puma SE sold Tretorn Sweden AB to Authentic Brands Group. The deal allows Puma to focus on its core business within its brands Puma and Cobra Golf. |
| Apr-10 | Puma SE | Cobra Golf Inc II | Puma acquired Cobra Golf from Acushnet Holdings Corp. The acquisition aimed to enhance Puma's golf product line, integrating all Cobra Golf employees into Puma. |
| Mar-09 | Puma SE | Brandon AB | Puma acquired Brandon Company, a marketing and advertising company, to enhance its sportswear advertising and brand promotion activities. |
| Jan-09 | Puma SE | Dobotex International BV | Puma acquired a 50.1% stake in Dobotex, a partner in different fashion, sport, and lifestyle brands, aiming to strengthen its position in these areas and increase its distribution network. |
| Jul-07 | PPR (then Kering SA) | Puma SE | PPR (later renamed Kering) acquired a 27.14% stake in Puma with Mayfair Vermögensverwaltung SE, leading to major strategic shifts and further international expansion. |
| Feb-06 | Puma SE | ATA, Inc | Puma acquired ATA, a Canadian distributor of Puma's products in North America, to expand and consolidate its market presence there. |
| Jan-06 | Unisol SA | PUMA SE | Puma acquired a majority stake in Unisol S.A., the Argentina based distributor with PUMA licensee for footwear, apparel and accessories, to strengthen Puma's position in Argentina, with more growth opportunities in the South American market. |
| Jun-05 | Puma SE | A.C.K. Spor Giyim Tekstil UrUnleri San Tic A.S. | Puma acquired A.C.K. Spor Giyim, a Turkish manufacturer of footwear and apparels, to expand its manufacturing capabilities and market reach. |
| May-05 | Mayfair Vermögensverwaltung SE | Puma SE | Mayfair acquired a 16.91% stake in Puma, supporting Puma's strategic plans as part of its long-term development. |
| Mar-03 | Puma SE | Puma Japan K.K. | Puma acquired its Japanese footwear and accessories business from Hagemeyer NV, aiming to strengthen its market position in Japan and streamline distribution. |
| Jun-01 | Puma SE | Tretorn Sweden AB | Puma acquired Tretorn, a Swedish tennis footwear and equipment manufacturer, from Proventus, enabling Puma a profitable entry to the Scandinavian sports goods market. |

(Obtained from Mergermarket as of May-2024)

3. Football Field

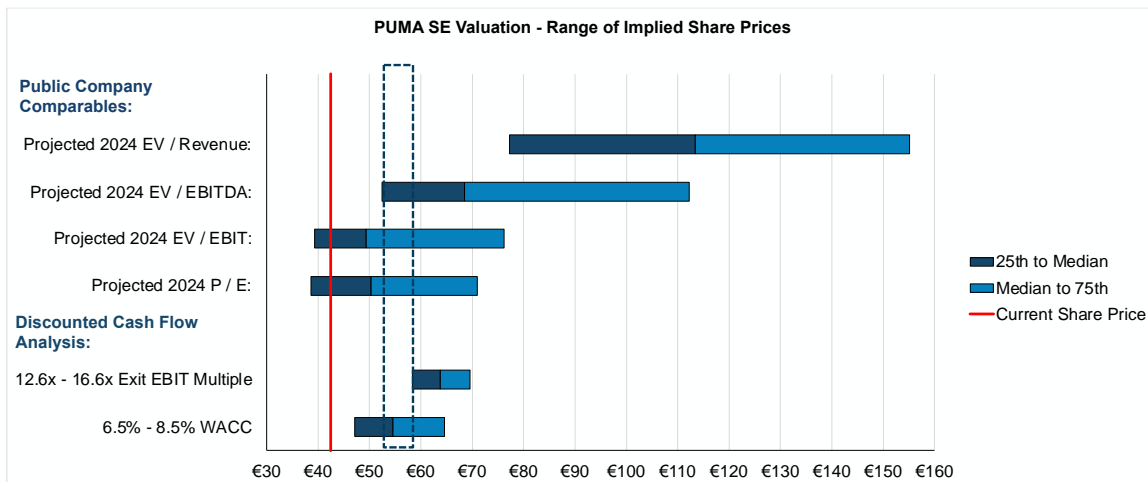


Figure 57: Football field

4. CCA Benchmarking

PUMA SE - COMPARABLE COMPANY ANALYSIS

(€m, as of 25th April 2024)

| Peer Group | Company Name | Market Cap | Enterprise Value | Current Price | Share Count | Trading Multiples | | | | | | | | | | | |
|---------------------|--------------------------|---------------|------------------|---------------|--------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | EV / Revenue | | | EV / EBITDA | | | EV / EBIT | | | P / E | | |
| | | | | | | '23A | '24E | '25E | '23A | '24E | '25E | '23A | '24E | '25E | '23A | '24E | '25E |
| Puma | Puma SE | 6,353 | 7,219 | 42.4 | 150 | 0.84x | 0.80x | 0.76x | 7.4x | 7.4x | 6.9x | 11.6x | 12.3x | 11.5x | 20.9x | 16.6x | 14.2x |
| Sportswear | Adidas AG | 41,065 | 45,542 | 230.0 | 179 | 2.13x | 2.02x | 1.84x | 33.5x | 20.4x | 14.8x | n.m. | n.m. | 24.5x | n.m. | n.m. | 33.3x |
| | Nike Inc. | 162,851 | 164,209 | 103.7 | 1,570 | 3.52x | 3.46x | 3.32x | 26.6x | 23.7x | 21.5x | 30.5x | 26.3x | 24.0x | 35.3x | 29.5x | 27.0x |
| | Lululemon Athletica Inc. | 42,145 | 40,113 | 331.7 | 127 | n.m. | n.m. | 3.74x | 16.9x | 15.2x | 13.8x | 19.8x | 17.8x | 16.1x | 29.9x | 26.0x | 23.2x |
| | Under Armour Inc. | 3,537 | 3,132 | 7.8 | 451 | 0.58x | 0.59x | 0.57x | 7.8x | 7.0x | 6.3x | 11.3x | 9.8x | 8.7x | 10.3x | 14.8x | 12.6x |
| | ON Holding AG | 9,529 | 9,273 | 29.8 | 319 | 5.07x | 3.99x | 3.17x | 32.8x | 24.7x | 18.7x | 42.9x | 33.8x | 24.5x | n.m. | 47.2x | 47.2x |
| | | 41,065 | 40,113 | 103.7 | 319 | 2.82x | 2.74x | 3.17x | 26.6x | 20.4x | 14.8x | 25.1x | 22.0x | 24.0x | 29.9x | 27.8x | 27.0x |
| Asian | Anta Sports Products LTD | 33,172 | 34,575 | 11.6 | 2,867 | n.m. | 3.74x | 3.32x | 13.1x | 13.0x | 11.7x | 17.3x | 15.8x | 14.1x | 24.7x | 19.8x | 17.9x |
| | Li Ning Co LTD | 6,177 | 5,828 | 2.4 | 2,586 | 1.76x | 1.66x | 1.52x | 7.9x | 8.4x | 7.3x | 13.6x | 11.9x | 10.1x | 16.2x | 14.9x | 12.9x |
| | | 19,674 | 20,201 | 7.0 | 2,727 | 1.76x | 2.70x | 2.42x | 10.5x | 10.7x | 9.5x | 15.5x | 13.9x | 12.1x | 20.5x | 17.3x | 15.4x |
| Athletic Footwear | Skechers USA Inc | 8,318 | 7,790 | 53.8 | 155 | 1.07x | 0.97x | 0.89x | 8.9x | 8.1x | 7.2x | 10.9x | 9.6x | 8.2x | 16.9x | 15.3x | 12.9x |
| | ASICS CORP. | 8,023 | 8,154 | 43.8 | 183 | 2.17x | 2.03x | 1.90x | 17.3x | 15.4x | 13.6x | 20.0x | 19.6x | 16.9x | 34.5x | 31.0x | 26.5x |
| | | 8,171 | 7,972 | 48.8 | 169 | 1.62x | 1.50x | 1.39x | 13.1x | 11.7x | 10.4x | 15.5x | 14.6x | 12.6x | 25.7x | 23.1x | 19.7x |
| Outdoor Performance | Deckers Outdoor Corp | 19,124 | 17,764 | 740.9 | 26 | n.m. | n.m. | 3.82x | 27.8x | 19.6x | 18.2x | 29.9x | 20.8x | 18.0x | 42.0x | 27.6x | 24.3x |
| | Columbia Sports | 4,459 | 4,141 | 72.6 | 61 | 1.30x | 1.34x | 1.27x | 10.4x | 11.2x | 10.0x | 14.7x | 16.2x | 14.2x | 19.5x | 21.9x | 18.2x |
| | AMER Sports | 6,699 | 12,318 | 13.7 | 489 | 3.09x | 2.73x | 2.41x | 22.2x | 18.8x | 15.7x | 31.3x | 26.1x | 21.1x | n.m. | 41.8x | 23.5x |
| | Fenix Outdoor | 2,089 | 2,176 | 59.8 | 35 | 2.94x | 2.71x | 2.62x | 19.1x | 14.3x | 13.7x | 39.6x | 23.6x | 22.2x | 24.9x | 11.4x | 10.6x |
| | RevolutionRace | 630 | 608 | 5.5 | 114 | 4.33x | 3.34x | 2.92x | 21.3x | 14.6x | 12.4x | 21.8x | 14.9x | 12.6x | 28.7x | 19.7x | 16.6x |
| | Dick's Sporting Goods | 16,195 | 15,906 | 188.5 | 86 | 1.35x | 1.33x | 1.28x | 9.9x | 9.5x | 9.1x | 12.8x | 12.2x | 11.5x | 17.0x | 15.5x | 14.7x |
| | VF Corp | 4,730 | 10,037 | 12.2 | 388 | 0.95x | 1.05x | 1.01x | 7.9x | 10.2x | 8.8x | 9.7x | 13.9x | 11.7x | n.m. | 18.3x | 7.3x |
| | 4,730 | 10,037 | 59.8 | 86 | 2.15x | 2.03x | 2.41x | 19.1x | 14.3x | 12.4x | 21.8x | 16.2x | 14.2x | 24.9x | 19.7x | 16.6x | |
| Lifestyle | Hugo Boss AG | 3,484 | 4,744 | 50.5 | 69 | 1.13x | 1.07x | 0.99x | 6.3x | 5.7x | 5.0x | 11.6x | 10.3x | 8.5x | 13.5x | 11.8x | 9.6x |
| | Corcs Inc. | 7,223 | 8,602 | 116.6 | 62 | 2.39x | 2.39x | 2.29x | 8.2x | 8.2x | 8.6x | 8.6x | 8.6x | 9.2x | 10.0x | 10.0x | 10.6x |
| | Birkenstock | 7,799 | 9,264 | 41.5 | 188 | n.m. | n.m. | 4.74x | 21.1x | 18.3x | 15.3x | 34.1x | 24.0x | 19.0x | n.m. | 39.9x | 26.1x |
| | 7,223 | 8,602 | 50.5 | 69 | 1.76x | 1.73x | 2.29x | 8.2x | 8.2x | 8.6x | 11.6x | 10.3x | 9.2x | 11.8x | 11.8x | 10.6x | |
| | | 16,173 | 17,385 | 54.0 | 674 | 2.02x | 2.14x | 2.34x | 15.5x | 13.1x | 11.2x | 17.9x | 15.4x | 14.4x | 22.5x | 19.9x | 17.9x |
| | | 8,171 | 10,037 | 50.5 | 169 | 1.76x | 2.03x | 2.41x | 13.1x | 11.7x | 10.4x | 15.5x | 14.6x | 12.6x | 24.9x | 19.7x | 16.6x |

| | | | |
|--|--------------------------|--|--------------------------|
| | More than 50% above Puma | | More than 50% below Puma |
| | 25% to 50% above Puma | | 25% to 50% below Puma |
| | Up to 25% above Puma | | Up to 25% below Puma |

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“PUMA SE”

“TEXTILES & APPAREL”

DENIZ CEYLAN; JAKOB ISENSEE

COMPANY REPORT

17 MAY 2024

54037/53463@novasbe.pt

Rising from a Setback: Puma's Efforts to Pick up the Pace

Equity Research in the Sportswear Industry

- Our recommendation is **Buy**. We arrived at this conclusion after performing a Comparable Company Analysis and DCF valuation at a **WACC of 7.5%** and a **terminal growth rate of 2.5%**, which represents an **upside potential of approx. 29.9%** compared to the current share price.
- Recently, Puma has faced challenges with **limited visibility** of its lifestyle and performance products, **low traction** for product launches, and **loss of ground** in the **Chinese market**. Combined with the company’s high dependency on wholesale and a challenging macroeconomic environment this makes the **EBIT margin target of 10% seem unattainable**.
- Contrary to the sluggish recovery observed in the broader economic landscape, characterized by reduced consumer confidence, the **sportswear market** is poised for substantial growth. Forecasts indicate a notable CAGR of **6.6%** until 2028, providing market participants with favourable momentum.
- Puma has successfully anticipated the trends in the market towards sustainability, e-commerce, especially in-app e-commerce, and casualization of sportswear. In addition, the recent **course losses accurately** and **fairly priced** the **downside risk** in.

Company description

PUMA SE is a German-based company that designs, develops, sells, and markets sports footwear, apparel, and accessories. The company has a rich history dating back to 1923. In 2023, Puma sold approximately 2.6% of the world's sportswear, solidifying its position as one of the industry's leading companies.

Recommendation: Buy

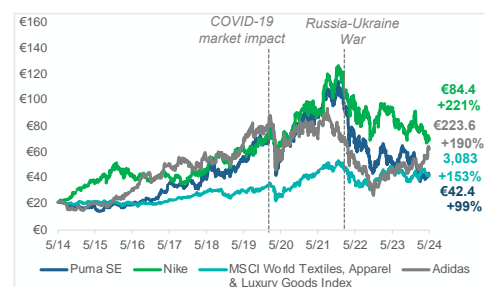
Price Target FY24: 55.10 €

Price (as of 24-Apr-2024) 42.40 €

Reuters: PUMG.DE, Bloomberg: PUM:GR

| | |
|------------------------|-------------|
| 52-week range (€) | 37.60-65.00 |
| Market Cap (€m) | 6,353 |
| Outstanding Shares (m) | 149.84 |

Source: Refinitiv



Source: Refinitiv

| (Values in €m) | 2023A | 2024E | 2025F |
|--------------------------|-------|-------|-------|
| Sales | 8,602 | 8,971 | 9,448 |
| Sales EMEA | 3,642 | 3,814 | 3,972 |
| Sales Americas | 3,336 | 3,438 | 3,601 |
| Sales APAC | 1,134 | 1,247 | 1,383 |
| Sales stichd | 459 | 472 | 492 |
| EBITDA | 979 | 980 | 1,043 |
| EBIT | 622 | 589 | 630 |
| Core Result Before Taxes | 715 | 692 | 739 |
| Net Profit | 360 | 383 | 418 |
| EPS | 2.41 | 2.55 | 2.79 |
| P/E | 22.6x | 21.3x | 19.5x |

Source: Refinitiv and own projections

THIS REPORT WAS PREPARED EXCLUSIVELY FOR ACADEMIC PURPOSES BY [DENIZ CEYLAN & JAKOB ISENSEE], MASTER IN FINANCE STUDENTS OF THE NOVA SCHOOL OF BUSINESS AND ECONOMICS. THE REPORT WAS SUPERVISED BY A NOVA SBE FACULTY MEMBER, ACTING IN A MERE ACADEMIC CAPACITY, WHO REVIEWED THE VALUATION METHODOLOGY AND THE FINANCIAL MODEL. (PLEASE REFER TO THE DISCLOSURES AND DISCLAIMERS AT END OF THE DOCUMENT)

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Company Overview

Company Description

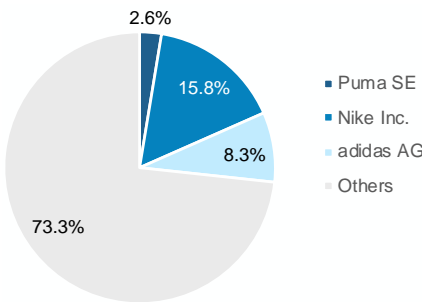


Figure 1: Global market shares in % of retail value – 2023 (Euromonitor 2024)

Puma SE, headquartered in Herzogenaurach, Germany, stands as a global leader in the sportswear market. Established in 1948, the company boasts annual sales exceeding **€8.6 billion** (bn) as of 2023. With over **18,600 employees**, Puma is engaged in diverse functions including design, development, sales, and marketing across a broad range of sports-style products. Puma's product range encompasses three primary categories: Footwear, Apparel, and Accessories. Its core portfolio includes diverse products designed for various sports, including team sports, running, basketball, golf, and motorsports. Additionally, Puma offers sports-style items, accessories, and licensed products under the PUMA and COBRA Golf brands. Its products are distributed globally in over 120 countries across all regions, including Europe, the Middle East, Africa (EMEA), the Americas (North and Latin America), and Asia-Pacific. However, despite this expansive reach, Puma's retail value **market share stood at 2.6%** as of 2023, positioning it behind industry giants Nike (15.8%) and Adidas (8.3%) (**Figure 1**).

Puma's mission, embodied in the motto **'FOREVER.FASTER'**, reflects its commitment to continuous improvement and ground-breaking innovation. As of November 2022, Arne Freundt (**Figure 2**) took on the pivotal role of CEO, tasked with implementing Puma's existing 2025 strategy while also developing innovative approaches to modernize and adapt to the ever-evolving landscape of the sportswear industry. Puma's present strategy is centred on enhancing brand appeal, sustainability efforts, and digital initiatives. In this context, the company recently introduced the Puma App in 2022 with the objective of enhancing e-commerce sales and narrowing the gap with competitors. Furthermore, specific emphases of this strategy are on improving the company's positioning in the two giant markets: The United States and China.

| | Name | Age | Role | Start Date |
|-------------------|----------------------|-----|--------------------------------|------------|
| Management | Arne Freundt | 44 | Chief Executive Officer | Nov-22 |
| | Hubert Hinterseher | 45 | Chief Financial Officer | Jun-21 |
| | Maria Valdes | 40 | Chief Product Officer | Jan-23 |
| | Anne-Laure Descours | 58 | Chief Sourcing Officer | Feb-19 |
| | Héloïse Temple-Thore | 46 | Chair Supervisory Board | Apr-19 |
| Supervisory Board | Thore Ohlsson | 81 | Deputy Chair Supervisory Board | May-93 |
| | Jean-Marc Duplaix | 53 | Chair Audit Committee | May-23 |
| | Fiona May Oly | 54 | Chair Sustainability Committee | Apr-19 |
| | Martin Köppel | 50 | Employees' Representative | Jul-11 |
| | Bernd Illig | 52 | Employees' Representative | Jul-18 |

Figure 2: Puma management and board overview (Puma)

Corporate Structure and Puma Shares

Ownership Structure

Puma has been listed on the German stock exchange since 1986. Over the last decade, significant changes have occurred in the company's ownership structure, profoundly impacting its market dynamics and investor base. In 2018, Kering, a French luxury group which held about 86% of Puma's shares, reduced its stake to approximately 16% by distributing 70% of the shares to its shareholders as a dividend in kind. This action increased Puma's free float from 14% to 55%, thereby

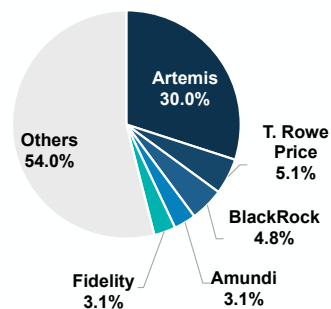


Figure 3: Puma ownership summary as of April 2024 (Refinitiv)

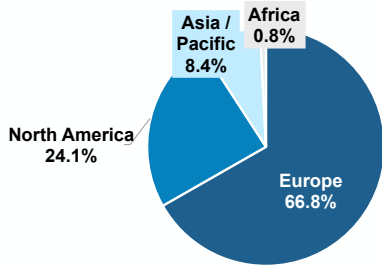


Figure 4: Puma shareholders by region as of April 2024 (Refinitiv)

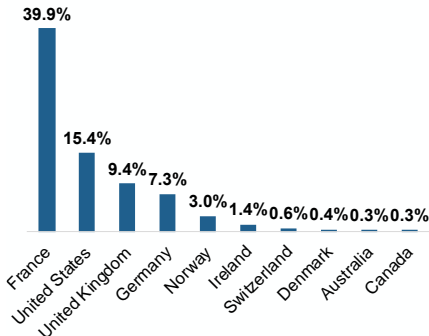


Figure 5: Puma ownership summary by country as of April 2024 (Refinitiv)

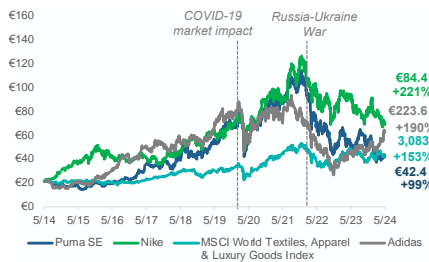


Figure 6: Puma relative share performance between April 2014-2024 (Refinitiv)

enhancing stock liquidity and broadening investor appeal. Concurrently, Artémis SA, the holding company of the French Pinault family and a major shareholder in Kering (and thus indirectly of PUMA SE), acquired about 29% of Puma, reinforcing its position as a direct, long-term shareholder.

As of May 2024, Artemis holds a blocking minority of 30% (Figure 3) in Puma, while other major investors such as T. Rowe Price, Blackrock, Fidelity own smaller stakes of 3-5% (Refinitiv as of April 2024). About 67.8% of the company's shares remain in free float. Puma's market capitalization stands at €6.35bn, ranking it within the MDAX as one of the 90 largest companies in Germany.

▪ Stock Performance

Puma's stock (Figure 6) has risen by 99% over the past decade, underperforming compared to its principal competitors Adidas and Nike, which have seen increases of 190% and 221%, respectively. These figures illustrate the competitive challenges Puma faces.

