# PUMA RELAY 2014

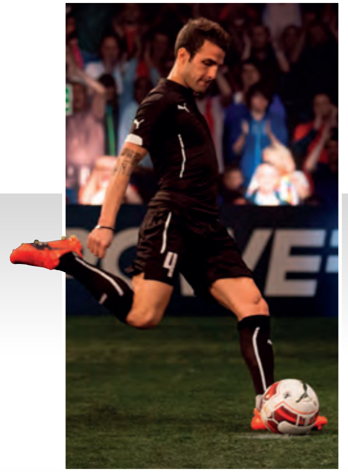
*Annual Report 2014*

FOREVER **FASTER** **PUMA**

# PUMA TIMELINE

## OUR HIGHLIGHTS IN 2014

FOREVERFASTER PUMA



## JAN

**evoPOWER Launch**

PUMA introduces its most powerful football boot to date, the **evoPOWER**. Inspired by barefoot kicking, it is designed to enhance a player's natural kicking ability, power and accuracy.


## FEB

**"PUMA Lab" Roll-Out**

Together with Foot Locker USA, PUMA starts rolling out its **"PUMA Lab"** retail concept in over 125 doors and successfully expands its market presence throughout the US.

## MAR

**World Cup Kit Launch**

PUMA reveals the **new national kits** for its eight national football teams heading to the World Cup in Brazil. The kits feature PUMA's new football apparel innovation **PWR ACTV**.

## APR

**Lexi Thompson's First Major**

COBRA PUMA golfer **Lexi Thompson** becomes the second-youngest major winner in LPGA Tour history at 19 with her victory at the Kraft Nabisco Championship.

## MAY

**PUMA Village Closure**

PUMA continues to optimize its organizational setup – with the **closure of the PUMA Village Development Center** in Vietnam and the **relocation of its Lifestyle Business Unit** to Herzogenaurach.

## JUNE

**FIFA World Cup™ in Brazil**

The **FIFA World Cup™** in Brazil proves to be a great stage for PUMA's innovative kits and eye-catching **"Tricks"** boots. PUMA achieves its best ever sell-through of football boots, with Tricks widely sold out.


## JULY

**Arsenal FC Kit Launch**

PUMA becomes the official kit partner of top English Premier League club **Arsenal FC**. The partnership kicks off with the launch of Arsenal's kits for 2014/15 through a twenty meter high water projection on London's River Thames.

## AUG

**"Forever Faster" Campaign**

PUMA's global **"Forever Faster" campaign**, the biggest marketing campaign in the company's history, marks the start of PUMA's repositioning as a true Sports Brand to consumers and retail partners.


## SEP

**Retail Business Relocation**

With the finalization of the **relocation of its Global and European Retail Organization from Oensingen**, Switzerland, to the headquarters in Herzogenaurach, PUMA completes its last major consolidation project in 2014.

## OCT

**Becker OG Release**

PUMA reissues the **Becker OG**, the classic mid-top shoe that 17-year-old Boris Becker wore during his famous Wimbledon win in 1985.


## NOV

**F1-Championship for Hamilton**

**Lewis Hamilton** of PUMA partnered MERCEDES AMG PETRONAS F1 team wins his second drivers' World Championship ahead of teammate Nico Rosberg.


## DEC

**New Global Ambassador Rihanna**

PUMA and **Rihanna** announce a new multi-year partnership, starting January 2015. Rihanna will serve as one of the brand's Creative Directors directly influencing PUMA's Women's collections.

# CONTENT

# TO OUR SHAREHOLDERS

**Foreword**

*PUMA's CEO Bjørn Gulden about the milestones in 2014, the importance of the new partnership with Rihanna and the company's priorities for 2015 and beyond:*




# FOREWORD

*Interview with CEO Bjørn Gulden*

## *"We have initiated the turnaround, but are not there yet"*

***Bjørn Gulden (49), Chief Executive Officer, with PUMA since 2013.***

*"For me, 'Forever Faster' is an attitude: We want to be fast in making decisions, fast in reacting to new trends and fast in bringing innovations to the market."*


*In PUMA's Annual Report 2013 and on many other occasions you spoke of the challenges PUMA is facing, such as the lack of brand heat or commercial products. What did we achieve in 2014 to tackle that?*

Looking back at 2014, we made progress on all of our key strategic priorities internally and externally. Internally, many important decisions have been turned from words into action and those will help us become a faster and better company in the future. We have made strides in developing competitive products that mirror PUMA's new "Forever Faster" positioning. We have improved our marketing, which now focusses on fewer stories and a clear use of our assets. We have initiated important changes to optimize our organizational setup. We have, for example, closed our development center PUMA Village in Vietnam and relocated our Lifestyle Business Unit from London and our Retail business from Oensingen to our headquarters in Herzogenaurach. And last but not least, we have started revamping our operations and IT foundation under the guidance of our newly appointed Chief Operating Officer, Lars Sørensen.