In 2018, the above-mentioned ownership changes temporarily influenced the stock's supply dynamics, resulting in short-term price fluctuations. The sportswear market, including Puma, Nike, and Adidas, is highly sensitive to macroeconomic and geopolitical events, as evidenced by the adverse impacts of the 2020 COVID-19 outbreak and subsequent economic downturns. Post-pandemic, Puma faced persistent inflation and slow growth, which undermined consumer confidence and affected its stock performance negatively. Its recovery has been less robust and slower than its competitors, reflecting ongoing strategic vulnerabilities. Additionally, the 2022 Russia-Ukraine conflict contributed to modest declines in Puma's stock, further demonstrating its sensitivity to geopolitical disturbances. Economic uncertainties remain a significant challenge for Puma's market position and operational resilience (IMF 2024a).

Company History

Puma has a rich history which dates back to 1923 when brothers Rudolf and Adolf Dassler produced their first sports shoe together in Herzogenaurach (Puma n.d.). Following a disagreement, Rudolf left to establish his own company, Puma, at the end of World War II, while Adolf founded Adidas. Initially considering "Ruda" as the company name, Rudolf opted for "Puma" due to his childhood nickname and its dynamic connotations. Innovation has ever since been an important concept for Puma. In 1948, the company introduced its first football boot, the Atom (Figure 7). Rudolf was ambitious. In 1949, he began developing a football boot with screw-in studs, the "Super Atom", which was launched in 1952 with the



Figure 7: Puma Atom (Puma)

Puma's crisis in the 1990s with turnaround in form of cost reductions and streamlining of product range...

participation of numerous football experts. In 1957, Rudolf Dassler presented a so-called word-image mark, which became Puma's trademark at the 1958 World Cup in Sweden, in the form of curved stripes on the side of the shoe.

In the **early 1990s**, facing a crisis, Puma **underwent restructuring** led by majority shareholder Proventus (SWE), addressing costs, product range issues, and marketing inefficiencies. It diversified into fashion and lifestyle products, collaborated with designers, and formed strategic partnerships, including with the NFL, to enhance its brand presence.

Historic Financial Analysis

Sales

From 2018 to 2023, Puma's **sales rose from €4.6bn to €8.6bn (Figure 8)**. In 2020, sales fell to €5.2bn due to the COVID-19 pandemic impact, but Puma swiftly recovered within a year, surpassing pre-pandemic levels. **Nike and Adidas** recorded **sales of €49.1bn and €21.4bn**, respectively. Nike's CAGR from 2018 to 2023 was 13.1%; Adidas's was -0.4%, partly due to Reebok's sale in 2022.

A breakdown of Puma's 2023 total sales across seven regions is as follows: North America, including the U.S. and Canada, leads with €2.1bn, followed by Europe with €2.0bn, mainly driven by Germany. EEMEA generated €1.6bn, while Latin America, Greater China, and Asia-Pacific (excl. Greater China) follow with €1.2bn, €0.6bn, and €0.6bn, respectively **(Figure 9)**. Additionally, Puma reports a seventh segment, labelled 'stichd', covering all knitwear globally, with sales of €0.5bn.

Sales growth in the past six years was **strongest** in Latin America and North America and **weakest** in Greater China and Asia-Pacific **(Figure 9)**. This trend reflects Puma's decline in APAC and China, countered by strong growth in Latin America, where the brand notably increased its market share, and in North America. However, Puma faced another setback in North America in 2023.

A comparison of regional sales indicates that **Puma and Adidas** have the largest share of their sales in **EMEA**, accounting for nearly 40%, while Nike has only 28%. Nike focuses on **North America**, making up 44% of its sales, in contrast to Adidas and Puma, which have less than 40% of their sales across the entire Americas **(Figure 10)**. This implies Nike's potential for outsized profits from North America's dynamic market, given its status as one of the largest and fastest-growing markets.

Analysing the **breakdown by sales channel** reveals that **Adidas and Nike** hold a significantly **larger share of direct-to-customer (DTC)** sales, exceeding 40.0%, compared to Puma's 24.8% **(Figure 11)**. This places Puma at a disadvantage for

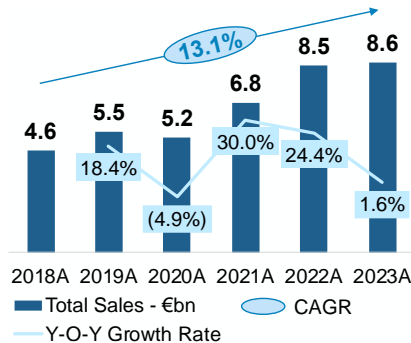


Figure 8: Puma sales development in €bn (Puma)

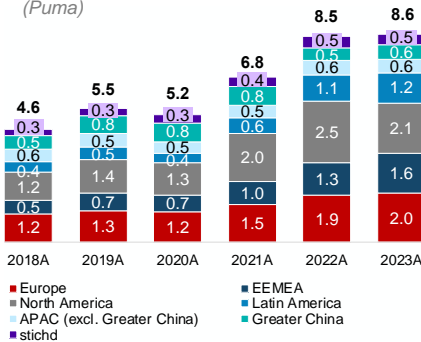


Figure 9: Puma sales by region in €bn (Puma)

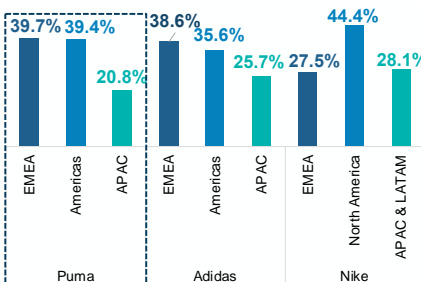


Figure 10: Sales by region (Puma, Adidas, Nike)

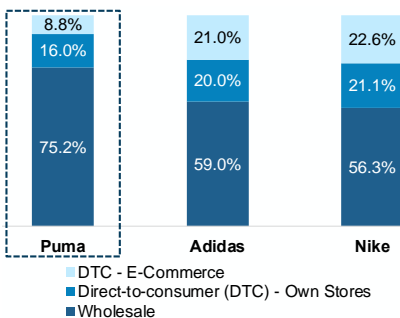


Figure 11: Sales by distribution channel (Puma, Adidas, Nike)

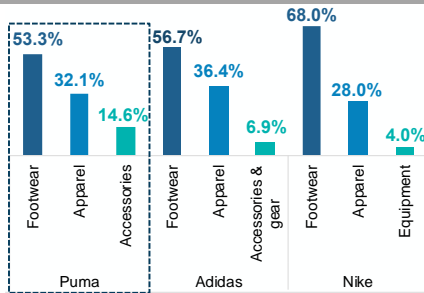


Figure 12: Puma sales by product type (Puma, Adidas, Nike)

several reasons. Firstly, margins are naturally higher in direct sales than wholesale, especially in e-commerce with fewer intermediaries interacting and lower overhead costs. However, **Puma's e-commerce share** is only **8.8%** (Figure 11), contrasting with rivals' which exceed 20.0%. This discrepancy significantly impacts Puma's outlook due to small involvement in e-commerce and potential higher margins.

The sales breakdown by product type, depicts that **footwear is the top-selling product** for all companies. Nike leads with 68.0%, followed by Adidas with 58.7% and Puma with 53.3% (Figure 12). This gives Nike and Adidas a slight advantage, as shoes are considered a necessity and are more likely to have brand loyalty, making them less susceptible to sales declines. Furthermore, the future of accessories may be more impacted by emergence of new private labels.

▪ Inorganic growth

As depicted in Figure 13, Puma has shown a relatively low level of involvement in mergers and acquisitions (M&A) activities in recent years, notably lacking participation in large-scale transactions. For detailed information regarding individual M&A activities, please refer to the **Appendix 3**.

| Date | Acquirer | Target Company |
|--------|--------------------------------|---|
| Jun-15 | Authentic Brands Group LLC | Tretorn Sweden AB |
| Apr-10 | Puma SE | Cobra Golf Inc II |
| Mar-09 | Puma SE | Brandon AB |
| Jan-09 | Puma SE | Dobotex International BV |
| Jul-07 | PPR (then Kering SA) | Puma SE |
| Feb-06 | Puma SE | ATA, Inc |
| Jan-06 | Unisol SA | PUMA SE |
| Jun-05 | Puma SE | A.C.K. Spor Giyim Tekstil UrUnleri San Tic A.S. |
| May-05 | Mayfair Vermögensverwaltung SE | Puma SE |
| Mar-03 | Puma SE | Puma Japan K.K. |
| Jun-01 | Puma SE | Tretorn Sweden AB |

Figure 13: Puma's latest M&A activities (Mergermarket as of May-2024)

Gross Margins

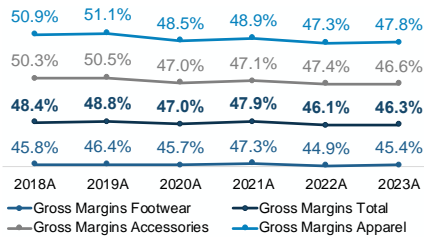


Figure 14: Gross margin development by product type (Puma)

Gross margins peaked at 48.8% in 2019 but declined to 46.3% in 2023 due to heightened energy and raw material costs, alongside decreased consumer confidence, leading to subdued demand (Figure 14). This trend is consistent across all product categories. However, it's important to note that gross margins for footwear are inherently lower due to higher complexity. While footwear margins did not decrease as much as apparel and accessories, increased competition in subsequent markets played a role. In comparison, **Adidas boasts higher average gross margins** than its competitors, with Nike having the lowest (Figure 15). Despite challenges, Puma exhibits reasonable performance in the industry.

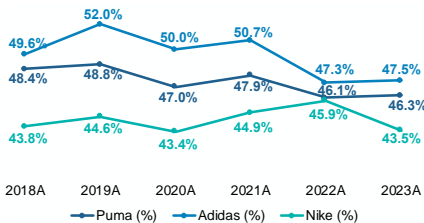


Figure 15: Gross margin development by competitors (Puma, Adidas, Nike)

EBIT/EBITDA

At the group level, **EBIT** and **EBITDA** were calculated by adding relevant items in the core result before taxes. Over the period from 2018 to 2023, the EBIT margin exhibited **relative stability**, marginally decreasing from **7.3% to 7.2%**, despite sales growth (Figure 16). The peak EBIT margin attained was 8.2% in 2021. Conversely, EBITDA increased from 9.0% in 2018 to 11.4% in 2023, driven partly by a rise in D&A, climbing from 1.8% of sales in 2018 to 4.2% in 2023 (Figure 17).

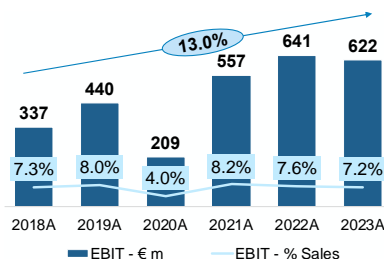


Figure 16: Puma EBIT development (Puma)

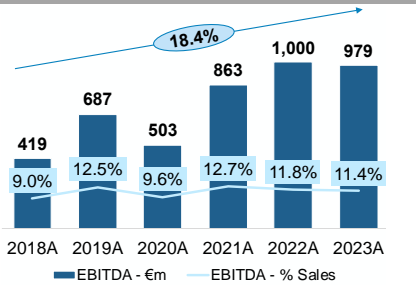


Figure 17: Puma EBITDA development (Puma)

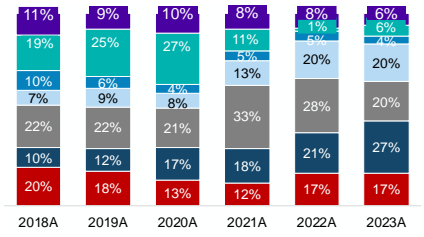


Figure 18: EBIT shares by region (Puma)

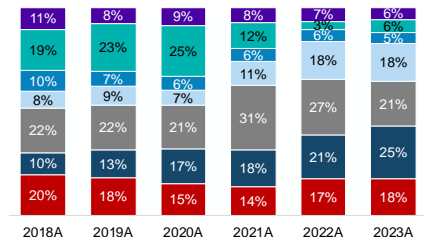


Figure 19: EBITDA shares by region (Puma)

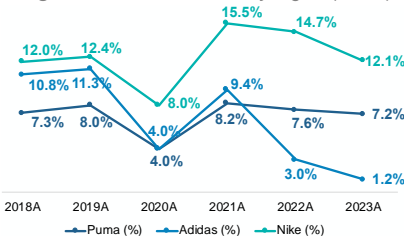


Figure 20: EBIT development by competitor (Puma, Adidas, Nike)

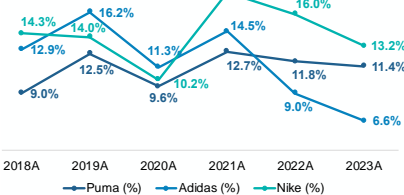


Figure 21: EBITDA development by competitor (Puma, Adidas, Nike)

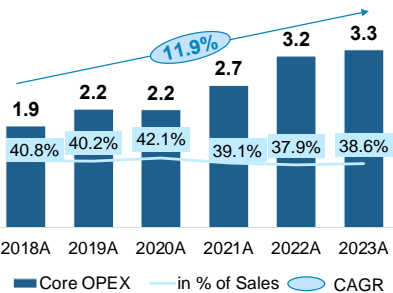


Figure 22: Core OPEX development (Puma)

Before analyzing **regional EBIT** and **EBITDA** figures further, it's important to note that Puma calculates these metrics by **deducting central area and marketing** expenses from regional totals. In 2023, EEMEA emerged as largest contributor, accounting for 27% of the group's EBIT and 25% of its EBITDA, marking a substantial increase from 10% in 2018 (**Figure 18 & Figure 19**). North America remained a stable contributor, around 20% for both group EBIT and EBITDA, consistent with its 22% share in 2018. Europe's contribution remained fairly stable, starting at around 20% in 2018 and slightly decreasing to about 17% for group EBIT and 18% for EBITDA in 2023. Latin America's EBIT contribution surged from approximately 7% in 2018 to 20% in 2023. However, EBITDA contribution growth was slower, rising from 8% in 2018 to approximately 4% in 2023. This trend can be attributed to stagnation in the APAC market during this period. Notably, Greater China's contribution plummeted from approximately 19% to 6% in both EBIT and EBITDA, largely due to **COVID-19 restrictions** in 2022. The stichd segment also saw a reduction in contribution, from about 11% in 2018 to 6% in 2023 for both EBIT and EBITDA, due to slower sales growth and reduced profitability.

When contrasting **Adidas** and **Nike**, it becomes evident that Nike holds the advantage in terms of **EBIT** margin, boasting **12.1%**, while **Puma** maintains a consistent **7.2%**, and Adidas struggles with a meagre **1.2%** (**Figure 20**). In **EBITDA** margin, **Puma** surpasses **Adidas** with **11.4%** compared to **6.6%**, while **Nike** continues to lead with **13.2%** (**Figure 21**). The notable disparities between Puma and Adidas' EBITDA to EBIT margins imply substantial investments by both entities. Although regional EBIT margins present limitations, a discernible conclusion can still be derived. Lastly, akin to other global sportswear corporations, Puma witnessed not only a downturn in sales but also a decline in margins in China, as evidenced in this report's financial analysis section. In 2022, the EBIT margin dwindled to 3.9%, and while it marginally stabilized in 2023, it remained below the prior level. This trend is likewise observable for Adidas and Nike.

Core Operating Expenses (OPEX)

In 2023, **core operating expenses (OPEX)**, excluding pension provisions, financial income/expenses, and other operating income, totalled **€3.3bn**, representing **38.6%** of **total sales**. This ratio, though slightly lower than the 2018 figure of 40.8%, remained relatively stable over time (**Figure 22**).

Sales and distribution costs accounted for the largest share of expenses, comprising **31.7%** (**Figure 23**). These costs include marketing and retail expenses, as well as other selling costs like warehousing and logistics. Specifically, marketing and retail expenses contributed 18.3 percentage points, while other selling

expenses contributed 13.4 percentage points. An in-depth examination of the components comprising marketing and retail expenditures reveals their composite nature, encompassing centrally allocated marketing outlays, central area overheads, and regionalized marketing expenditures.

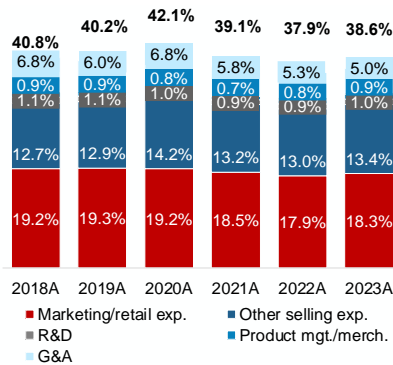


Figure 23: Core OPEX split (Puma)

Research and development expenses (R&D), including pure R&D expenses and product management/merchandising costs, represented **1.9%** of sales in 2023, slightly lower than the 2.0% recorded in 2018 (**Figure 23**). While pure R&D costs decreased by 0.1 percentage points, product management/merchandising costs saw a minor increase of less than 0.1 percentage points. Lastly, **general and administrative expenses** comprised **5.0%** of sales in 2023, marking a 1.8 percentage point decrease from 2018 (**Figure 23**).

CAPEX

The Capital Expenditure (CAPEX) ratio is pivotal for assessing Puma's investment strategies, particularly regarding sustainability and advancement. Net CAPEX is derived from diligent monitoring of changes in fixed assets, including Property, Plant and Equipment (PPE), Right of Use Assets (RA), and other Intangible Assets (IA), offset by depreciation. The consistently higher figure, exceeding Depreciation and Amortization, underscores Puma's unwavering commitment to innovation and competitiveness. Fluctuating between 8.8% to 5.3% of sales from 2020 to 2023 (**Figure 24**). This shows that changes in net CAPEX demonstrate a sustainable level of investment.

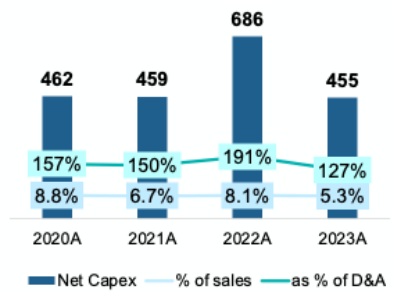


Figure 24: Net CAPEX development (Puma)

Liquidity and Debt-to-Value (D/V) Ratio

Puma maintains **robust short-term liquidity** with cash and cash equivalents, backed by unused credit lines of €896.1m as of December 2023, ensuring solvency, financial flexibility, and effective liquidity risk management. Furthermore, promissory note loans totalling €551.5m support the company's medium to long-term funding needs.

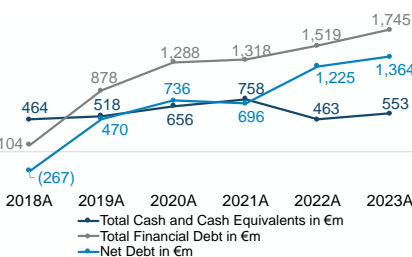


Figure 25: Total cash and cash equivalents, total financial debt, and net debt (Puma)

The net debt (D) to value ratio (V) for Puma was calculated by summing all financial assets and liabilities essential for financing the core business, using the reformulated financial statements (**Figure 25**). Financial assets, financial liabilities, and lease liabilities for machinery and similar assets were considered. However, pension assets and liabilities, along with financial assets from stock investments in Borussia Dortmund, were excluded from this calculation. Excess cash (*Cash and Cash Equivalents – Operating Cash*) was added to financial debt to derive net debt. Net debt was then divided by EV, calculated using the formula $EV = Net Debt + Equity$. This resulted in a **D/V ratio of 15.3%** for 2023, aligning

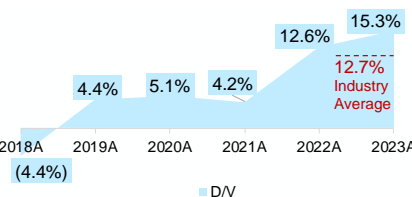


Figure 26: Net debt to value ratio (Puma)

| | 2021 | 2022 | 2023 |
|--------------------------|-------|-------|--------|
| ROA | | | |
| Puma | 10.9% | 10.8% | 10.8% |
| Adidas | 8.7% | 1.7% | 0.3% |
| Nike | 19.2% | 17.0% | 15.9% |
| ROE | | | |
| Puma | 15.7% | 15.1% | 12.1% |
| Adidas | 20.8% | 3.6% | (2.5%) |
| Nike | 55.0% | 43.1% | 34.6% |
| ROIC | | | |
| Puma | 16.0% | 14.9% | 13.9% |
| Adidas | 12.0% | 2.2% | (0.6%) |
| Nike | 22.4% | 21.0% | 17.5% |
| Cash Cycle (Days) | | | |
| Puma | 72.5 | 82.7 | 88.7 |
| Adidas | 114.2 | 126.9 | 140.7 |
| Nike | 97.6 | 101.6 | 98.8 |
| Current Ratio | | | |
| Puma | 1.61 | 1.48 | 1.55 |
| Adidas | 1.56 | 1.27 | 1.22 |
| Nike | 2.72 | 2.63 | 2.72 |
| Quick Ratio | | | |
| Puma | 0.92 | 0.69 | 0.84 |
| Adidas | 1.11 | 0.62 | 0.66 |
| Nike | 2.01 | 1.84 | 1.81 |
| Solvency Ratio | | | |
| Puma | 1.66 | 1.60 | 1.64 |
| Adidas | 1.55 | 1.36 | 1.38 |
| Nike | 1.51 | 1.61 | 1.60 |

Figure 27: Financial Analysis Comparison of Peers (Puma, Adidas, Nike)

with the industry average derived from the Multiple Valuation of 12.7% (Figure 26). Puma intends to maintain its current philosophy and capital structure as of May 2024.

Key liquidity metrics demonstrate Puma's financial strength. The current ratio was 1.55 in 2023, exceeding industry benchmarks, indicating sufficient current assets for short-term obligations while maintaining asset efficiency. The operating cash flow (OCF) ratio remained robust at 18.8% in 2023, reflecting consistent cash generation. Moreover, the net working capital, at 15.5% of sales in 2023, highlights the company's stability and conformity with industry standards. Figure 27 indicates that Puma's financial performance, meeting industry standards but slightly falling short compared to peers in profitability and efficiency. Particularly when benchmarked against Nike, Puma's ROIC and ROE exhibit a deficit. However, the cash conversion cycle stands out as a notable strength. Additionally, its current and solvency ratios suggest stable short-term liquidity and solvency, aligning with industry standards.

Free Cash Flows

The **Unlevered Free Cash Flow (FCF)**, as defined by DCF valuation, represents the cash available to all capital providers after meeting operational and investment needs. It is derived from the **Core Result Before Taxes**, which is an earnings metric before the effects of capital structure, similar to EBIT but based on reorganized financial statements. This measure includes pre-tax operating profit while excluding non-recurring and financial incomes and expenses, providing a comprehensive assessment of a company's financial performance. In Puma's case, the **Core Result Before Taxes** generally remained above 8% throughout the observed period relative to sales except a decrease to 4.3% of sales during the COVID-induced downturn in 2020 (Figure 28). However, it decreased from 9.2% in 2021 to 8.3% in 2023, possibly due to declining consumer confidence influenced by global geopolitical tensions.

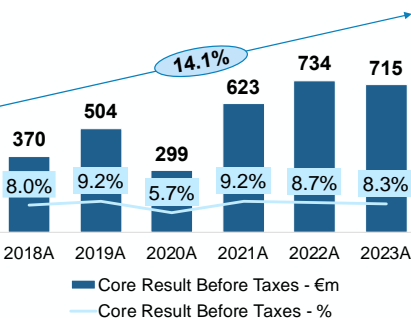


Figure 28: Evolution of Core Result Before Taxes and Margin

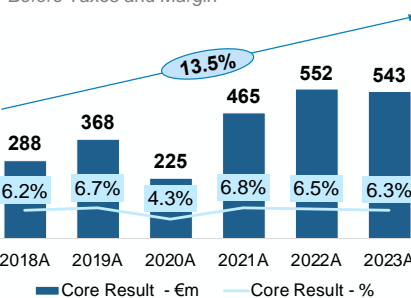


Figure 29: Evolution of Core Result and Margin

After subtracting statutory taxes and making adjustments for tax discrepancies, the **Core Result** for Puma increased from €288m in 2018 to €543m in 2023, indicating a projected CAGR of 13.5% (Figure 29). Further deductions of CAPEX and adjustments for net changes in Deferred Taxes and Net Working Capital yield the unlevered FCF. For Puma, this figure rose from €-513m in 2019 to €389m in 2023.

Cash flow from non-operating activities fluctuated significantly from 2019 to 2023, starting at approximately €-112m and peaking in 2021 due to currency changes and cash flow hedges (Figure 30). By 2023, it increased further to €-265m, indicating a strong negative trend over this period.

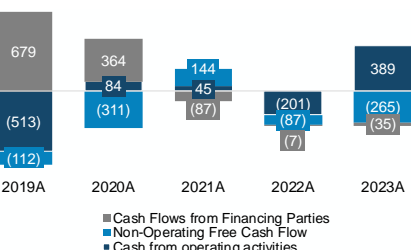


Figure 30: Evolution of Cash flows (in €m)

Conversely, **cash flow from financing activities**, which includes the financial result such as income and expenses from various financial operations, statutory taxes, and changes in net financial assets and dividends, showed a decreasing trend. It declined from €332m in 2020 to €-89m in 2023 (**Figure 30**).

Industry Overview

Macroeconomic environment

The European economy was particularly affected by the **energy price shock caused by Russia's war in Ukraine** (OECD 2024b). This led to an increase in raw material prices for many companies, naturally putting pressure on gross margins. However, Puma was less affected due to its high proportion, over 90%, of sourcing in Asia. Nevertheless, if the conflict were to escalate further, it could have a negative impact on the broader economic landscape, presenting a medium-level overall macroeconomic risk for Puma.

The **escalation of the conflict in and around Israel** could have significant consequences for the global economy (IMF 2024a). A further intensification of the conflict could result in sanctions and embargos being imposed, which could have a detrimental impact on global economic output and consumer confidence. Consequently, this could have a detrimental impact on the sales of Puma.

The IMF (2024b) anticipates that **shipping issues in the Red Sea** will likely not substantially disrupt supply chains. Nevertheless, companies like Puma, based in Europe with sourcing networks in Asia, are vigilantly observing the situation, apprehensive about possible escalation. Extended shipping routes lead to heightened transportation expenses, and in the event of intensified disruptions, costs could escalate further.

Moreover, a **decline in Chinese economic growth** was foreseen (IMF 2024a). China has long been a significant global economic powerhouse, notably exemplified by the rapid expansion of the consumer market driven by the country's increasing disposable household income, particularly prominent in the sportswear sector. China is expected to emerge as the second-largest sportswear market worldwide in the medium term. A slowdown in China would also impact Puma, potentially hindering its attainment of local sales objectives.

The **Eurozone encountered stagnation** towards the end of 2023 due to tight financing, subdued consumer confidence, and economic competitiveness issues (European Central Bank 2024). This trend, particularly in the uprise of labour costs, is expected to persist, indicating a slower short-term recovery. Global and

| | 2023A | 2024E | 2025F |
|----------------------------|-------|-------|-------|
| World | 3.2% | 3.2% | 3.2% |
| United States | 2.5% | 2.7% | 1.9% |
| Euro Area | 0.4% | 0.8% | 1.5% |
| Japan | 1.9% | 0.9% | 1.0% |
| United Kingdom | 0.1% | 0.5% | 1.5% |
| China | 5.2% | 4.6% | 4.1% |
| India | 7.8% | 6.8% | 6.5% |
| Latin America & Caribbean | 2.3% | 2.0% | 2.5% |
| Middle East & Central Asia | 2.0% | 2.8% | 4.2% |

Figure 31: Growth projections real GDP (IMF 2024a)



Figure 32: Euro annual inflation rate (Eurostat 2024c)

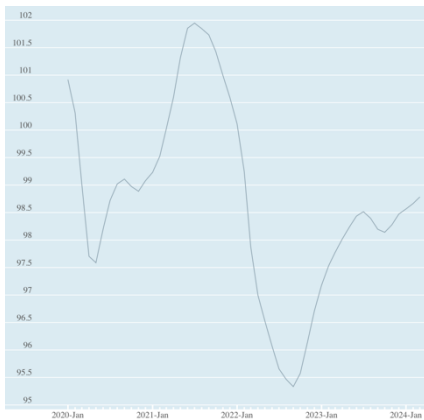


Figure 33: Euro area consumer confidence index (OECD 2024b)

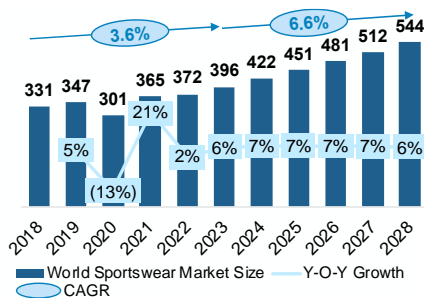


Figure 34: Market size global sportswear market in \$bn (Euromonitor 2024)

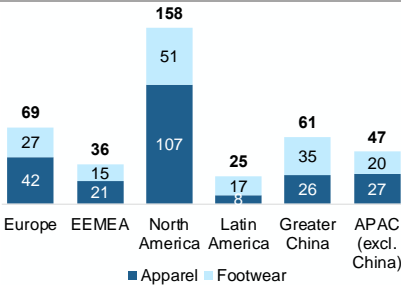


Figure 35: Market split by region and product in \$bn (Euromonitor 2024)

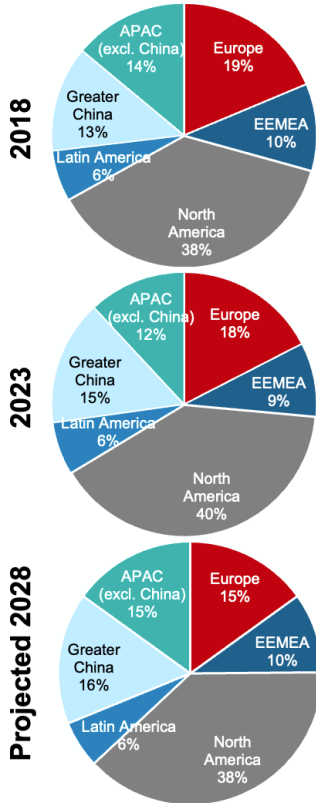


Figure 36: Evolution of Market Split by Region (Euromonitor 2024)

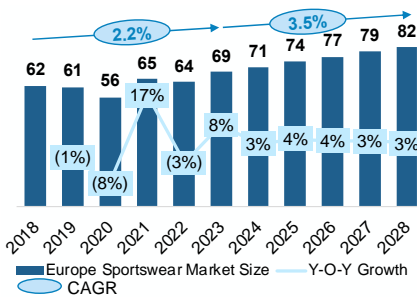


Figure 37: Evolution of Market Size in Europe in \$bn (Euromonitor 2024)

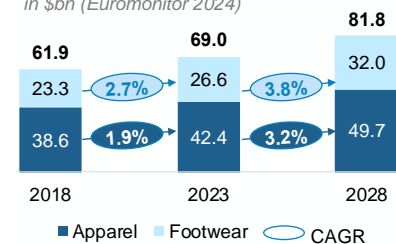


Figure 38: Evolution and Split of Market Size in Europe in \$bn (Euromonitor 2024)

European declines in consumer confidence are negatively impacting the economy, notably the consumer goods sector, as shown in **Figure 33**. However, EU net exports have recently increased (European Central Bank 2024). In conclusion, the economic stagnation, and the ongoing rise in labour costs, exerting inflationary pressure, may significantly affect Puma, particularly in Europe. Fortunately, the company has a relatively small workforce in Europe. Conversely, the global decline in consumer confidence may significantly impact the sportswear industry, necessitating a recovery for more promising prospects.

Market Overview

Puma operates within the **sportswear market**, encompassing **sports apparel** (performance, outdoor, and sports-inspired) and **athletic/sports footwear** (performance, outdoor, and sports-inspired), along with **accessories**. Before diving into the market overview, it is important to note that **market sizes** were obtained **from Euromonitor** in USD. Therefore, USD will be used for consistency and to minimize distortions caused by currency fluctuations. Conversions to EUR will be handled in a sophisticated manner during the forecast section. As of 2023, the **market size stands at \$395.5bn (Figure 34, Euromonitor 2024)**, with \$230.9bn from sports apparel and \$164.7bn from athletic footwear (**Figure 35**). Historically, the market grew at a CAGR of 3.6% from 2018 to 2023. Projections suggest that sports apparel will grow at a CAGR of 6.3% and athletic footwear at 7.0%. The latter segment is expected to experience heightened growth. North America is the largest regional market, with a 39.9% market share, followed by Europe with 17.4%, and Greater China with 15.3% (**Figure 36**).

Europe

The **European market** for Puma covers all Western European countries. As of 2023, the **market size is \$69.0bn**, representing 17.4% of the global market (**Figure 37**). Revenue splits into \$42.4bn from **sports apparel** and \$26.6bn from **athletic footwear (Figure 38)**. Historically, from 2018 to 2023, the market grew at a CAGR of 2.2%, with a COVID-related decline of -8.4% in 2020. Despite this, pre-COVID revenue levels were surpassed in 2021 before another setback in 2022 due to a loss in global consumer confidence. However, both the COVID slump and the subsequent recovery were less severe than in the global market, indicating a higher maturity level. Looking ahead, a CAGR of 3.5% is anticipated for this market until 2028, with 3.2% for sports apparel and 3.8% for footwear. This will elevate the **market to an aggregate size of \$81.8bn by 2028**.

EEMEA

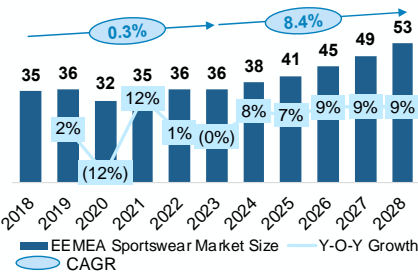


Figure 39: Evolution of Market Size in EEMEA in \$bn (Euromonitor 2024)

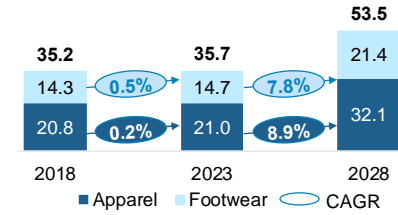


Figure 40: Evolution and Split of Market Size in EEMEA in \$bn (Euromonitor 2024)

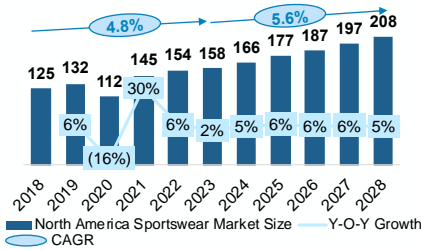


Figure 41: Evolution of Market Size in North America in \$bn (Euromonitor 2024)

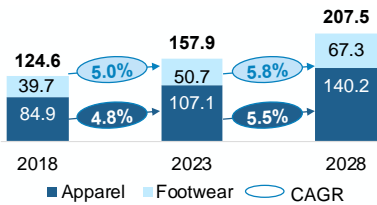


Figure 42: Evolution and Split of Market Size in North America in \$bn (Euromonitor 2024)

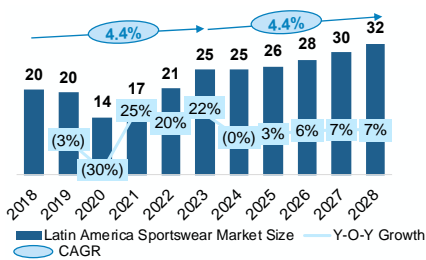


Figure 43: Evolution of Market Size in Latin America in \$bn (Euromonitor 2024)

The **EEMEA market** combines Eastern Europe and the Middle East and African (MEA) regions into a single market. As of 2023, the **market totalled \$35.7bn**, accounting for 9.0% of the global market (**Figure 39**). Eastern Europe contributed \$13.6bn, and MEA contributed \$22.0bn. Both segments, sports apparel, and athletic footwear, constitute \$21.0bn and \$14.7bn, respectively, of the total (**Figure 40**). Recent market developments have witnessed modest growth, with the market facing a series of challenges such as the pandemic and declining consumer confidence. Despite these obstacles, there was only a 0.3% increase from 2018 to 2023. Specifically, Eastern Europe faced challenges, experiencing an annual contraction of 1%, while the MEA region demonstrated a modest 1.1% growth during this period. Looking ahead, the market is forecasted to grow at a **CAGR of 8.4% until 2028**. MEA is expected to surpass Eastern Europe, with projected CAGRs of 10.4% and 4.9%, respectively. The footwear and apparel segments are anticipated to grow at CAGRs of 7.8% and 8.9%, respectively, by 2028.

▪ North America

The **North American market** comprises the United States, which constitutes over 95% of the market size, and Canada. As of 2023, the **market volume totals \$157.9bn**, with \$107.1bn attributed to sports apparel and \$50.7bn to athletic footwear (**Figure 41 & 42**). Thus, the region accounts for roughly 39.9% of the global market size. Historically, the market has shown remarkable growth, doubling in size since 2010. Between 2018 and 2023, it grew at a CAGR of 4.8%. Despite a 15.6% decline in 2020 due to COVID-19, the market rebounded by 30.0% the following year. Forecasts indicate significant growth ahead, with an expected total market **CAGR of 5.6%**, reaching \$207.5bn by 2028. Footwear and apparel are anticipated to grow at CAGRs of 5.8% and 5.5%, respectively. The United States is expected to outpace Canada until 2028, with a projected growth rate of 5.7% compared to Canada's 3.8%.

▪ Latin America

Latin America, spanning from Mexico to Central and South America, accounted for approximately 6.4% of the global sportswear industry by 2023, with a **total market size of \$25.2bn (Figure 43)**. Of this, \$17.2bn was generated from athletic footwear and \$8.1bn from sports apparel, resulting in an uneven distribution of market share within the global segments. In footwear, Latin America held a global market share of 10.5%, while only possessing a 3.5% market share in the sports apparel market. This suggests a lower maturity level in the market and a consumer preference for investing in footwear, perceived as a necessary and cost-effective premium product. Historically, market growth was mixed. From 2010 to 2018,

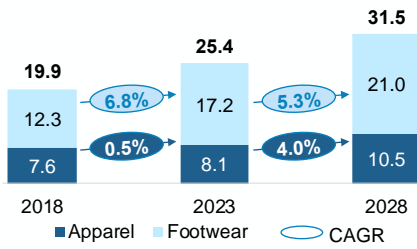


Figure 44: Evolution and Split of Market Size in Latin America in \$bn (Euromonitor 2024)

revenues grew moderately at an annual rate of 0.75%, peaking at \$25.2bn in 2013 before a slight decline until 2018 (Euromonitor 2024). Between 2018 and 2023, the market accelerated, growing at a CAGR of 4.4%. Especially after COVID-19, the market experienced double-digit growth rates each year. The projected growth rate for the Latin American market is a **4.4% CAGR until 2028**, with total revenue expected to reach \$31.5bn. Notably, the apparel segment is anticipated to experience slightly stronger growth at 5.33% compared to the footwear segment's 4.0% CAGR (Figure 44).

Greater China

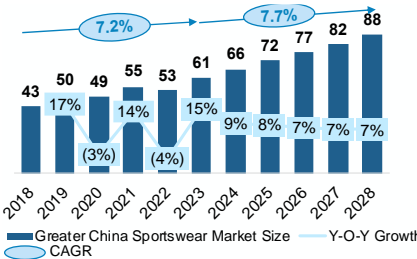


Figure 45: Evolution of Market Size in Greater China in \$bn (Euromonitor 2024)

Puma considers **Greater China** a pivotal component of the Eastern Asian market, encompassing Mainland China, Hong Kong, Macau, and Taiwan, with Mainland China holding over 90% of the market share. As of 2023, the region's **market size is \$61.0bn**, with sports apparel contributing \$25.5bn and sports footwear \$35.1bn. As a result, Greater China achieves a share of 15.3% in the global market. Historically, this market has nearly tripled since 2010, growing at a CAGR of 7.2% from 2018 to 2023, with footwear and apparel segments expanding at 7.8% and 6.4%, respectively (Figure 45 & 46; Euromonitor 2024). Despite setbacks from COVID, experiencing declines of -2.8% in 2020 and -4.1% in 2022, the outlook for Greater China remains highly positive. Robust economic growth in China drives market expansion, fuelled by increasing demand for sportswear associated with a healthier, growing population, projecting a **CAGR of 7.7% until 2028**, reaching a market size of \$87.9bn (Figure 46). Notably, this attractive market landscape now also features local competitors, particularly Anta and Li-Ning, challenging established brands like Puma, Adidas, and Nike.

APAC (excl. Greater China)

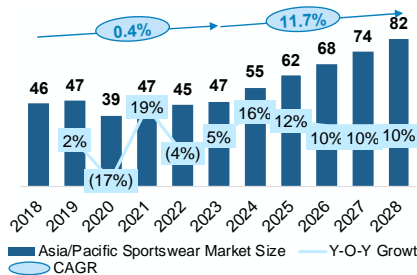


Figure 47: Evolution of Market Size in APAC in \$bn (Euromonitor 2024)

The **Asia-Pacific** market, including Australasia and Southeast Asia, comprises countries like Australia, South Korea, Japan, and India. This region accounted for 14.0% of the global market size. As of 2023, it **reached a size of \$47.0bn**, with \$26.7bn from sports apparel and \$20.4bn from footwear (Euromonitor 2024). Historically, this region showed robust growth from 2010 to 2018, with a CAGR of 7.7%. However, between 2018 and 2023, growth slowed to a CAGR of just 0.4% (Figure 47 & 48), largely due to significant declines in 2020 and 2022, falling by 17.1% and 3.9%, respectively, due to COVID-19 impacts. During the same period, the Australasian market grew by a CAGR of 5.1%, while the Southeast Asian market slightly contracted by -0.1%. Both sub-regions experienced significant growth prior to this, reaching their highest revenue to date in 2019 at \$47.3bn. In the foreseeable future, it is anticipated that the market will surpass this revenue in

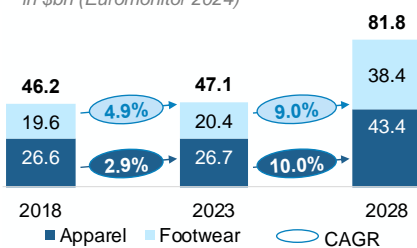


Figure 48: Evolution and Split of Market Size in APAC in \$bn (Euromonitor 2024)

2024, reaching a total size of \$81.7bn by 2028, with a CAGR of 11.7%. The apparel segment is projected to expand at a CAGR of 10.2%, while the sports footwear segment is anticipated to grow by 13.5%. This growth is primarily driven by economic development in Southeast Asian emerging markets.

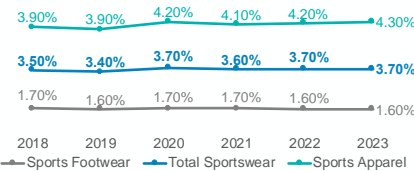
Industry Trends and Drivers

Market recovery reflected in rebound in US consumer confidence...

A gradual recovery for the sportswear industry: After market turbulence, the sportswear industry expects a gradual yet significant recovery. Pandemic-induced changes in work habits have stimulated demand for varied sportswear. Despite global consumer reluctance to spend on leisure items, evidenced by the OECD Consumer Confidence Index dropping to 98.0 by 2023, nearly matching its 2020 low, persistent inflation pressures persist (Figure 27; OECD 2024b). Nonetheless, positive global economic forecasts and early recovery indicators, such as heightened consumer confidence and purchasing power in the U.S., enhance market optimism. Moreover, despite reduced consumer confidence in 2022, the sportswear sector consistently outperformed the broader apparel and footwear industry, a trend expected to persist.

Casual sportswear is becoming more and more important and is now even worn in the business sector, e.g. On shoes...

Casualization of sportswear: The rising demand for casual sportswear is transforming the market, with sports shoes, sneakers, and casual attire integrating seamlessly into daily wardrobes, merging functionality with fashion. This trend extends beyond specific athletic purposes to encompass everyday clothing with a sporty aesthetic. Sports shoes are progressively dominating traditional footwear market share and are projected to maintain this trend. Conventional sportswear brands and non-sportswear manufacturers are both embracing the allure of casual sportswear. This ongoing shift towards casualization is poised to persist, offering an intriguing alternative narrative within the broader market landscape.



Private labels on the rise: The surge in casual sportswear demand has spurred private labels and non-sportswear brands to introduce sportswear lines, as evidenced in **Figure 49** (Euromonitor 2024). This trend, notably in apparel (CAGR 2.0%), sees established players like Puma (2.6% market share) competing with private labels (3.7% market share). The fusion of functionality and style in sportswear, reflecting broader apparel market trends, attracts new competitors, especially in Asian markets. Brands like Puma must cultivate loyalty through diverse channels, including e-commerce, localized retail, events, and influencer partnerships. In this competitive arena, sportswear companies are investing in immersive physical and digital experiences.

Figure 49: Global development of private label shares (Euromonitor 2024)

Sustainability can be an argument to win customers, but it can also cause problems if it is violated...

Sustainability becoming increasingly important: Growing environmental awareness and regulatory pressures drive major clothing corporations to adopt

sustainability strategies, emphasizing water conservation, pollution control, carbon emissions reduction, fair labour practices, and diversity. Consumers increasingly demand brand accountability, preferring socially and environmentally responsible options. Leading brands like Puma exemplify this shift, gaining consumer trust amid changing expectations. The Adidas case illustrates consumer backlash in 2022 due to offensive remarks by Kanye West, highlighting the broad scope of sustainability, encompassing Environmental, Social, and Governance (ESG) principles (Euromonitor 2024). Studies suggest that robust ESG performance not only mitigates risk but also enhances financial performance.

Digitalization (e-commerce): As depicted in **Figure 50**, e-commerce sales have consistently grown at a 10.8% CAGR since 2018, accounting for nearly 30.0% of total sales (Euromonitor 2024). The unmatched convenience of e-commerce drives this trend, offering customers the ability to shop anytime and anywhere, even amid busy schedules. Furthermore, e-commerce increases the likelihood of finding desired items. From the seller's viewpoint, e-commerce broadens customer reach, streamlines targeted advertising, and enables thorough analysis of purchasing patterns through data aggregation. Moreover, it slashes operational costs by eliminating expensive physical establishments and staff, leveraging existing IT infrastructure and storage facilities. **Figure 51** illustrates regional disparities; while relatively similar, the Asian Pacific region and North America exhibit slightly higher e-commerce maturity levels (Euromonitor 2024).

Age of women's empowerment: **Figure 52** illustrates women's current underrepresentation in revenue shares. However, emerging trends in female empowerment, notably in regions such as Northern Europe, challenge traditional gender norms. Increased female participation in sports, evidenced by events like the 2023 Puma, exemplifies this shift. Projections suggest women will account for 50% of disposable income, signalling untapped potential with implications for the sportswear market and broader macroeconomics. This forecast anticipates heightened purchasing power and potentially disproportionate growth in women's product sales relative to men's, a trend observed consistently across continents (**Figure 53**; Euromonitor 2024).

Healthier lifestyle: As economies develop, people prioritize healthier lifestyles, leading to increased gym memberships and regular exercise, even in countries like China. For instance, over 64 million Americans visit the gym more than 104 days annually, a trend poised to further fuel the demand for sportswear (Glofox 2023).

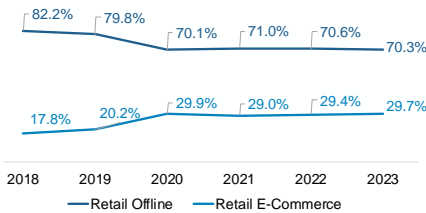


Figure 50: Worldwide e-commerce shares development (Euromonitor 2024)

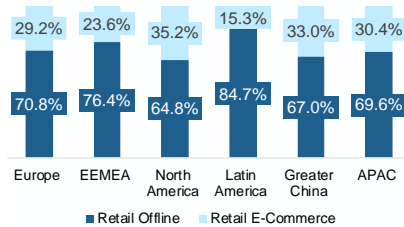


Figure 51: Local e-commerce shares as of 2023 (Euromonitor 2024)

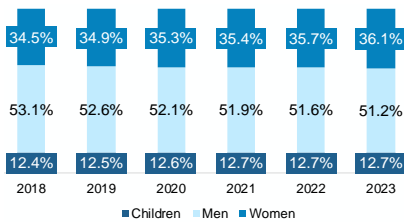


Figure 52: Worldwide demographic share development (Euromonitor 2024)

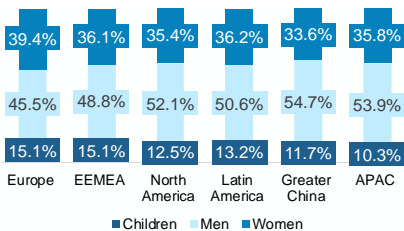


Figure 53: Worldwide demographic shares by region (Euromonitor 2024)

In the U.S. more than 64m individual regularly go to the gym...

Porter's Five Forces

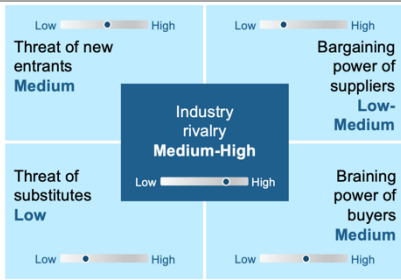


Figure 54: Porter's five forces

Changing product requirements and the advent of e-commerce increase the threat of new entrants...

Lower quantities increase the bargaining power of suppliers...

Sustainability unites customers around shared beliefs, increasing their bargaining power...

Clothing being almost a necessity...

Competitive rivalry is a natural occurrence in the market for sportswear...

To gain a more comprehensive understanding of the market, we conducted a Porter's Five Forces analysis from the view of Puma.

Historically, the sportswear market faced a low to medium threat from new entrants due to the significant resources required for research, development, and distribution, notably through endorsements and wholesale channels. However, the surge in lifestyle sportswear demand has attracted manufacturers from other sectors. Furthermore, e-commerce has streamlined distribution, resulting in the current **medium threat from new entrants**.

The **suppliers' bargaining power is low-medium** as raw materials used are mostly standard materials. Though, one supplier may have bargaining of providing special raw materials to multiple competitors at the same time. This is especially the case when purchasing only low quantities.

In the contemporary marketplace, the bargaining power of customers must be viewed in a nuanced manner. While individual customers do not possess significant bargaining power, the growing emphasis on sustainability is placing pressure on the market as a whole. Adidas, for instance, experienced this firsthand with its Kanye West line in 2022, which resulted in a customer boycott. Therefore, **customer bargaining power** is considered to be **medium**.

Threat of substitutes – low. In the contemporary world, apparel is a fundamental necessity. A complete replacement is therefore unlikely. Only a change within the industry is conceivable.

The market's competitive landscape exhibits **medium to high rivalry**, with major brands engaged in persistent competition. Strategies aimed at outperforming competitors are widespread, such as outfitting a majority of teams at a football World Cup. Consumer brand loyalty varies by product category, with higher allegiance observed in running shoes than in t-shirts. The proliferation of e-commerce has provided enhanced flexibility in product selection, particularly in lifestyle segments. Additionally, Asian competitors have swiftly gained market share, posing a substantial challenge to Puma, and potentially establishing a precedent for local players in other markets.

Competitive landscape

The competitive landscape in the sportswear industry is **highly fragmented**, as evidenced by a **Herfindahl-Hirschman Index of <450 (Figure 55)**. Broadly, the same competitors dominate the global market, with slight variations in market share and presence in specific regions. For instance, local competitors are more

| # | Company | Market Share |
|----|-----------------|--------------|
| 1 | Nike | 18.0% |
| 2 | Adidas | 8.3% |
| 3 | VF Corp | 3.4% |
| 4 | Anta Sports | 3.1% |
| 5 | Puma | 2.6% |
| 6 | Skechers | 2.4% |
| 7 | Lululemon | 2.2% |
| 8 | Under Armour | 2.1% |
| 9 | New Balance | 1.5% |
| 10 | Li Ning | 1.4% |
| 11 | Asics | 1.4% |
| 12 | Decathlon | 1.2% |
| 13 | Columbia Sports | 1.1% |
| 14 | On | 0.7% |
| 15 | Others | 50.6% |

Figure 55: Market shares by company in sportswear market (Euromonitor 2024)

prominent in Asian markets, European brands more present in Europe, and American companies prevail in North America.

Additionally, from Puma's perspective, the competitive landscape can be divided into several categories: **Traditional sportswear** produced by established manufacturers like Nike, Adidas, and Puma (**Figure 56**); **Asian players** at the front Anta and Li-Ning, which have recently entered this segment and **niche players** specialized in particular segments competing with Puma. These niche players include **athletic footwear** companies like Asics and Skechers, solely focusing on footwear production, **outdoor experts** such as Fenix and Columbia Sports, concentrating on outdoor activities, and **lifestyle players** like Hugo Boss, Birkenstock, and Crocs, with whom Puma competes in lifestyle products, primarily due to geographical reasons.

Figure 57 delineates Puma's main competitors and their strengths, revealing the striking similarity in operational business models among Puma, Adidas, and Nike.



Figure 56: Competitive landscape of Puma

| | Traditional competitors | | | | New competitors | | | Asian competitors | |
|-----------------------------------|---|---|---|--|---|---|--|--|--|
| Company | PUMA | Adidas | Nike | DECATHLON | LI-NING | UNDER ARMOUR | ANTA | LI-NING | |
| Headquarters | Herzogenaurach | Herzogenaurach | Beaverton | Villeneuve-d'A. | Vancouver | Baltimore | Jinjiang | Beijing | |
| Foundation | 1948 | 1949 | 1964 | 1976 | 1998 | 1996 | 1994 | 1989 | |
| Employees ¹⁾ | ~18,500 | ~59,000 | ~83,500 | ~103,000 | ~38,000 | ~15,000 | ~59,000 | ~4,500 | |
| Revenue in EUR m ¹⁾ | 8,600 | 21,400 | 46,600 | 15,400 | 8,700 | 5,300 | 8,200 | 3,300 | |
| EBITDA in EUR m ¹⁾ | 980 | 1,400 | 6,200 | n.a. | 2,400 | 400 | 2,600 | 700 | |
| Net Income in EUR m ¹⁾ | 300 | (100) | 4,900 | 900 | 1,400 | 400 | 1,300 | 400 | |
| Pricing ²⁾ | Low | Low | Low | Low | Low | Low | Low | Low | |
| Product offer | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | Sports apparel, Athletic footwear, Outdoor, Lifestyle | |
| Description | Strong innovation; designs, sells, and markets sportswear; strong presence in European sports | Same origin as Puma with comparable Business model; design, development, sale of sportswear | Largest sportswear firm in the world; Design, marketing and distribution of sportswear and diverse services | Privately held sportswear manufacturer; diverse range of products across sports and outdoor activities | Pioneer in the lifestyle sports segment; Product range focuses mainly on a range of non-ball sportswear | Focus on combat and thermal sportswear; Expanded to athletic apparel, footwear, and accessories | Leading Chinese sportswear manufacturer; Strong growth supported by strategic M&A's, (e.g., Amer Sports) | Leading firm engaged in design, manufacturing, and sales of sportswear | |

Figure 57: Competitive landscape main competitor matrix (Refinitiv, Company Information)

Comparative SWOT analysis: Puma, Adidas & Nike

The following chapter examines the strengths, weaknesses, and threats of Puma, Adidas, and Nike in the context of their competitive environment (The Strategy Story 2024)

Strengths: Adidas, Nike, and Puma are renowned for their strong global brand recognition, which is crucial for success in the competitive sportswear market. Each company has successfully harnessed high-profile endorsements and sponsorships to enhance brand visibility and consumer engagement. While Adidas and Nike offer a broad and diverse product range, Puma distinguishes itself with its innovative marketing strategies and bold expansion efforts, which have effectively established its presence in over 120 countries.

Weaknesses: Nike and Adidas are particularly vulnerable to risks associated with outsourced manufacturing, which exposes them to potential supply chain

Puma stands out with bold marketing strategy...

Puma's narrow focus may hinder the company's ability to adapt adequately to market trends, e.g. e-commerce...

disruptions and labour controversies. Puma, on the other hand, contends with challenges related to its market share and brand perception. Its reliance on footwear limits its market flexibility compared to Adidas, which has diversified extensively into sports and lifestyle products. This narrower focus may hinder Puma's ability to adapt quickly to changing market trends.

Opportunities: The shift towards digital sales platforms and the expansion into emerging markets present lucrative opportunities for all three brands. Increasing internet penetration and the growth of the middle class in these regions offer new avenues for consumer engagement. Puma is well-positioned to enhance its brand equity through strategic partnerships and increasing its footprint in untapped markets, particularly in Asia and Latin America. Its strong commitment to marketing and sponsorships, demonstrated by its involvement in global sports events like the FIFA World Cup, further amplifies its potential to expand its global presence.

Threats: Economic downturns and the prevalence of counterfeit products are significant threats that impact Adidas, Nike, and Puma alike, affecting their global operations and profitability. The highly competitive nature of the sportswear market compels all three to continually innovate and adapt to consumer preferences. Puma faces additional challenges due to its smaller scale and lesser brand power, which may limit its competitive capabilities relative to Adidas and Nike. Additionally, market saturation and economic sensitivity in key growth regions pose specific risks that Puma must navigate to maintain its growth trajectory and profitability.

Key Risks

As an international business, Puma confronts various **macroeconomic** and **geopolitical risks**. Current tensions in the Middle East and Ukraine, coupled with global inflation and recession fears, have dampened consumer confidence and reduced demand for non-essential items like sportswear. Uncertainties regarding China's post-COVID economic recovery and competition from both local and international brands further compound these challenges.

Puma's dependence on Asian sourcing partners for most manufacturing brings added risks like **supply chain disruptions** and supplier reliance. To counter these, Puma adopts centralized platforms, e-commerce solutions like the Puma App, and logistics tech such as Blockchain. Yet, these efforts heighten IT-related risks, leading Puma to enforce stringent policies protecting its entire value chain.

Currency exchange rate fluctuations present a significant risk for Puma, given its diverse revenue and sourcing markets. Although only a portion of its revenue is in €, most sourcing payments are in \$. Therefore, hedging strategies are crucial to

Digital sales and strong Latin American presence offer Puma opportunities...

Threats come mainly from the market and macro environment...

Macroeconomic risk in the form of a slowdown in consumer confidence and disruptions of value chains is present...

Risks can arise from sourcing physical items in the supply chain or digital items in the form of IT breaches and similar issues...

Risk of exchange rate fluctuations, particularly in countries with unstable currencies like Türkiye...

ESG poses transformative and transitional risks that affect both the operational and financial aspects...

Adequate liquidity management crucial to minimise risk...

The COVID pandemic has demonstrated that panic can arise within value chains...

Constant evolution of the market and customer desires brings risks, as companies must adapt to these challenges, otherwise they run the risk of being overtaken...

mitigate currency risks up to a certain ratio. However, currency risk persists, and Puma recognizes the ongoing necessity for risk management in this area.

Environmental, social, and governance (ESG) considerations present notable risks. Neglecting ESG practices can lead to financial repercussions, customer, and talent attrition. Puma actively addresses these through various sustainability initiatives, detailed in subsequent sections of the report.

Puma also contends with **financial risks** including liquidity, interest rate variability, and trade receivables. The company mitigates these through maintaining unused credit lines, using diverse financing instruments, and robust default risk management systems (to monitor outstanding balances and mitigate default risks), including the use of credit insurance where feasible.

The **COVID-19 pandemic** has underscored the risks posed by pandemics to the global economy and businesses, including supply chain disruptions and economic downturns. In response, Puma has integrated pandemic risk management into its risk framework to address these challenges effectively.

Lastly, **product and market-related risks**, such as intense competition and changing consumer preferences, require Puma to continually innovate and adapt its product range. Diversifying distribution channels, including a greater emphasis on e-commerce, is recommended to mitigate distribution-related risks and align with evolving market trends.

Puma Upside Drivers and Downside Risks

Puma faces challenging market conditions due to global economic disruptions that impact consumer confidence and behaviours. Its reliance on wholesale models contrasts sharply with the rising trends of direct-to-consumer (DTC) sales and e-commerce. Additionally, its struggles to gain traction in the lifestyle market further complicate its situation. To strengthen our buy recommendation, we've identified key value drivers and potential risks for thorough evaluation.

(+) ESG

Fashion production notably impacts the environment, responsible for 10% of human carbon emissions (International Conference Center Geneva 2018). Adopting strong ESG practices correlates with reduced capital costs, improved operational efficiency, and better stock performance (Chen et al. 2023). Puma leads ESG initiatives with its 10FOR25 strategy, aligning sustainability efforts with the Paris climate agreement and actively contributing to the 1.5-degree target. This

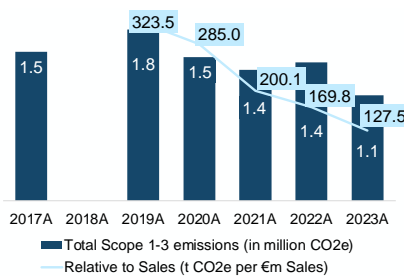


Figure 58: Evolution of total and relative GHG-emissions in metric tons (Puma)

alignment is strengthened by integrating ESG criteria into the management's bonus framework.

Environmental: Puma has clearly defined quantitative environmental targets as part of its strategy. Primarily, Puma aims to cut GHG emissions (Scope 1 and 2) by 90% by 2030 compared to the 2017 baseline, maintain 100% renewable electricity sourcing by 2030+, and decrease emissions from its supply chain (Scope 3) by 33%. This trend is depicted in **Figure 58**. Further it stands out positive that by 2023, Scope 3 emissions from the supply chain already have been reduced by 27%. This early progress lends credibility to Puma's ability to meet its targets. Achieving these targets has the potential not only to advance Puma's environmental responsibility, but also to positively impact its financial performance.

Social: Puma actively enhances the social impact of its operations. Over 99% of worker complaints in its supply chain have been effectively addressed, with 549 out of 564 suppliers' factories audited (**Figure 59**). Puma has surpassed its ambitious 2025 social targets, training 223,000 individuals on women's empowerment by 2023, exceeding the initial goal of 100,000. Additionally, its global community engagement target of 25,000 hours annually was surpassed, with 57,000 hours logged in 2023.

Governance: On the governance front, Puma's strict zero-tolerance policy on harassment is just one example of the company's leadership in governance. The progress is also reflected in Puma's ratio of women in leadership positions, which stands at 43%, close to the target of 50% (**Figure 60**).

Puma's **strong ESG commitment** is evident in its **top-tier ratings**. It holds an AAA rating from MSCI ESG Ratings, ranking among the top performers in the textile and luxury goods industry (MSCI n.d.). In Refinitiv's ESG ranking (as of April 2024), Puma ranks 3rd among 153 competitors, boasting a fiscal year 2022 ESG Score of 84.22 (Grade: A) and a five-year average of 79.88, surpassing industry standards and showcasing exceptional performance. This proactive stance mitigates company risk and enhances its value proposition.

(+/-) Top-line growth and stable margins

Puma is renowned for its entrepreneurial spirit and innovative ethos. It leverages its innovation (e.g. Puma App launch in 2022) and strategic partnerships to drive sales growth, especially in women's sports. Targeting an **ambitious 10.0% EBIT** margin, Puma faces challenges from its scale and wholesale exposure but aims to maintain its current 7.2% margin. Puma's effective cost management, especially in maintaining high gross margins, now extends to optimizing SG&A expenses.

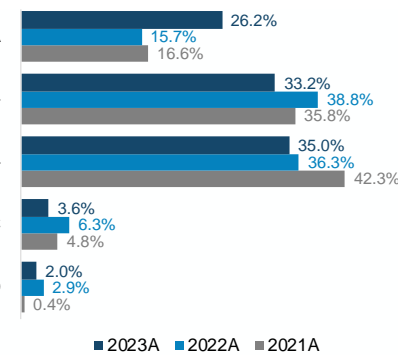


Figure 59: Results of Puma factory audits of suppliers (Puma)

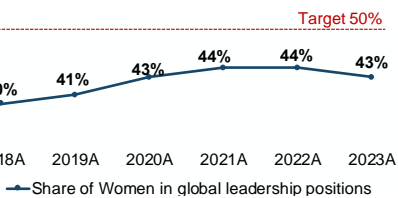


Figure 60: Share of women in global leadership positions (Puma)

Puma's sales growth, combined with stable margins, provides a good basis for increasing positive cash flow...

Even with modest sales improvements and stable margins, an increase in nominal operating profits is anticipated. Puma’s future valuation depends on meeting these performance benchmarks, positioning it to potentially exceed market expectations.

(+/-) Traction in lifestyle and strategies

Puma is engaged in a mission to enhance the quality of its product offering, improve the efficiency of its distribution, and strengthen its brand equity. The company has implemented a number of promising strategies that are already yielding positive results. On the one hand, Puma aims to expand its product range in the lifestyle segment to capitalize on the growing trend towards casual wear and diversify its traditional sportswear offerings. This strategy is proving effective, and the company is experiencing stronger-than-anticipated growth. Additionally, footwear sales are experiencing a surge. Additionally, the company has a number of other promising products in the pipeline. A further objective is to improve the distribution strategy, both wholesale and direct-to-consumer. In order to defend or gain market share in the Chinese and US markets, in particular, the company is expanding in areas such as US basketball. As noted, innovation has consistently been crucial for Puma. The widely discussed Puma App stands to gain further from the e-commerce surge, enhancing the business model comprehensively.

The success or failure of Puma's lifestyle offensive has a significant impact on the value of the company...

(-) Traction in China and APAC

The future of Puma in the Asia-Pacific region is uncertain. While the market is the second largest in the world and promises strong growth, Puma has experienced a decline in market share. Local competitors have posed a significant challenge, and the company's products have not aligned with consumer preferences. This is particularly evident in China, where Puma recently lost significant market share and is currently at the same level as in 2018. Furthermore, the company's margins require improvement. The question remains whether Puma can grow its business and how it will achieve this.

Puma's declined presence in China and APAC, two key markets, is negatively impacting its value due to the weak momentum...

Forecasts

Sales

We anticipate Puma's **total sales** to grow significantly, reaching **€12.4bn by 2031**, up from €8.6bn in 2023, (CAGR of 4.7%) (**Figure 61**). This projection is based on a thorough **top-down analysis** of future market shares in Puma's three main product categories: Footwear, Apparel, and Accessories, across various regions.

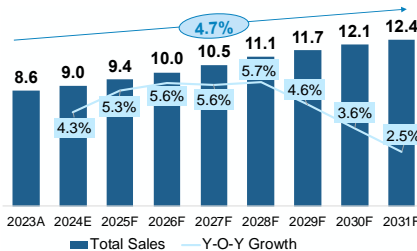


Figure 61: Forecasted total sales development of Puma (in €bn) (Own projections)

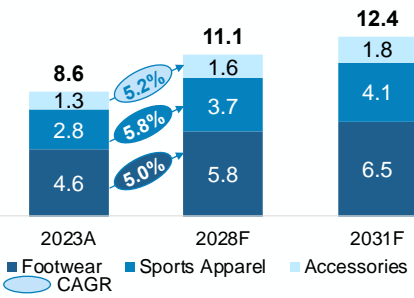


Figure 62: Puma Sales Forecast by Product (in €bn) (Own projections)

Due to the absence of a separate market for accessories, we used the apparel market as a comparative framework, given their similar developmental trajectories. Market sizes and projected developments were sourced from **Euromonitor**. Our market share projections were informed by a detailed assessment of Puma's historical financial data, as well as market reports from Euromonitor, Statista and broker reports issued by leading financial institutions. We benchmarked Puma's performance against industry peers across different regions and incorporated insights from **Puma's Capital Markets Day** in March 2024. Additionally, we employed statistical sales forecasting models to ensure empirical grounding and statistical significance.

To address fixed exchange rates in Euromonitor's data, we converted Puma's annual sales from USD to EUR using average exchange rates during the reporting periods, assuming consistent sales distribution throughout the fiscal year. We then derived growth rates of Puma's sales in USD relative to market size and development. The Euro-denominated sales were projected under the assumption that future exchange rate fluctuations would not significantly impact sales. Since Euromonitor's market projections only extend to 2028, we aligned growth rates gradually towards a terminal growth rate of 2.5% per annum from 2029 to 2031, capturing extended market trends without excessive speculation.

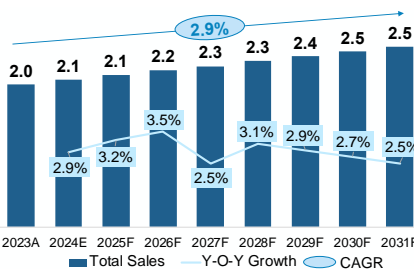


Figure 63: Puma Europe Sales Development (in €bn)

Europe: In 2023, Puma holds a **3.16% market share in Europe**, distributed across apparel (1.65%), footwear (4.37%), and accessories (0.75%). From 2018 to 2023, **apparel** market share fluctuated between 1.3% and 1.76%, with a slight downward trend, and is expected to stabilize at 1.65% in the upcoming year, declining slightly to 1.64% subsequently. The **apparel** market is projected to grow at a 3.1% CAGR until 2028, with sales reaching **€0.8bn by 2031 (Figure 64)**. **Footwear** market share ranged from 2.79% to 4.37% from 2018-2023, and competition from new entrants like On is expected to reduce this to 4.22% by 2028. The footwear segment is anticipated to grow at a 3.0% CAGR until 2028, with sales projected at **€1.4bn by 2031**. **Accessories** market share, fluctuating between 0.6% and 0.76% from 2018-2023, is expected to decrease slightly to 0.74% next year, with a projected 3.1% CAGR until 2028, reaching **€0.4bn by 2031**. **Overall**, Puma's total sales in Europe are expected to reach **€2.5bn by 2031 (Figure 63)**.

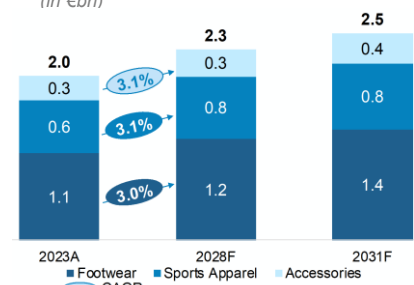


Figure 64: Puma Europe Sales Forecast by Product (in €bn) (Own projections)

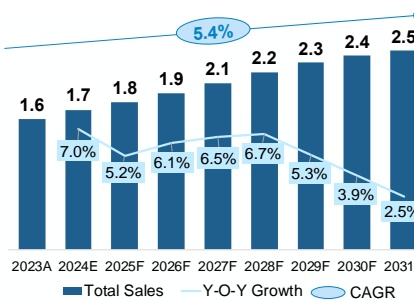


Figure 65: Puma EEMEA Sales Development (in €bn)

EEMEA: In 2023, Puma holds a 4.93% market share in the EEMEA, divided among apparel (2.69%), footwear (6.38%), and accessories (1.22%). From 2018 to 2023, the **apparel** market share grew from 1.08% to 2.69%. Although competition is anticipated, the market share is expected to remain relatively stable, with a slight decline to 2.48% by 2028. The apparel segment is projected to grow at a 7.1% CAGR until 2028 (**Figure 66**), reaching total sales of **€0.8 bn by 2031**.

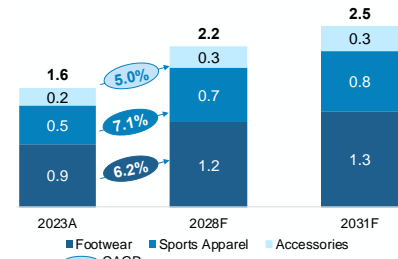


Figure 66: Puma EEMEA Sales Forecast by Product (in €bn) (Own projections)

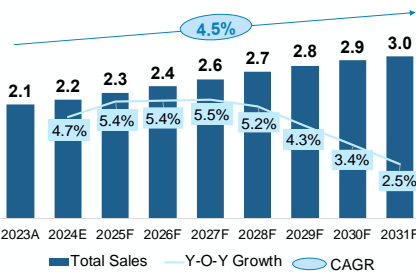


Figure 67: Puma North America Sales Development (in €bn)

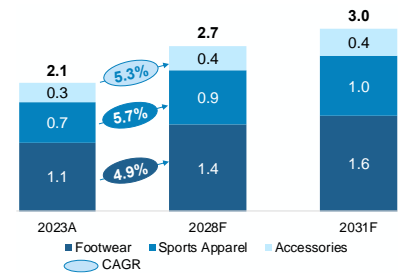


Figure 68: Puma North A. Sales Forecast by Product (in €bn) (Own projections)

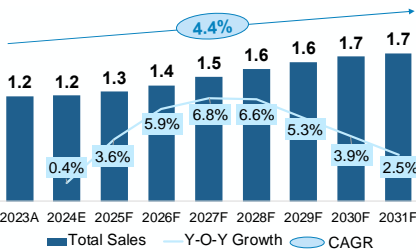


Figure 69: Puma LATAM Sales Forecast by Product (in €bn) (Own projections)

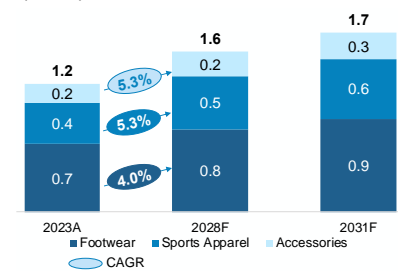


Figure 70: Puma LATAM Sales Forecast by Product (in €bn) (Own projections)

Footwear market share increased from 2.02% in 2018 to 6.38% in 2023. Nevertheless, intensified competition is expected to reduce the market share to 5.9% by 2028. The footwear segment is forecasted to grow at a 6.2% CAGR, with a projected category size of **€1.3bn by 2031**. The **accessories** segment grew from 0.5% to 1.22% between 2018 and 2023. Even with favourable positioning, competition is expected to decrease market share slightly to 2.02% by 2028. The segment is projected to grow at a 5.0% CAGR until 2028, reaching a volume of **€0.3bn by 2031**. **Overall**, Puma's total sales in the EEMEA region are expected to reach €2.5bn by 2031 (**Figure 65**).

North America: In 2023, Puma's market share in North America is 1.44%, with contributions from apparel (0.68%), footwear (2.38%), and accessories (0.31%). The **apparel** market share has fluctuated between 0.59% and 0.87% in recent years. A slight increase to 0.69% is anticipated for 2024, reflecting Puma's recovery in this market. This stability is expected to persist until 2028, resulting in a 5.7% CAGR and a projected sales volume of **€1.0bn** for this segment **by 2031** (**Figure 68**). **Footwear** market share grew consistently from 2018 to 2023, except for a slight dip in 2022 due to a product traction miss. Puma is addressing this with initiatives like basketball. Despite expert scepticism, we expect Puma's market share to stabilize around 2.28%, implying a 4.9% CAGR and a sales volume of **€1.6bn by 2031**. **Accessories** market share fluctuated between 0.27% and 0.39%, declining to 0.31% recently. This trend is expected to continue, projecting a 5.3% CAGR until 2028 and a sales volume of **€0.4bn by 2031**. **Overall**, Puma's total sales in North America are expected to reach €3.0bn by 2031 (**Figure 67**).

Latina America: In 2023, Puma's market share in Latin America is 5.28%, distributed among apparel (5.30%), footwear (4.14%), and accessories (2.41%). From 2018 to 2022, **apparel's** market share grew from 2.33% to 5.58%, before a slight decline. We project it to remain steady at 5.30%, with a 5.3% CAGR until 2028, reaching €1.0bn by 2031 (**Figure 70**). **Footwear's** market share increased from 1.91% in 2018 to 4.32% in 2022, followed by a minor dip. We expect it to stabilize at 4.14%, implying a 4.0% CAGR and a sales volume of €0.9bn by 2031. **Accessories** saw market share growth from 1.07% in 2018 to 2.41% in 2023. This trend is expected to continue, maintaining a 5.3% CAGR until 2028 and achieving a sales volume of €0.3bn by 2031. **Overall**, Puma's total sales in Latin America are anticipated to reach **€1.7bn by 2031** (**Figure 69**).

Asia-Pacific: In APAC, Puma holds a market share of 1.27%, with apparel (0.71%), footwear (1.56%), and accessories (0.33%). **Apparel's** market share slightly declined historically from 0.89% in 2018 to 0.72% in 2023, its lowest point. However, it has generally remained constant above 0.8% (**Figure 72**). We

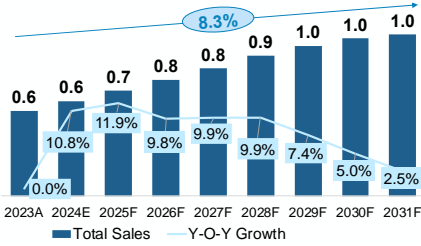


Figure 71: Puma APAC Sales Development (in €bn)

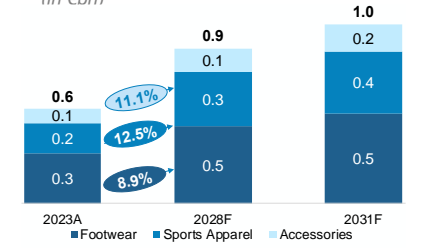


Figure 72: Puma APAC Sales Forecast by Product (in €bn) (Own projections)

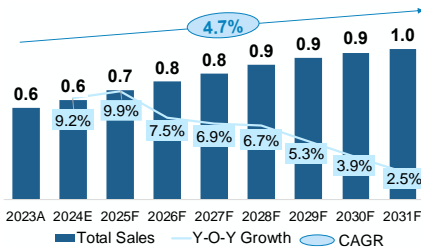


Figure 73: Greater China Sales Development (in €bn)

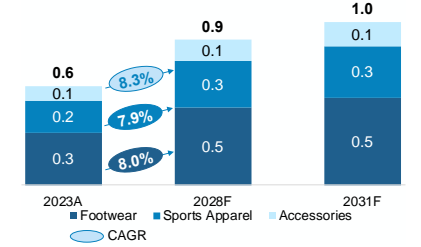


Figure 74: Puma G. China Sales Forecast by Product (in €bn) (Own projections)

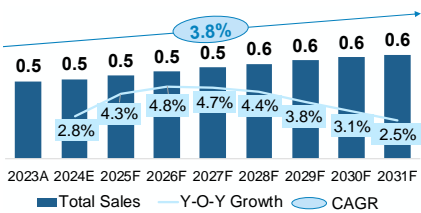


Figure 75: Puma stichd Sales Development (in €bn) (Own Projections)

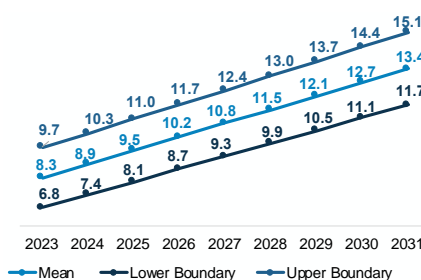


Figure 76: Puma Interpolated sales forecast (in €bn)

anticipate Puma's initiatives in this sector to yield fruit, resulting in a market share of 0.8% for this category. This suggests a 12.5% CAGR until 2028, with a sales volume of €0.4bn by 2031. **Footwear** witnessed fluctuating market share between 1.31% and 1.62% from 2018 to 2023. However, experts predict that local players will gain more traction, leading to increased competition and a market share of 1.27%. This implies an anticipated 8.9% CAGR until 2028, with a sales of €0.5bn by 2031. **Accessories'** market share fluctuated between 0.33% and 0.41% from 2018 to 2023. We believe Puma will maintain this share and only slightly lose ground to competitors, reaching a market share between 0.36% and 0.34% by 2028. This suggests an 11.1% CAGR and a sales volume of €0.2bn by 2031. **Overall**, APAC is projected to reach €1.0bn in sales by 2031 (Figure 71).

Greater China: In 2023, Puma held a **1.04% market share** in **Greater China**, distributed among apparel (0.79%), footwear (0.96%), and accessories (0.36%). **Apparel's** market share has steadily decreased since 2018, with minor upticks during the COVID-impacted years of 2020 and 2022. Despite challenges with product traction and increased local competition, Puma aims to capture the market. Therefore, we anticipate them to maintain their apparel market share of 0.79% and stabilize it at 0.8%. This implies a 7.9% CAGR until 2028, with sales reaching **€0.3bn by 2031 (Figure 73)**. **Footwear** faces similar challenges, with market share expected to stabilize at 0.96% and slightly increase to 0.97%, translating to an 8.0% CAGR until 2028 and sales of **€0.5bn by 2031**. **Accessories** have followed a comparable trend. Therefore, we expect the market share to stabilize at 0.36% and improve to 0.37% by 2028, implying an 8.3% CAGR until 2028 and a sales volume of **€0.1bn by 2031**. **Overall**, Puma's total sales in Greater China are anticipated to reach **€1.0bn by 2031 (Figure 74)**.

stichd: For the stichd, Puma's **market share** stood at **0.13%** of the global sportswear market in 2023, showing stability in recent years. However, we anticipate Puma's growth in this segment to lag behind the global market, particularly as fashion products, which have less influence on socks, drive growth. Hence, we project this market to achieve **€0.6bn in sales by 2031 (Figure 75)**.

We validated our assumptions with an **interpolating sales forecast** using quarterly data from Dec-2014 to Dec-2023 (Figure 76). Using Excel's forecast function, we established a 95% confidence interval for sales projections up to 2031. The results consistently align with our sales forecasts within the 95% confidence intervals. However, towards the end of the period, our forecasts tend to lean towards the lower half, reflecting the inherent uncertainty in long-term predictions not captured by statistical forecasts. The statistical model shows acceptable validity, with an SMAPE of 0.08, MAE of 144.0, and RMSE of 202.9.

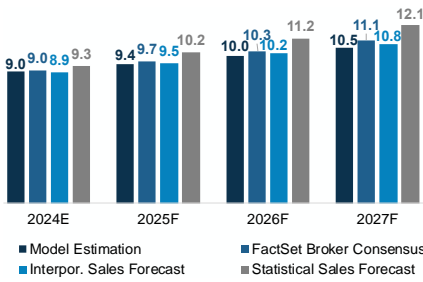


Figure 77: Puma Sales Development by Forecast Model (in €bn)

Additionally, a **regression analysis** on annual sales data from 2010, correlating it with global GDP was conducted. However, due to limited data availability, we only analyzed correlations until 2028. The resulting **R² of 0.94** and **significance F** of less than 0.1 confirm a strong correlation, supporting our sales estimations for Puma through 2028. **Sales** are expected to reach **€9.3bn in 2024** and **€12.1bn in 2028**, with a coefficient of 0.18 and an intercept of -0.9bn (**Figure 77**). Both are statistically significant at common confidence intervals (0.1, 0.05, and 0.025). The CAGR is ~7% and slightly higher than our initial estimate of 5.3%. The standard error, surpassing 500, suggests a strong chance of deviation between predicted and actual values likely due to the small sample size. Thus, the limited sample size results in less reliable and potentially non-representative estimates.

CAPEX

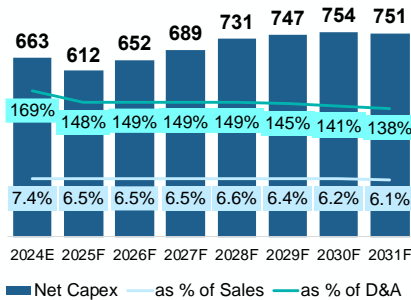


Figure 78: Puma Forecasts CAPEX (in €m) (Own Projections)

Capital expenditures (CAPEX) can be classified into three primary categories: investments to improve facilities, investments in logistics and distribution, and investments to improve administration. As detailed in the historical financial analysis presented in this report and illustrated in **Figure 78**, CAPEX has represented approximately 5-9% of sales over the past four years. Looking ahead, CAPEX is anticipated to range from 5-7% of the company's sales for the coming years. When compared to depreciation and amortization (D&A), it is evident that Puma's CAPEX will represent, on average, approximately 145% of its D&A. This strategic allocation enables Puma to sustain growth, as it invests significantly in assets that outpace the loss in value through depreciation. Notably, Puma is not expected to undertake any major projects in its strategic plan; its CAPEX is primarily aimed at supporting its innovation strategy, including the aforementioned digitalization initiatives. Consequently, we anticipate that CAPEX to remain in line with Puma's strategy and to add up as shown in **Figure 78**.

Gross Margins

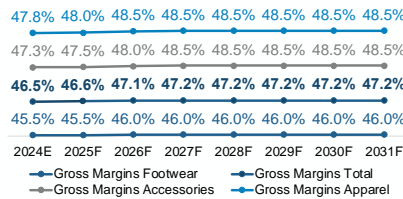


Figure 79: Puma Forecast Gross Margin Development (Own Projections)

Puma aims to enhance its bottom line by improving gross margins through price increases or reducing procurement costs. However, global market dynamics and competitive pressures challenge these strategies. Despite moderate success in lifestyle products, achieving breakthroughs remains uncertain, raising doubts about the potential for higher pricing and gross margins necessary for operational margin recovery. Moreover, macroeconomic and industry indicators do not suggest favourable conditions for improving procurement costs or sales profitability, adding complexity to this approach's feasibility.

We forecasted Puma's gross margins at the product level, using historical financial analysis, market trend analysis, and comparative assessments with industry peers. Additionally, we considered factors like Puma's strategic initiatives, such as the Puma app, and the broader industry landscape. We expect gross margins to stay around 46.5% in the coming years (**Figure 79**). By 2026, Puma's strategies should drive a slight increase, nearing the pre-crisis level of 47.2%.

Core Operating Expenses (OPEX) and EBIT

To determine core result before taxes and hence EBIT we needed to subtract core OPEX. Therefore, we analysed historical operating expenses, identifying key cost drivers. Benchmarking against industry peers, we found maintaining current OPEX levels prudent, given alignment with industry norms and realized gains from digitalization. Considering Puma's reliance on wholesale, we assessed strategic implications of reducing this channel. Forecasting each Core OPEX item, including sales and distribution costs, R&D, and general/administrative expenses, we maintained OPEX at current levels for the forecast period. Specific details regarding the allocation can be found in the historical financial analysis section. Our forecast assumes that Core **OPEX will remain at 39.2% of sales**, with marketing and retail expenses comprising 19.1%, other selling expenses (including warehousing and logistics) at 13.0%, research and development at 1.0%, product management and merchandising at 1.0%, and general and administrative expenses at 5.2% (**Figure 80 & 81**). Notably, we did not make independent adjustments to general and administrative expenses relative to sales, as Puma has already implemented significant improvements in this area in recent years, nearing the limits of potential further enhancements. The cumulative assumptions result in a long-term EBIT margin of 7.2% (**Figure 82**).

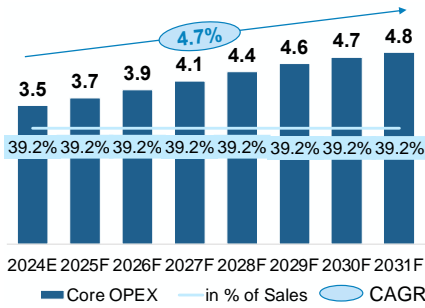


Figure 80: Puma Forecast Core OPEX (in €m) (Own Projections)

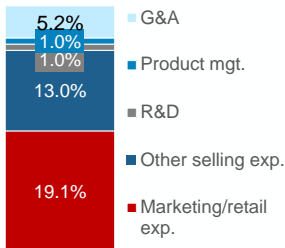


Figure 81: Puma Forecast Core OPEX split (Own Projections)

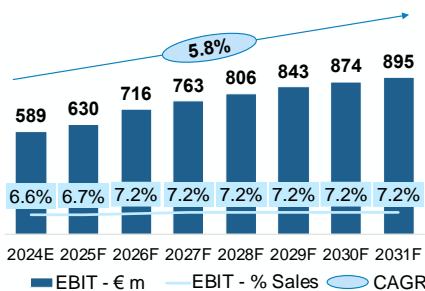


Figure 82: Puma Forecast EBIT and EBIT Margin (Own Projections)

Pay-out Ratio

It is anticipated that Puma's dividend policy will persist, maintaining a **pay-out ratio** within the range of **25-35%** of consolidated net earnings, in line with the company policies. Historical data indicates a consistent tendency for Puma's dividend pay-out to trend towards the upper end of the specified range or surpass it. Hence, we anticipate a continuation of this trend and have extrapolated the average pay-out ratio from previous years to persist (35.3%).

Debt-to-Value (D/V) Ratio

The D/V ratio was derived as elucidated in the historical financial statements section. Additionally, it was noted that **Puma intends to maintain its current financial structure**, aligning with corporate finance theory, which posits that the

optimal financial structure, maximizing Enterprise Value, is typically attained through the collaboration of capital markets and management in a healthy firm. Hence, we also anticipate Puma's **D/V ratio to persist** at its current level. Consequently, financial liabilities are anticipated to maintain the **2023 leverage ratio** (Debt/EBITDA) level of **0.7x throughout** the forecast period.

Operating Working Capital

Operating Working Capital (OWC) is a critical metric for evaluating a company's short-term financial health, calculated by subtracting core current liabilities (accounts payable, income taxes, and other current liabilities) from core current assets (accounts receivable, inventories). To analyse and forecast the OWC, we use key financial ratios: **Days Sales Outstanding (DSO)**, **Days Inventory Outstanding (DIO)**, and **Days Payable Outstanding (DPO)**.

DSO, which assesses the average time to collect payments post-sale, is calculated by dividing total accounts receivable by total net sales and multiplying by 365. **DIO** measures the days a company holds inventory before sales, calculated similarly by dividing average inventory by cost of sales and multiplying by 365. **DPO** evaluates the average time to pay suppliers, using the formula: average accounts payable divided by cost of sales multiplied by 365.

Averaged over six years, these metrics result in DSO to be at **44.4 days**, DIO at **151.4 days**, and DPO at **119.8 days**. For the projections, it is expected to remain the same ratios, suggesting a consistency in the company's operational efficiency and credit management strategies going forward. The **other current liabilities** and **assets** were calculated as an average percentage of sales over the same period. Given the constant ratio of growth among all items, only minor variations in OWC are anticipated, with an assumption of stability in future projections.

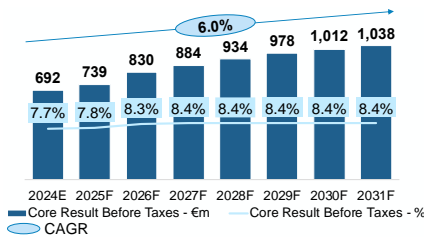


Figure 83: Puma Forecast Core Result Before Taxes and Margin (Own Projections)

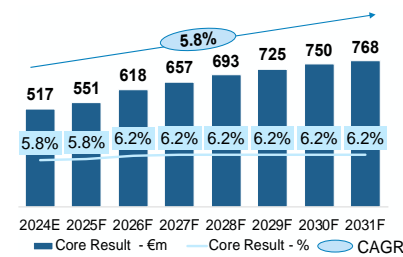


Figure 84: Puma Forecast Core Result Margin (Own Projections)

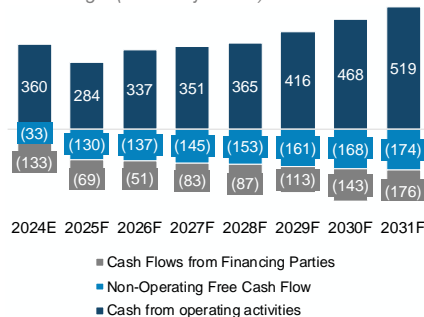


Figure 85: Puma Forecast Free Cash Flows (Own Projections)

Free Cash Flow

The unlevered **FCF** was calculated as outlined in the Historic Financial Analysis section. Beginning with the **Core Result before Taxes**, it is projected to be €691m in 2024 and expected to increase to €1,038m by the end of the forecast period (2031) (**Figure 83**). This progression signifies a CAGR of 6.0%.

The **Core Result** itself is anticipated to rise from €517m in 2024 to €768m by 2031, with a CAGR of 5.8% (**Figure 85**). To derive the **Operating Gross Cash Flow**, non-cash expenses such as depreciation and amortization are added back to the Core Result because they do not directly deplete cash reserves. This metric, reflecting liquidity generated from core business operations, is expected to increase from €908m in 2024 to €1,315m by 2031, with a projected CAGR of 5.4%.

| Company | Equity Beta | Unlevered Beta |
|--------------------------|-------------|----------------|
| Puma SE | 0.95 | 0.86 |
| Adidas AG | 0.99 | 0.90 |
| Nike Inc. | 1.42 | 1.42 |
| Lululemon Athletica Inc. | 1.74 | 1.76 |
| Under Armour Inc. | 1.42 | 1.54 |

Figure 86: Beta calculations (Own calculations, Refinitiv)

For 2024, Puma's **unlevered FCF** is forecasted at **€360m**, showing a steady increase to €519m by 2031, corresponding to a CAGR of 5.4% (**Figure 84**).

Moreover, it is anticipated that the **cash flow from non-operating activities**, primarily composed of expenses for retirement pensions, will exhibit a significant increase, expanding from €-33m in 2024 to €-174m by 2031. The **Cash flow from financing activities** is also projected to rise. Specifically, it is expected to increase from €-159m in 2024 to €-217m in 2031. This anticipated growth in cash flow from financing activities reflects a complex interplay of financial elements that are crucial to the organization's financing strategy.

Valuation

Our derived share price was based on an intrinsic valuation, for which we used a discounted cash flow (DCF), and a relative valuation, for which we used an analysis of comparable listed companies.

DCF Approach

The DCF analysis determines the intrinsic value of Puma by calculating the present value of its projected **unlevered FCFs of the core business**. The analysis begins by segmenting Puma's financial statements into **core, non-core, and financial segments**. This reorganization is essential for isolating the core operational value from temporary or financial distortions and is elaborated in the Appendix.

The unlevered FCF forecasts for Puma are based on a range of assumptions about its future financial results, encompassing projected sales growth, profitability, capital investment, and net working capital demands (Rosenbaum and Pearl 2020). These are supported by an in-depth analysis of historical financials to establish the relationships among different financial metrics, with all projections mainly scaled to global sales.

We calculated Puma's unlevered FCF and terminal value for the period from 2024 to 2031. The present values were derived using a Weighted Average Cost of Capital of 7.51%, as this rate accurately reflects the company's associated risks, further explained in the subsequent Chapter. A **mid-year discounting convention** is used to improve the accuracy of cash flow calculations.

To determine the terminal value beyond 2031, we employed the **Gordon Growth Model** and an **exit EBIT multiple approach**. The former, with an anticipated TGR of 2.5%, estimates the terminal value at €6.7bn, making up 73% of the EV. The latter uses the terminal year's EBIT of €895m and a forward EBIT multiple of 14.6x based on the Comparable Company Analysis, which results in a terminal value of

| Approach | TGR |
|-----------------------------------|----------------|
| Σ NPV FCFF | 2,452.0 |
| TV | 6,771.5 |
| Sum of PV of Core Business | 9,223.5 |

| Implied Equity Value and Share Price | TGR |
|---------------------------------------|----------------|
| Equity Bridge | |
| Sum of Present Value of Core Business | 9,223.5 |
| Present Value of Non-Core Business | 135.8 |
| Enterprise Value | 9,359.3 |
| Net Debt | (1,211.8) |
| Implied Equity Value | 8,147.5 |
| Fully Diluted Shares Outstanding (mn) | 149.8 |
| Implied Share Price | 54.4 |
| Current Share Price as of 24-04-2024 | 42.4 |
| | 28.2% |

Figure 87: Share price derivation based on perpetuity growth rate

| EBIT Multiple | |
|-----------------------------------|-----------------|
| Σ NPV FCFF | 2,452.0 |
| 14.6x | 8,180.6 |
| Implied TGR | 3.3% |
| Sum of PV of Core Business | 10,632.6 |

| Implied Equity Value and Share Price | Multiple |
|---------------------------------------|-----------------|
| Equity Bridge | |
| Sum of Present Value of Core Business | 10,632.6 |
| Present Value of Non-Core Business | 135.8 |
| Enterprise Value | 10,768.4 |
| Net Debt | (1,211.8) |
| Implied Equity Value | 9,556.6 |
| Fully Diluted Shares Outstanding (mn) | 149.8 |
| Implied Share Price | 63.8 |
| Current Share Price as of 24-04-2024 | 42.4 |
| | 50.4% |

| Implied EV/EBIT based on TGR Approach | |
|---------------------------------------|--------------|
| Enterprise Value | 9,359.3 |
| 2023A EBIT | 621.7 |
| Implied EV/EBIT | 15.1x |

Figure 88: Share price derivation based on Exit EBIT Multiple

€8.2bn (or 72% of the EV). The implied TGR of 3.3% slightly exceeds the 2.5% assumed in the Gordon Growth Model, yet remains within an acceptable range.

The sum of the present values of the unlevered FCFs and terminal value gives us the **core business’s present value**. Adding the present value of non-core invested capital calculates the **Enterprise Value**.

Equity value is determined by subtracting **Net Financial Debt of €1.2bn from the EV** based on the reformulated financial statements. The 2024 projections include deductions for excess cash and financial assets from interest bearing debt (covering borrowings, leasing, and other financial liabilities) and an adjustment for the minority interest. The cash deduction already includes a 2024 dividend payment, with a payout ratio of 35.3% based on the six-year average. Based on these calculations, the Equity Value using the TGR approach is €8.1bn, and €9.6bn using the Exit Multiple approach, as depicted in (**Figures 87**). The final Equity Value divided by 149.8m shares provides the price targets. Using the **Gordon Growth Model**, the target is **€54.4** per share, which is a 28.2% increase over the current price. The **Exit Multiple** approach suggests a target of **€63.8 per share**, indicating a 50.4% potential upside.

| WACC CALCULATION | |
|---|--------------|
| Target Capital Structure | |
| Debt-to-Total Capitalization | 16.02% |
| Equity-to-Total Capitalization | 83.98% |
| Cost of Debt | |
| Cost of Debt ⁽³⁾ | 4.05% |
| Tax Rate | (27.22%) |
| Credit Spread ⁽⁴⁾ based on BBB+ Rating | 1.47% |
| After-tax Cost of Debt | 2.95% |
| Cost of Equity | |
| Risk-free Rate ⁽¹⁾ | 2.58% |
| Market Risk Premium ⁽²⁾ | 4.60% |
| Levered Beta ⁽³⁾ | 1.26 |
| Cost of Equity | 8.38% |
| WACC | 7.51% |

Figure 89: WACC derivation

Weighted Average Cost of Capital (WACC)

The estimation of Puma’s WACC began with **deriving historical betas** from Puma and its industry peers - including Adidas, Nike, Under Armour, and Lululemon over the past five years using a **log-log regression model** of monthly returns against the **MSCI World Euro Hedged index**. This index was chosen to diversify globally and mitigate currency risks inherent in Puma’s euro-denominated financials. To account for varying capital structures among these companies, their betas were **unlevered**. Subsequently, the median unlevered beta was adjusted for Puma’s **current D/V ratio of 16.02%** (**Appendix 2**) to calculate a **relevered beta of 1.26**.

Furthermore, the **risk-free rate** was established at **2.58%**, corresponding to the yield of a **10-year AAA-rated German government bond** as of April 19, 2024. The equity risk premium was set at 4.60%, sourced from Aswath Damodaran’s data for Germany as of January 5, 2024a. The **cost of debt**, calculated at **4.05%**, was derived by combining the 2.58% risk-free rate with a 1.47% credit spread appropriate for **Puma’s BBB rating** as of April 2024 (**Figure 89**). With an adjustment for the tax shield of 27.22% (based on historical rates), the **after-tax cost of debt** came to **2.95%**. Using the Capital Asset Pricing Model, the **cost of equity** was determined at **8.38%** based on the formula: **2.58% (rf) + 1.26 (levered beta) * 4.60% (Market Risk Premium)**. To compute the WACC, the after-tax cost of debt (2.95%) was multiplied by the leverage ratio (16.02%) and

For larger firms (market cap > \$5 billion)
If interest coverage ratio is

| > | ≤ to | Rating is | Spread is |
|---------|-----------------|-----------------|--------------|
| -100000 | 0.199999 | D2/D | 20.00% |
| 0.2 | 0.649999 | C2/C | 17.00% |
| 0.65 | 0.799999 | Ca2/CC | 11.78% |
| 0.8 | 1.249999 | Caa/CCC | 8.51% |
| 1.25 | 1.499999 | B3/B- | 5.24% |
| 1.5 | 1.749999 | B2/B | 3.61% |
| 1.75 | 1.999999 | B1/B+ | 3.14% |
| 2 | 2.249999 | Ba2/BB | 2.21% |
| 2.25 | 2.499999 | Ba1/BB+ | 1.74% |
| 2.5 | 2.999999 | Baa2/BBB | 1.47% |
| 3 | 4.249999 | A3/A- | 1.21% |
| 4.25 | 5.499999 | A2/A | 1.07% |
| 5.5 | 6.499999 | A1/A+ | 0.92% |
| 6.5 | 8.499999 | Aa2/AA | 0.70% |
| 8.5 | 100000 | Aaa/AAA | 0.59% |

Figure 90: Puma’s credit spread based on BBB+ rating (Damodaran 2024b)

added to the product of the equity ratio (83.98%) and the cost of equity (8.38%), resulting in a total **WACC of 7.51%**.

Relative Valuation

In our relative valuation, we employ a **Comparable Company Analysis (CCA)** to evaluate Puma by comparing it to similar publicly traded firms in the athletic footwear, apparel, and equipment sectors. We analysed EV, market capitalization and forecasted financial metrics such as sales, EBITDA, EBIT, and earnings multiples to ensuring a diverse and relevant peer group comparison.

Sportswear: This group includes prominent industry leaders such as Adidas, Nike, Lululemon Athletica, Under Armour, and ON. These companies are directly comparable to Puma in terms of product offerings in sports apparel and footwear. The inclusion of both established giants like Nike and newer, rapidly growing entities like ON allows for a balanced view of the market's potential and challenges.

Asian Players: This includes major Asian market players like Anta Sports and Li Ning, which are significant for their strong regional presence. This group offers valuable insights into Puma's strategic positioning and growth in these burgeoning markets.

Athletic Footwear: Focusing on companies like Skechers and ASICS that specialize in athletic footwear, this group helps assess the sector's specific operational metrics and market dynamics. In doing so, this is crucial for evaluating Puma's competitive standing in this area.

Outdoor Performance: With companies such as Deckers Outdoor, Columbia Sportswear, AMER Sports, Fenix Outdoor, RevolutionRace, Dick's Sporting Goods, and VF, this group spans a broad spectrum of outdoor and performance gear. This diverse set provides a lens to consumer trends and product innovation.

Lifestyle: This segment includes companies like Hugo Boss, Crocs, and Birkenstock, which are aligned with Puma's lifestyle product lines. These companies, though varied in their core product focus, provide a perspective on the lifestyle segment, which intersects with casual wear and fashion-oriented products.

For each peer group, we calendarized the collected financial data to ensure comparability. We extracted current and projected multiples, with a focus on EV/Sales, EV/EBITDA, EV/EBIT, and P/E ratios. These ratios were calculated based on Refinitiv's forecasts for Sales, EBITDA, EBIT, and Net income.

Through the analysis of diverse peer groups, various dimensions of Puma's operations were scrutinized, including regional performances, product-specific

| Calculating Implied Share Price | 2024 Trading Multiple | | | |
|---------------------------------|-----------------------|--------|-------|-------|
| | Revenue | EBITDA | EBIT | P/E |
| Minimum | 0.59x | 5.7x | 8.6x | 10.0x |
| 25th Percentile | 1.42x | 9.3x | 12.1x | 15.1x |
| Mean | 2.14x | 13.1x | 15.4x | 19.9x |
| Median | 2.03x | 11.7x | 14.6x | 19.7x |
| 75th Percentile | 2.73x | 18.4x | 21.4x | 27.7x |
| Maximum | 3.99x | 24.7x | 33.8x | 47.2x |

Figure 91: Trading Multiple based on CCA Valuation

| | Enterprise Value | | | |
|-----------------|------------------|--------|--------|------------|
| | Revenue | EBITDA | EBIT | Net Income |
| Minimum | 5,314 | 5,594 | 5,063 | 5,055 |
| 25th Percentile | 12,782 | 9,067 | 7,103 | 7,000 |
| Mean | 19,205 | 12,809 | 9,062 | 8,861 |
| Median | 18,203 | 11,484 | 8,610 | 8,753 |
| 75th Percentile | 24,455 | 18,036 | 12,621 | 11,839 |
| Maximum | 35,820 | 24,204 | 19,893 | 19,315 |

Figure 92: Enterprise Values (in €m) based on CCA Valuation

| | Equity Value | | | |
|-----------------|--------------|--------|--------|------------|
| | Revenue | EBITDA | EBIT | Net Income |
| Minimum | 4,102 | 4,382 | 3,851 | 3,843 |
| 25th Percentile | 11,570 | 7,855 | 5,891 | 5,789 |
| Mean | 17,993 | 11,597 | 7,850 | 7,649 |
| Median | 16,991 | 10,273 | 7,399 | 7,541 |
| 75th Percentile | 23,243 | 16,824 | 11,409 | 10,628 |
| Maximum | 34,608 | 22,992 | 18,681 | 18,103 |

Figure 93: Equity Values (in €m) based on CCA Valuation

strategies, and overarching market trends. By applying the median forward multiples projected for 2024 as illustrated in **Figure 92** to our 2024 projected financials of Puma's, an EV range was determined, spanning from approximately €8.6bn to €18.2bn. The valuation using the EBIT multiple marked the lower boundary, while the sales multiple represented the upper limit.

After adjusting for Puma's 2024 projected net debt of €1.24m and dividing this value by the total number of outstanding shares, an implied share price range was established. The results from the CCA suggest that Puma's share can be valued between €49.4 and €113.4 (**Figure 94**).

Recommendation

Subsequent to the completion of prior valuation methodologies, we proceed to the **Football-Field** analysis, where all valuation ranges are overlaid (**Figure 95**). Notably, the valuation based on EV/EBITDA multiples in the CCA predominantly exhibits distinctiveness and lacks intersections with the valuation ranges of other methods. To derive a comprehensive valuation, a weighted aggregation of all methodologies is employed. The valuation based on EV/Revenue Multiples is excluded due to its significant deviation and consequent distortion. The relative methodology using multiples contributes 40% to the overall valuation, with each of the remaining multiples equally weighted at 13.3%. The DCF valuation holds a weight of 60%. This yields a **final valuation of €55.1**, implying a **premium of 29.9%** over the current Share Price of €42.4 as of 24th April 2024. Based on this substantial premium, a **buy recommendation** for Puma stock is substantiated.

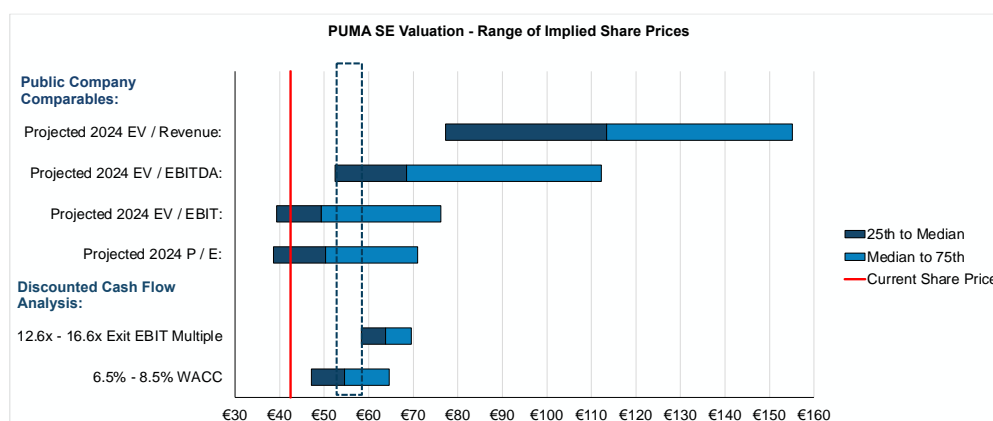


Figure 95: Football field

Sensitivity Analysis

A sensitivity analysis was conducted on a DCF valuation to evaluate the impact of varying the terminal growth rate, Exit EBIT multiple, and WACC.

| | | Exit EBIT Multiple | | | | |
|------|------|--------------------|-------|-------|-------|-------|
| | | 12.6x | 13.6x | 14.6x | 15.6x | 16.6x |
| WACC | 6.5% | 59.7 | 63.7 | 67.7 | 71.6 | 75.6 |
| | 7.0% | 58.0 | 61.8 | 65.7 | 69.5 | 73.4 |
| | 7.5% | 56.3 | 60.0 | €63.8 | 67.5 | 71.2 |
| | 8.0% | 54.7 | 58.3 | 61.9 | 65.5 | 69.2 |
| | 8.5% | 53.1 | 56.6 | 60.1 | 63.7 | 67.2 |

Figure 96: Sensitivity analysis Exit EBIT Multiple and WACC (Own calculations)

Exit Multiples and WACC: The baseline scenario uses an Exit Multiple of 14.6x and a WACC of 7.5%. Adjusting the Exit Multiple to 13.6x lowers the share price to €60.0 due to a reduced terminal value and total present value. Increasing the Exit Multiple to 15.6x raises the share price to €67.5, reflecting a higher terminal value. Similarly, decreasing the WACC to 7.0% increases the share price from €63.8 to €65.7 by lowering the discount rate, thereby enhancing the present value of future cash flows. Conversely, raising the WACC to 8.0% reduces the share price to €61.9 due to an increased discount rate (Figure 96).

| | | TGR | | | | |
|------|------|-------|-------|-------|-------|-------|
| | | 2.00% | 2.25% | 2.50% | 2.75% | 3.00% |
| WACC | 6.5% | 62.8 | 66.1 | 69.8 | 73.9 | 78.7 |
| | 7.0% | 55.8 | 58.4 | 61.2 | 64.4 | 68.0 |
| | 7.5% | 50.1 | 52.1 | €54.4 | 56.9 | 59.7 |
| | 8.0% | 45.3 | 47.0 | 48.8 | 50.8 | 53.0 |
| | 8.5% | 26.8 | 27.6 | 28.5 | 29.4 | 30.4 |

Figure 97: Sensitivity analysis Terminal Growth Rate and WACC (Own calculations)

TGR and WACC: Changing the TGR by ±0.25 percentage points from the baseline of 2.5% with a constant WACC of 7.5% also provides valuable insights. Reducing the TGR to 2.25% decreases the share price to €52.1 as it suggests slower long-term growth and a lower terminal value. Increasing the TGR to 2.75% boosts the share price to €56.9 due to expected higher long-term growth (Figure 97).

Overall Impact: Minor adjustments in **WACC** (7.0% to 8.0%) and **Exit Multiples** (13.6x to 15.6x) set a **share price range** of approximately **€58.3 to €69.5**. Similarly, altering the **TGR by ±0.25 points** from 2.5%, along with adjustments in WACC, shifts the share price between **€47.0 and €64.4**. These results suggest that even conservative changes to TGR, WACC, and Exit Multiples project Puma's shares to exceed the current price of €42.4, supporting **our buy recommendation**.

Scenario Analysis

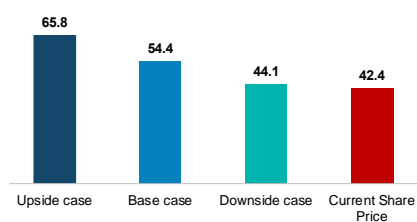


Figure 98: Scenario Analysis of Implied Share Prices based on DCF (in €)

In the scenario analysis, two cases were evaluated: an upside and downside case. In the **upside** scenario, it was assumed that total revenue growth, gross margins, and OPEX as % of sales would each improve by 1.0 percentage point compared to the base case. This improvement is attributed to a stronger economic recovery and increased consumer confidence, leading to higher demand for sportswear and successful implementation of Puma's strategic initiatives, including gaining more market share in the Asia-Pacific region due to effective marketing initiatives, the US strategy, and traction with lifestyle products. Conversely, the **downside** scenario assumes: a decline in consumer confidence, reduced demand for sportswear, and unsuccessful execution of Puma's strategic initiatives. This would result in reductions of 1.0 percentage point in both total revenue growth and gross margins, along with a corresponding 1.0 percentage point increase in OPEX as % of sales. These adjustments result in an estimated share price of **€65.8** for the upside case and **€44.1** for the downside case (Figure 98). Remarkably, even the projected share price in the downside case exceeds the current share price of €42.4 by 5.2%, thereby supporting our **buy recommendation**.

Appendix

1. Financial Statements

■ Reformulated Income Statement

| | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| REFORMULATED INCOME STATEMENT (€m) | | | | | | | | | | | | | | |
| CORE BUSINESS | | | | | | | | | | | | | | |
| Sales | 4,648 | 5,502 | 5,234 | 6,805 | 8,465 | 8,602 | 8,971 | 9,448 | 9,979 | 10,536 | 11,134 | 11,651 | 12,068 | 12,370 |
| Sales Europe | 1,171 | 1,268 | 1,229 | 1,524 | 1,923 | 2,016 | 2,074 | 2,141 | 2,217 | 2,272 | 2,343 | 2,412 | 2,477 | 2,539 |
| Sales EEMEA | 523 | 736 | 688 | 975 | 1,333 | 1,626 | 1,740 | 1,831 | 1,943 | 2,068 | 2,207 | 2,324 | 2,414 | 2,475 |
| Sales North America | 1,163 | 1,409 | 1,350 | 1,969 | 2,531 | 2,096 | 2,193 | 2,311 | 2,437 | 2,570 | 2,702 | 2,818 | 2,913 | 2,986 |
| Sales Latin America | 432 | 517 | 403 | 631 | 1,098 | 1,240 | 1,244 | 1,289 | 1,366 | 1,458 | 1,555 | 1,637 | 1,701 | 1,743 |
| Sales Asia Pacific (excl. China) | 553 | 521 | 460 | 533 | 589 | 552 | 611 | 684 | 751 | 825 | 906 | 974 | 1,022 | 1,047 |
| Sales Greater China | 534 | 756 | 789 | 767 | 521 | 582 | 636 | 699 | 751 | 803 | 857 | 903 | 938 | 961 |
| Sales stichd | 272 | 296 | 316 | 406 | 470 | 459 | 472 | 492 | 516 | 540 | 563 | 585 | 603 | 618 |
| Others | | | | | | 30 | | | | | | | | |
| Cost of Sales | (2,399) | (2,816) | (2,776) | (3,548) | (4,562) | (4,615) | (4,799) | (5,044) | (5,277) | (5,564) | (5,880) | (6,153) | (6,374) | (6,533) |
| Gross Profit | 2,249 | 2,686 | 2,458 | 3,258 | 3,903 | 3,987 | 4,172 | 4,404 | 4,702 | 4,972 | 5,254 | 5,498 | 5,694 | 5,837 |
| Royalty and Commission Income | 16 | 25 | 16 | 24 | 34 | 39 | 35 | 36 | 38 | 41 | 43 | 45 | 47 | 48 |
| SGA (excl. Expenses for retirement pension, Other operating income and impairment losses on trade receivables and other financial assets) | (1,895) | (2,208) | (2,175) | (2,659) | (3,202) | (3,310) | (3,515) | (3,702) | (3,910) | (4,128) | (4,363) | (4,565) | (4,729) | (4,847) |
| thereof impairment losses on trade receivables and other financial assets | - | 3 | 31 | (0) | 4 | 12 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Of which Selling Expenses (excl. Expenses for retirement pension) | (1,470) | (1,757) | (1,735) | (2,139) | (2,588) | (2,700) | (2,876) | (3,028) | (3,199) | (3,377) | (3,569) | (3,734) | (3,868) | (3,965) |
| Selling Expenses | (1,524) | (1,821) | (1,794) | (2,207) | (2,677) | (2,799) | (2,975) | (3,134) | (3,310) | (3,494) | (3,693) | (3,864) | (4,002) | (4,103) |
| Expenses for retirement pension and other personnel expenses | 54 | 64 | 59 | 69 | 90 | 99 | 100 | 105 | 111 | 117 | 124 | 130 | 134 | 138 |
| Of which General Administrative Expenses | (372) | (393) | (415) | (458) | (537) | (533) | (553) | (582) | (615) | (649) | (686) | (718) | (743) | (762) |
| Product management/merchandising | (44) | (53) | (46) | (53) | (71) | (83) | (86) | (91) | (96) | (101) | (107) | (112) | (116) | (119) |
| Administrative and general expenses | (328) | (340) | (369) | (405) | (466) | (451) | (467) | (491) | (519) | (548) | (579) | (606) | (628) | (643) |
| Of which Research and Development Costs | (54) | (62) | (57) | (62) | (82) | (89) | (87) | (92) | (97) | (102) | (108) | (113) | (117) | (120) |
| Core Result before Taxes | 370 | 504 | 299 | 623 | 734 | 715 | 692 | 739 | 830 | 884 | 934 | 978 | 1,012 | 1,038 |
| Statutory Taxes | (101) | (137) | (81) | (170) | (200) | (195) | (188) | (201) | (226) | (241) | (254) | (266) | (276) | (283) |
| Tax Adjustments | 19 | 2 | 7 | 12 | 18 | 23 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Core Result | 288 | 368 | 225 | 465 | 552 | 543 | 517 | 551 | 618 | 657 | 693 | 725 | 750 | 768 |
| NON-CORE BUSINESS | | | | | | | | | | | | | | |
| Other Operating Income | 21 | 4 | 0 | 3 | 0 | 18 | 12 | 12 | 13 | 14 | 15 | 15 | 16 | 16 |
| Impairment Losses on Trade Receivables and Other Financial Assets | - | (3) | (31) | 0 | (4) | (12) | (15) | (16) | (17) | (18) | (19) | (20) | (20) | (21) |
| Expenses for Retirement Pensions | (54) | (64) | (59) | (69) | (90) | (99) | (100) | (105) | (111) | (117) | (124) | (130) | (134) | (138) |
| Results from Associated Companies | (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Non-Core Result before Taxes | (35) | (63) | (90) | (66) | (94) | (94) | (103) | (109) | (115) | (121) | (128) | (134) | (139) | (142) |
| Statutory Taxes | 9 | 17 | 24 | 18 | 26 | 26 | 28 | 30 | 31 | 33 | 35 | 37 | 38 | 39 |
| Tax Adjustments | (17) | 4 | (2) | (3) | 5 | (10) | - | - | - | - | - | - | - | - |
| Other Comprehensive Income | 76 | (41) | (237) | 207 | 8 | (107) | (26) | (27) | (29) | (30) | (32) | (34) | (35) | (36) |
| Non-Core Result | 34 | (84) | (305) | 157 | (55) | (185) | (101) | (106) | (112) | (119) | (125) | (131) | (136) | (139) |
| FINANCIALS | | | | | | | | | | | | | | |
| Other Financial Income | 8 | 19 | 27 | 18 | 47 | 76 | 41 | 43 | 45 | 48 | 51 | 53 | 55 | 56 |
| Interest Income | 4 | 7 | 8 | 12 | 32 | 37 | 51 | 59 | 62 | 65 | 64 | 61 | 57 | 51 |
| Interest Expense | (15) | (14) | (14) | (13) | (15) | (53) | (59) | (54) | (51) | (47) | (41) | (34) | (36) | (37) |
| Other Financial Expenses | (20) | (35) | (68) | (69) | (153) | (203) | (113) | (119) | (125) | (132) | (140) | (146) | (151) | (155) |
| Financial Result Before Taxes | (23) | (23) | (47) | (52) | (89) | (143) | (80) | (70) | (69) | (67) | (67) | (67) | (75) | (85) |
| Statutory Taxes | 6 | 6 | 13 | 14 | 24 | 39 | 22 | 19 | 19 | 18 | 18 | 18 | 21 | 23 |
| Financial Result | (16) | (16) | (34) | (38) | (65) | (104) | (58) | (51) | (50) | (49) | (49) | (48) | (55) | (62) |
| Total Comprehensive Income | 306 | 268 | (114) | 584 | 433 | 254 | 358 | 393 | 455 | 489 | 519 | 545 | 559 | 567 |
| EBIT | 337 | 440 | 209 | 557 | 641 | 622 | 589 | 630 | 716 | 763 | 806 | 843 | 874 | 895 |
| D&A | 82 | 246 | 294 | 306 | 359 | 358 | 391 | 413 | 437 | 463 | 490 | 514 | 533 | 546 |
| EBITDA | 419 | 687 | 503 | 863 | 1,000 | 979 | 980 | 1,043 | 1,153 | 1,226 | 1,297 | 1,357 | 1,406 | 1,441 |

■ Reformulated Balance Sheet

| REFORMULATED BALANCE SHEET (€m) | | | | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Fiscal Year | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
| CORE BUSINESS | | | | | | | | | | | | | | |
| Inventories | 915 | 1,110 | 1,138 | 1,492 | 2,245 | 1,804 | 1,991.0 | 2,092.5 | 2,189.4 | 2,308.4 | 2,439.6 | 2,552.9 | 2,644.3 | 2,710.4 |
| Trade receivables | 554 | 612 | 621 | 848 | 1,065 | 1,118 | 1,090.6 | 1,148.5 | 1,213.1 | 1,280.7 | 1,353.5 | 1,416.3 | 1,467.0 | 1,503.7 |
| Income tax receivables | 34 | 34 | 21 | 38 | 54 | 90 | 60 | 63 | 67 | 70 | 74 | 78 | 80 | 82 |
| Other current assets - Core | 92 | 93 | 89 | 167 | 214 | 223 | 194 | 204 | 215 | 227 | 240 | 251 | 260 | 267 |
| Core Current Assets | 1,594 | 1,849 | 1,870 | 2,545 | 3,578 | 3,236 | 3,335 | 3,508 | 3,684 | 3,887 | 4,108 | 4,298 | 4,452 | 4,563 |
| Trade payables | (705) | (844) | (942) | (1,176) | (1,735) | (1,500) | (1,575.3) | (1,655.7) | (1,732.3) | (1,826.4) | (1,930.3) | (2,019.9) | (2,092.2) | (2,144.5) |
| Income taxes | (68) | (89) | (89) | (86) | (87) | (79) | (118) | (126) | (142) | (151) | (160) | (167) | (173) | (177) |
| Other current liabilities | (305) | (376) | (378) | (549) | (619) | (493) | (623.8) | (656.9) | (693.9) | (732.6) | (774.2) | (810.1) | (839.1) | (860.1) |
| Core Current Liabilities | (1,078) | (1,309) | (1,409) | (1,811) | (2,441) | (2,073) | (2,317) | (2,439) | (2,568) | (2,710) | (2,864) | (2,997) | (3,104) | (3,182) |
| Operating Working Capital (excl. Operating Cash) | 516 | 541 | 461 | 734 | 1,138 | 1,163 | 1,018 | 1,069 | 1,116 | 1,177 | 1,243 | 1,301 | 1,348 | 1,381 |
| Operating Cash | 93 | 110 | 105 | 136 | 169 | 172 | 179 | 189 | 200 | 211 | 223 | 233 | 241 | 247 |
| Operating Working Capital (incl. Operating Cash) | 609 | 651 | 566 | 870 | 1,307 | 1,335 | 1,197 | 1,258 | 1,316 | 1,387 | 1,466 | 1,534 | 1,589 | 1,629 |
| Property, plant and equipment | 295 | 395 | 407 | 472 | 592 | 686 | 797 | 913 | 1,037 | 1,167 | 1,305 | 1,449 | 1,598 | 1,751 |
| Right-of-use assets | - | 719 | 878 | 941 | 1,111 | 1,088 | 1,246 | 1,312 | 1,386 | 1,463 | 1,546 | 1,618 | 1,676 | 1,718 |
| Intangible assets | 192 | 205 | 202 | 227 | 264 | 292 | 294.5 | 310.1 | 327.6 | 345.8 | 365.5 | 382.4 | 396.1 | 406.0 |
| Total Fixed Assets | 486 | 1,319 | 1,487 | 1,640 | 1,967 | 2,065 | 2,337 | 2,535 | 2,750 | 2,976 | 3,216 | 3,449 | 3,670 | 3,875 |
| Deferred tax assets | 208 | 238 | 278 | 280 | 295 | 296 | 376 | 396 | 418 | 441 | 466 | 488 | 505 | 518 |
| Deferred tax liabilities | (48) | (53) | (41) | (49) | (42) | (12) | (62) | (65) | (69) | (72) | (77) | (80) | (83) | (85) |
| Core Invested Capital | 1,256 | 2,154 | 2,289 | 2,741 | 3,527 | 3,684 | 3,848 | 4,124 | 4,415 | 4,732 | 5,072 | 5,391 | 5,682 | 5,937 |
| NON-CORE BUSINESS | | | | | | | | | | | | | | |
| Non-core Business (Assets) | | | | | | | | | | | | | | |
| Other current assets - Non-core | 24 | 37 | 35 | 34 | 22 | 48 | 47 | 50 | 53 | 55 | 59 | 61 | 63 | 65 |
| Other non-current assets | 9 | 19 | 7 | 9 | 9 | 26 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Goodwill | 246 | 250 | 241 | 245 | 243 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 | 239 |
| Total | 279 | 306 | 283 | 288 | 273 | 312 | 252 | 252 | 252 | 252 | 252 | 252 | 252 | 252 |
| Non-core Business (Liabilities) | | | | | | | | | | | | | | |
| Pension, other provisions and liabilities | (98) | (117) | (113) | (119) | (104) | (79) | (116) | (123) | (129) | (137) | (144) | (151) | (157) | (160) |
| Pension provisions | (29) | (34) | (38) | (32) | (22) | (23) | | | | | | | | |
| Other current provisions | (40) | (35) | (35) | (48) | (50) | (28) | | | | | | | | |
| Other non-current provisions | (26) | (43) | (39) | (38) | (30) | (27) | | | | | | | | |
| Other non-current liabilities | (3) | (4) | (1) | (2) | (1) | (1) | | | | | | | | |
| Total | (98) | (117) | (113) | (119) | (104) | (79) | (116) | (123) | (129) | (137) | (144) | (151) | (157) | (160) |
| Non-core Invested Capital | 178 | 185 | 169 | 167 | 168 | 232 | 136 | 130 | 123 | 116 | 108 | 101 | 96 | 92 |
| Total Invested Capital | 1,434 | 2,340 | 2,458 | 2,908 | 3,695 | 3,916 | 3,984 | 4,254 | 4,538 | 4,847 | 5,180 | 5,492 | 5,777 | 6,028 |
| FINANCIAL | | | | | | | | | | | | | | |
| Financial (Assets) | | | | | | | | | | | | | | |
| Other current financial assets | 111 | 77 | 53 | 153 | 138 | 95 | 194 | 204 | 215 | 227 | 240 | 251 | 260 | 267 |
| Other non-current financial assets | 65 | 72 | 59 | 64 | 58 | 84 | 62 | 65 | 69 | 72 | 77 | 80 | 83 | 85 |
| Total Financial Assets | 177 | 148 | 112 | 218 | 196 | 179 | 255 | 269 | 284 | 300 | 317 | 331 | 343 | 352 |
| Financial (Liabilities) | | | | | | | | | | | | | | |
| Non-current lease liabilities | - | (601) | (775) | (851) | (1,030) | (1,020) | (1,110) | (1,169) | (1,234) | (1,303) | (1,377) | (1,441) | (1,493) | (1,530) |
| Financial Liabilities | (258) | (235) | (426) | (447) | (417) | (662) | (662) | (705) | (780) | (829) | (877) | (918) | (951) | (975) |
| Current financial liabilities | (21) | (10) | (121) | (69) | (76) | (146) | | | | | | | | |
| Non-current borrowings | - | - | - | - | - | (426) | | | | | | | | |
| Other current financial liabilities | (57) | (61) | (151) | (64) | (76) | (79) | | | | | | | | |
| Other non-current financial liabilities | (181) | (164) | (154) | (314) | (265) | (11) | | | | | | | | |
| Current lease liabilities | - | (145) | (157) | (172) | (200) | (212) | (231) | (244) | (257) | (272) | (287) | (300) | (311) | (319) |
| Liabilities from acquisitions | (3) | - | - | - | - | - | | | | | | | | |
| Total Financial Liabilities | (262) | (980) | (1,358) | (1,470) | (1,648) | (1,894) | (2,003) | (2,118) | (2,271) | (2,404) | (2,541) | (2,659) | (2,755) | (2,823) |
| Total Net Financial Assets (excl. Excess Cash) | (104) | (878) | (1,288) | (1,318) | (1,519) | (1,745) | (1,780) | (1,883) | (2,023) | (2,142) | (2,265) | (2,371) | (2,457) | (2,519) |
| Excess Cash | 371 | 408 | 551 | 621 | 294 | 381 | 568 | 644 | 783 | 895 | 1,008 | 1,140 | 1,288 | 1,451 |
| Total Net Financial Assets (incl. Excess Cash) | 267 | (470) | (736) | (696) | (1,225) | (1,364) | (1,212) | (1,239) | (1,241) | (1,247) | (1,257) | (1,231) | (1,169) | (1,067) |
| Subscribed capital | (39) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) | (151) |
| Capital reserve | (147) | (83) | (85) | (86) | (91) | (94) | (94) | (94) | (94) | (94) | (94) | (94) | (94) | (94) |
| Other reserves | (1,547) | (1,668) | (1,514) | (2,003) | (2,254) | (2,330) | (2,581) | (2,825) | (3,110) | (3,416) | (3,740) | (4,081) | (4,430) | (4,785) |
| Treasury stock | 29 | 28 | 27 | 27 | 24 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 | 22 |
| Shareholders' equity | (1,703) | (1,874) | (1,722) | (2,213) | (2,472) | (2,553) | (2,772) | (3,014) | (3,296) | (3,600) | (3,922) | (4,261) | (4,608) | (4,960) |
| Non-controlling interests | (19) | (47) | (42) | (65) | (67) | (29) | (32) | (34) | (36) | (39) | (41) | (43) | (46) | (47) |
| Equity | (1,722) | (1,920) | (1,764) | (2,278) | (2,539) | (2,582) | (2,804) | (3,048) | (3,333) | (3,639) | (3,963) | (4,304) | (4,653) | (5,008) |

■ Reformulated Cash Flow Statement

| REFORMULATED CASH FLOW STATEMENT | | | | | | | | | | | | | | |
|---|-------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| (€m) | | | | | | | | | | | | | | |
| | 2018A | 2019A | 2020A | 2021A | 2022A | 2023A | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F |
| Core Result before Taxes | 370 | 504 | 299 | 623 | 734 | 715 | 692 | 739 | 830 | 884 | 934 | 978 | 1,012 | 1,038 |
| Statutory Taxes | (101) | (137) | (81) | (170) | (200) | (195) | (188) | (201) | (226) | (241) | (254) | (266) | (276) | (283) |
| Tax Adjustments | 19 | 2 | 7 | 12 | 18 | 23 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Core Result | 288 | 368 | 225 | 465 | 552 | 543 | 517 | 551 | 618 | 657 | 693 | 725 | 750 | 768 |
| Depreciation & Amortization | 82 | 246 | 294 | 306 | 359 | 358 | 391 | 413 | 437 | 463 | 490 | 514 | 533 | 546 |
| Operating Gross Cash Flow | 370 | 614 | 518 | 771 | 911 | 900 | 908 | 964 | 1,055 | 1,120 | 1,184 | 1,239 | 1,283 | 1,315 |
| Net CAPEX | n.a. | (1,079) | (462) | (459) | (686) | (455) | (663) | (612) | (652) | (689) | (731) | (747) | (754) | (751) |
| Change in PP&E | n.a. | (100) | (12) | (66) | (120) | (93) | (111) | (117) | (123) | (130) | (138) | (144) | (149) | (153) |
| Change in Right-of-use assets | n.a. | (719) | (159) | (63) | (171) | 24 | (158) | (66) | (74) | (77) | (83) | (72) | (58) | (42) |
| Change in Intangible assets | n.a. | (13) | 3 | (25) | (37) | (28) | (3) | (16) | (17) | (18) | (20) | (17) | (14) | (10) |
| Change in D&A | n.a. | (246) | (294) | (306) | (359) | (358) | (391) | (413) | (437) | (463) | (490) | (514) | (533) | (546) |
| Change in Operating Working Capital (excl. Operating Cash) | n.a. | (24) | 80 | (273) | (404) | (26) | 146 | (51) | (47) | (60) | (67) | (58) | (47) | (34) |
| Change in Deferred Taxes | n.a. | (25) | (52) | 6 | (22) | (31) | (30) | (17) | (19) | (19) | (21) | (18) | (15) | (11) |
| Cash from operating activities | n.a. | (513) | 84 | 45 | (201) | 389 | 360 | 284 | 337 | 351 | 365 | 416 | 468 | 519 |
| Other Comprehensive Income | 76 | (41) | (237) | 207 | 8 | (107) | (26) | (27) | (29) | (30) | (32) | (34) | (35) | (36) |
| Non-Core Result Before Taxes | (35) | (63) | (90) | (66) | (94) | (94) | (103) | (109) | (115) | (121) | (128) | (134) | (139) | (142) |
| Other Operating Income | 21 | 4 | 0 | 3 | 0 | 18 | 12 | 12 | 13 | 14 | 15 | 15 | 16 | 16 |
| Impairment Losses on Trade Receivables and Other Financial Assets | - | (3) | (31) | 0 | (4) | (12) | (15) | (16) | (17) | (18) | (19) | (20) | (20) | (21) |
| Expenses for Retirement Pensions | (54) | (64) | (59) | (69) | (90) | (99) | (100) | (105) | (111) | (117) | (124) | (130) | (134) | (138) |
| Results from Associated Companies | (2) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Change in non-core invested capital | n.a. | (7) | 16 | 2 | (1) | (64) | 6 | 6 | 7 | 7 | 8 | 7 | 5 | 4 |
| Non-Operating Free Cash Flow | n.a. | (112) | (311) | 144 | (87) | (265) | (33) | (130) | (137) | (145) | (153) | (161) | (168) | (174) |
| Financial Result | (16) | (16) | (34) | (38) | (65) | (104) | (58) | (51) | (50) | (49) | (49) | (48) | (55) | (62) |
| Other Financial Income | 8 | 19 | 27 | 18 | 47 | 76 | 41 | 43 | 45 | 48 | 51 | 53 | 55 | 56 |
| Interest Income | 4 | 7 | 8 | 12 | 32 | 37 | 51 | 59 | 62 | 65 | 64 | 61 | 57 | 51 |
| Interest Expense | (15) | (14) | (14) | (13) | (15) | (53) | (59) | (54) | (51) | (47) | (41) | (34) | (36) | (37) |
| Other Financial Expenses | (20) | (35) | (68) | (69) | (153) | (203) | (113) | (119) | (125) | (132) | (140) | (146) | (151) | (155) |
| Statutory Taxes | 6 | 6 | 13 | 14 | 24 | 39 | 22 | 19 | 19 | 18 | 18 | 18 | 21 | 23 |
| Change Total Net Financial Assets (excl. Excess Cash) | n.a. | 774 | 409 | 30 | 201 | 226 | 35 | 103 | 141 | 119 | 123 | 106 | 86 | 62 |
| Dividends | (68) | (71) | (46) | (72) | (183) | (216) | (135) | (148) | (171) | (183) | (195) | (204) | (210) | (213) |
| Transaction with Shareholder | - | (8) | 35 | (7) | 39 | 60 | 25 | 28 | 29 | 30 | 33 | 34 | 36 | 37 |
| Cash Flows from Financing Parties | (85) | 679 | 364 | (87) | (7) | (35) | (133) | (69) | (51) | (83) | (87) | (113) | (143) | (176) |
| Net change in cash during periods | n.a. | 54 | 137 | 102 | (295) | 90 | 195 | 85 | 149 | 124 | 125 | 142 | 157 | 169 |
| Cash and cash equivalents at beginning of the financial year | | 464 | 518 | 656 | 758 | 463 | 553 | 748 | 833 | 982 | 1,106 | 1,230 | 1,373 | 1,529 |
| Cash and cash equivalents at end of the financial year | n.a. | 518 | 656 | 758 | 463 | 553 | 748 | 833 | 982 | 1,106 | 1,230 | 1,373 | 1,529 | 1,699 |

2. Puma's Performance Indicators

| PERFORMANCE INDICATORS | | | | | | | | | | | | | | |
|--------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fiscal Year | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
| ROA | 11.5% | 11.5% | 6.4% | 10.9% | 10.8% | 10.8% | 9.5% | 9.5% | 9.9% | 9.9% | 9.7% | 9.6% | 9.4% | 9.2% |
| ROIC | 20.1% | 15.7% | 9.1% | 16.0% | 14.9% | 13.9% | 13.0% | 13.0% | 13.6% | 13.5% | 13.4% | 13.2% | 13.0% | 12.7% |
| Operating profit margin | 8.0% | 9.2% | 5.7% | 9.2% | 8.7% | 8.3% | 7.7% | 7.8% | 8.3% | 8.4% | 8.4% | 8.4% | 8.4% | 8.4% |
| Asset Turnover Ratio | 144.9% | 145.1% | 115.5% | 130.7% | 135.4% | 128.3% | 128.7% | 125.2% | 123.5% | 121.6% | 120.0% | 117.8% | 115.2% | 112.4% |
| DuPont ROA | 11.5% | 13.3% | 6.6% | 12.0% | 11.7% | 10.7% | 9.9% | 9.8% | 10.3% | 10.2% | 10.1% | 9.9% | 9.7% | 9.4% |
| Current ratio | 147.9% | 141.3% | 132.7% | 140.5% | 146.6% | 156.1% | 143.9% | 143.8% | 143.5% | 143.4% | 143.4% | 143.4% | 143.4% | 143.4% |
| Quick Ratio | 63.0% | 56.5% | 51.9% | 58.1% | 54.6% | 69.1% | 58.0% | 58.0% | 58.2% | 58.2% | 58.2% | 58.2% | 58.2% | 58.2% |
| Operating Cashflow Ratio | n.a. | (39.2%) | 6.0% | 2.5% | (8.2%) | 18.8% | 15.5% | 11.7% | 13.1% | 13.0% | 12.7% | 13.9% | 15.1% | 16.3% |
| Debt to Equity | 15.0% | 12.2% | 24.2% | 19.6% | 16.4% | 25.6% | 23.6% | 23.1% | 23.4% | 22.8% | 22.1% | 21.3% | 20.4% | 19.5% |
| Debt to Assets | 46.3% | 56.1% | 62.3% | 60.2% | 62.5% | 61.1% | 61.6% | 60.9% | 60.2% | 59.4% | 58.7% | 57.8% | 56.7% | 55.5% |
| Interest Coverage ratio | 25.4 | 36.2 | 21.2 | 48.3 | 48.3 | 13.5 | 11.8 | 13.8 | 16.4 | 18.8 | 22.6 | 28.4 | 28.2 | 28.1 |
| Reinvestment rate | n.a. | 286.5% | 241.0% | 40.1% | 51.1% | 79.2% | 156.4% | 101.7% | 97.9% | 95.7% | 95.8% | 95.1% | 94.3% | 93.3% |

3. Puma’s latest M&A activities

| Date | Acquirer | Target Company | Deal Description |
|--------|--------------------------------|---|--|
| Jun-15 | Authentic Brands Group LLC | Tretorn Sweden AB | Puma SE sold Tretorn Sweden AB to Authentic Brands Group. The deal allows Puma to focus on its core business within its brands Puma and Cobra Golf. |
| Apr-10 | Puma SE | Cobra Golf Inc II | Puma acquired Cobra Golf from Acushnet Holdings Corp. The acquisition aimed to enhance Puma’s golf product line, integrating all Cobra Golf employees into Puma. |
| Mar-09 | Puma SE | Brandon AB | Puma acquired Brandon Company, a marketing and advertising company, to enhance its sportswear advertising and brand promotion activities. |
| Jan-09 | Puma SE | Dobotex International BV | Puma acquired a 50.1% stake in Dobotex, a partner in different fashion, sport, and lifestyle brands, aiming to strengthen its position in these areas and increase its distribution network. |
| Jul-07 | PPR (then Kering SA) | Puma SE | PPR (later renamed Kering) acquired a 27.14% stake in Puma with Mayfair Vermögensverwaltung SE, leading to major strategic shifts and further international expansion. |
| Feb-06 | Puma SE | ATA, Inc | Puma acquired ATA, a Canadian distributor of Puma’s products in North America, to expand and consolidate its market presence there. |
| Jan-06 | Unisol SA | PUMA SE | Puma acquired a majority stake in Unisol S.A., the Argentina based distributor with PUMA license for footwear, apparel and accessories, to strengthen Puma’s position in Argentina, with more growth opportunities in the South American market. |
| Jun-05 | Puma SE | A.C.K. Spor Giyim Tekstil UrUnleri San Tic A.S. | Puma acquired A.C.K. Spor Giyim, a Turkish manufacturer of footwear and apparels, to expand its manufacturing capabilities and market reach. |
| May-05 | Mayfair Vermögensverwaltung SE | Puma SE | Mayfair acquired a 16.91% stake in Puma, supporting Puma’s strategic plans as part of its long-term development. |
| Mar-03 | Puma SE | Puma Japan K.K. | Puma acquired its Japanese footwear and accessories business from Hagemeyer NV, aiming to strengthen its market position in Japan and streamline distribution. |
| Jun-01 | Puma SE | Tretorn Sweden AB | Puma acquired Tretorn, a Swedish tennis footwear and equipment manufacturer, from Proventus, enabling Puma a profitable entry to the Scandinavian sports goods market. |

Appendix 3: Puma’s latest M&A activities (Mergermarket as of May-2024)

4. CCA Benchmarking

PUMA SE - COMPARABLE COMPANY ANALYSIS

(€m. as of 25th April 2024)

| Peer Groups | Company Name | Market Cap | Enterprise Value | Current Price | Share Count | Trading Multiples | | | | | | | | | | | |
|---------------------|--------------------------|---------------|------------------|---------------|--------------|-------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | | | | | EV / Revenue | | | EV / EBITDA | | | EV / EBIT | | | P / E | | |
| | | | | | | '23A | '24E | '25E | '23A | '24E | '25E | '23A | '24E | '25E | '23A | '24E | '25E |
| Puma | Puma SE | 6,353 | 7,219 | 42.4 | 150 | 0.84x | 0.80x | 0.76x | 7.4x | 7.4x | 6.9x | 11.6x | 12.3x | 11.5x | 20.9x | 16.6x | 14.2x |
| Sportswear | Adidas AG | 41,065 | 45,542 | 230.0 | 179 | 2.13x | 2.02x | 1.84x | 33.5x | 20.4x | 14.8x | n.m. | n.m. | 24.5x | n.m. | n.m. | 33.3x |
| | Nike Inc. | 162,851 | 164,209 | 103.7 | 1,570 | 3.52x | 3.46x | 3.32x | 26.6x | 23.7x | 21.5x | 30.5x | 26.3x | 24.0x | 35.3x | 29.5x | 27.0x |
| | Lululemon Athletica Inc. | 42,145 | 40,113 | 331.7 | 127 | n.m. | n.m. | 3.74x | 16.9x | 15.2x | 13.8x | 19.8x | 17.8x | 16.1x | 29.9x | 26.0x | 23.2x |
| | Under Armour Inc. | 3,537 | 3,132 | 7.8 | 451 | 0.58x | 0.59x | 0.57x | 7.8x | 7.0x | 6.3x | 11.3x | 9.8x | 8.7x | 10.3x | 14.8x | 12.6x |
| | ON Holding AG | 9,529 | 9,273 | 29.8 | 319 | 5.07x | 3.99x | 3.17x | 32.8x | 24.7x | 18.7x | 42.9x | 33.8x | 24.5x | n.m. | 47.2x | 47.2x |
| | | 41,065 | 40,113 | 103.7 | 319 | 2.82x | 2.74x | 3.17x | 26.6x | 20.4x | 14.8x | 25.1x | 22.0x | 24.0x | 29.9x | 27.8x | 27.0x |
| Asian | Anta Sports Products LTD | 33,172 | 34,575 | 11.6 | 2,867 | n.m. | 3.74x | 3.32x | 13.1x | 13.0x | 11.7x | 17.3x | 15.8x | 14.1x | 24.7x | 19.8x | 17.9x |
| | Li Ning Co LTD | 6,177 | 5,828 | 2.4 | 2,586 | 1.76x | 1.66x | 1.52x | 7.9x | 8.4x | 7.3x | 13.6x | 11.9x | 10.1x | 16.2x | 14.9x | 12.9x |
| | | 19,674 | 20,201 | 7.0 | 2,727 | 1.76x | 2.70x | 2.42x | 10.5x | 10.7x | 9.5x | 15.5x | 13.9x | 12.1x | 20.5x | 17.3x | 15.4x |
| Athletic Footwear | Skechers USA Inc | 8,318 | 7,790 | 53.8 | 155 | 1.07x | 0.97x | 0.89x | 8.9x | 8.1x | 7.2x | 10.9x | 9.6x | 8.2x | 16.9x | 15.3x | 12.9x |
| | ASICS CORP. | 8,023 | 8,154 | 43.8 | 183 | 2.17x | 2.03x | 1.90x | 17.3x | 15.4x | 13.6x | 20.0x | 19.6x | 16.9x | 34.5x | 31.0x | 26.5x |
| | | 8,171 | 7,972 | 48.8 | 169 | 1.62x | 1.50x | 1.39x | 13.1x | 11.7x | 10.4x | 15.5x | 14.6x | 12.6x | 25.7x | 23.1x | 19.7x |
| Outdoor Performance | Deckers Outdoor Corp | 19,124 | 17,764 | 740.9 | 26 | n.m. | n.m. | 3.82x | 27.8x | 19.6x | 18.2x | 29.9x | 20.8x | 18.0x | 42.0x | 27.6x | 24.3x |
| | Columbia Sports | 4,459 | 4,141 | 72.6 | 61 | 1.30x | 1.34x | 1.27x | 10.4x | 11.2x | 10.0x | 14.7x | 16.2x | 14.2x | 19.5x | 21.9x | 18.2x |
| | AMER Sports | 6,699 | 12,318 | 13.7 | 489 | 3.09x | 2.73x | 2.41x | 22.2x | 18.8x | 15.7x | 31.3x | 26.1x | 21.1x | n.m. | 41.8x | 23.5x |
| | Fenix Outdoor | 2,089 | 2,176 | 59.8 | 35 | 2.94x | 2.71x | 2.62x | 19.1x | 14.3x | 13.7x | 39.6x | 23.6x | 22.2x | 24.9x | 11.4x | 10.6x |
| | RevolutionRace | 630 | 608 | 5.5 | 114 | 4.33x | 3.34x | 2.92x | 21.3x | 14.6x | 12.4x | 21.8x | 14.9x | 12.6x | 28.7x | 19.7x | 16.6x |
| | Dick's Sporting Goods | 16,195 | 15,906 | 188.5 | 86 | 1.35x | 1.33x | 1.28x | 9.9x | 9.5x | 9.1x | 12.8x | 12.2x | 11.5x | 17.0x | 15.5x | 14.7x |
| | VF Corp | 4,730 | 10,037 | 12.2 | 388 | 0.95x | 1.05x | 1.01x | 7.9x | 10.2x | 8.8x | 9.7x | 13.9x | 11.7x | n.m. | 18.3x | 7.3x |
| | | 4,730 | 10,037 | 59.8 | 86 | 2.15x | 2.03x | 2.41x | 19.1x | 14.3x | 12.4x | 21.8x | 16.2x | 14.2x | 24.9x | 19.7x | 16.6x |
| Lifestyle | Hugo Boss AG | 3,484 | 4,744 | 50.5 | 69 | 1.13x | 1.07x | 0.99x | 6.3x | 5.7x | 5.0x | 11.6x | 10.3x | 8.5x | 13.5x | 11.8x | 9.6x |
| | Corcs Inc. | 7,223 | 8,602 | 116.6 | 62 | 2.39x | 2.39x | 2.29x | 8.2x | 8.2x | 8.6x | 8.6x | 8.6x | 9.2x | 10.0x | 10.0x | 10.6x |
| | Birkenstock | 7,799 | 9,264 | 41.5 | 188 | n.m. | n.m. | 4.74x | 21.1x | 18.3x | 15.3x | 34.1x | 24.0x | 19.0x | n.m. | 39.9x | 26.1x |
| | | 7,223 | 8,602 | 50.5 | 69 | 1.76x | 1.73x | 2.29x | 8.2x | 8.2x | 8.6x | 11.6x | 10.3x | 9.2x | 11.8x | 11.8x | 10.6x |
| | | 16,173 | 17,385 | 54.0 | 674 | 2.02x | 2.14x | 2.34x | 15.5x | 13.1x | 11.2x | 17.9x | 15.4x | 14.4x | 22.5x | 19.9x | 17.9x |
| | | 8,171 | 10,037 | 50.5 | 169 | 1.76x | 2.03x | 2.41x | 13.1x | 11.7x | 10.4x | 15.5x | 14.6x | 12.6x | 24.9x | 19.7x | 16.6x |

■ More than 50% above Puma
■ 25% to 50% above Puma
■ Up to 25% above Puma
■ More than 50% below Puma
■ 25% to 50% below Puma
■ Up to 25% below Puma

5. DCF Output

| DCF-Analysis (in €m) | | | | | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2024E | 2025F | 2026F | 2027F | 2028F | 2029F | 2030F | 2031F | Terminal |
| Sales | 8,971 | 9,448 | 9,979 | 10,536 | 11,134 | 11,651 | 12,068 | 12,370 | 12,370 |
| % Growth | 4.3% | 5.3% | 5.6% | 5.6% | 5.7% | 4.6% | 3.6% | 2.5% | 0.0% |
| EBITDA | 980 | 1,043 | 1,153 | 1,226 | 1,297 | 1,357 | 1,406 | 1,441 | 1,441 |
| % Revenue | 10.9% | 11.0% | 11.6% | 11.6% | 11.6% | 11.7% | 11.7% | 11.7% | 11.7% |
| D&A | (391.1) | (413.3) | (437.5) | (463.0) | (490.4) | (513.9) | (532.7) | (546.0) | (546.0) |
| % Revenue | (4.4%) | (4.4%) | (4.4%) | (4.4%) | (4.4%) | (4.4%) | (4.4%) | (4.4%) | (4.4%) |
| EBIT | 589 | 630 | 716 | 763 | 806 | 843 | 874 | 895 | 895 |
| % Revenue | 6.6% | 6.7% | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% | 7.2% |
| Core Result before Taxes | 692 | 739 | 830 | 884 | 934 | 978 | 1,012 | 1,038 | 1,038 |
| % Revenue | 7.7% | 7.8% | 8.3% | 8.4% | 8.4% | 8.4% | 8.4% | 8.4% | 8.4% |
| Taxes | (175.1) | (187.9) | (212.9) | (227.5) | (241.1) | (252.9) | (262.4) | (269.3) | (282.5) |
| % Tax Rate | (25.3%) | (25.4%) | (25.6%) | (25.7%) | (25.8%) | (25.9%) | (25.9%) | (26.0%) | (27.2%) |
| Core Result | 517 | 551 | 618 | 657 | 693 | 725 | 750 | 768 | 768 |
| % Revenue | 5.8% | 5.8% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% | 6.2% |
| D&A | 391 | 413 | 437 | 463 | 490 | 514 | 533 | 546 | 546 |
| % Revenue | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% | 4.4% |
| Operating Gross Cash Flow | 908 | 964 | 1,055 | 1,120 | 1,184 | 1,239 | 1,283 | 1,315 | 1,315 |
| % Revenue | 10.1% | 10.2% | 10.6% | 10.6% | 10.6% | 10.6% | 10.6% | 10.6% | 10.6% |
| (-) Change in NWC | 145.6 | 51.4 | 47.2 | 60.3 | 66.9 | 57.8 | 46.6 | 33.7 | 33.7 |
| % Change in Revenue | 39.4% | (10.8%) | (8.9%) | (10.8%) | (11.2%) | (11.2%) | (11.2%) | (11.2%) | (0.3%) |
| (-) Change in Deferred Taxes | (30) | (17) | (19) | (19) | (21) | (18) | (15) | (11) | (11) |
| (-) Net Capex | (663) | (612) | (652) | (689) | (731) | (747) | (754) | (751) | (751) |
| % Revenue | (7.4%) | (6.5%) | (6.5%) | (6.5%) | (6.6%) | (6.4%) | (6.2%) | (6.1%) | (6.1%) |
| % D&A | 169.5% | 148.1% | 149.1% | 148.8% | 149.0% | 145.3% | 141.5% | 137.5% | 137.5% |
| Cash from operating activities | 360 | 284 | 337 | 351 | 365 | 416 | 468 | 519 | 530 |
| % Cash Conversion | 32.4% | 41.3% | 43.4% | 43.8% | 43.6% | 45.0% | 46.4% | 47.9% | 47.9% |
| Period | - | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 7 |
| Discount | 1.00 | 0.96 | 0.90 | 0.83 | 0.78 | 0.72 | 0.67 | 0.62 | 0.62 |
| NPV FCFF | 360.3 | 274.0 | 302.5 | 293.0 | 283.2 | 300.3 | 314.3 | 324.4 | 331.0 |

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| | |
|-------------|---|
| Buy | Expected total return (including expected capital gains and expected dividend yield) of more than 10% over a 12-month period. |
| Hold | Expected total return (including expected capital gains and expected dividend yield) between 0% and 10% over a 12-month period. |
| Sell | Expected negative total return (including expected capital gains and expected dividend yield) over a 12-month period. |

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