# OUR BRAND MISSION

***PUMA** WILL BE THE FASTEST SPORTS BRAND IN THE WORLD*

*What were external milestones?*

The year 2014 saw many great examples of our "Forever Faster" positioning that were visible to our consumers and retailers. We also worked on further extending our brand ambassador list, when we added Arsenal FC to our portfolio and extended our contracts with Mercedes and BMW. And of course, we signed Rihanna – what I am really proud of.

> *"The positive feedback we received from our retailers in terms of our new direction was an important milestone for PUMA."*

Our strong brand presence at the World Cup in Brazil with eight partnered teams and our pink and blue "Tricks" football boots as well as the Driver's and Constructor's Championship titles in Formula 1 for PUMA-supplied Mercedes – to name only a few highlights – also clearly proved that PUMA is back as a sports brand. And then personally, I think that the positive feedback we received from our retailers in terms of our new direction was also an important milestone for PUMA. I am happy to say that all of this work translated into a product pipeline with exciting innovations like evoPOWER in Football and our revolutionary IGNITE concept in Running. In addition to that, we successfully started initiatives to improve the quality of our distribution like our "PUMA Lab" retail concept in the US market.

*In August 2014, PUMA launched its "Forever Faster" campaign to the consumer. What are the messages we want to convey?*

First of all, "Forever Faster" and our mission to be the Fastest Sports Brand in the world is more than just a campaign. It's a direction of who we want to be and where we are going. Throughout its history of over 65 years, PUMA always had a strong connection to speed which is reflected in the industry's fastest logos, record-breaking athletes in different sports categories and pioneering product innovations. For example, PUMA was the first sports company to fuse sports and fashion, creating a new era with immensely successful footwear icons like Speed Cat, Future Cat and Mostro.

> *"It is important that we look at 'Forever Faster' as the DNA of our company culture."*

For me, "Forever Faster" can be best described as an attitude: We want to be fast in making decisions, fast in reacting to new trends and fast in bringing innovations to the market. We all know that PUMA is not there yet, but it is important that we look at "Forever Faster" as the DNA of our company culture. In autumn 2014, we were ready to launch the first phase of our "Forever Faster" campaign, which basically had two objectives: to demonstrate to our consumers that PUMA is back in sports and has athletes with the distinctive PUMA attitude, and secondly, to prove to our retail partners that we deliver on our promises by investing in marketing. In the next phase, we will tie the campaign to products like the PUMA IGNITE and build a consistent storyline leading up to the Rio de Janeiro Olympic Games in 2016.

*Did "Forever Faster" already have an effect on our business and financial Performances in 2014?*

I think it is fair to say that we have initiated the turnaround, but we are not there yet. I have always said that the repositioning of PUMA and the turnaround of our business will take time and we need to continue to build confidence in the marketplace. But there were definitely some signs in 2014 that our initiatives were yielding fruit. Our full-year results were in line with expectations and we stopped the decline in PUMA's sales. It was also very pleasant to see that our Footwear segment returned to growth in the third and fourth quarter of 2014 after seven quarters of decline. This is a very important success indicator in our industry. But we are not aiming for an optimal result in the short term. We took a conscious decision to continue our investment in marketing to re-establish PUMA in the market place and – with regards to the second half of 2015 – to invest in the renewal of our IT. 2015 will be the year to further enhance and reinforce the re-positioning of PUMA and, although it will still take some time, I am convinced we will make "the cat" shine again.

*What are PUMA's priorities for 2015 and beyond?*

PUMA's priorities will not change in 2015. We will continue to work towards our mission of becoming the Fastest Sports Brand in the world. And while we concentrate on our Performance categories, we also think that "Sport is Lifestyle": Yes, our main focus is on sports, but by making "cool stuff that works", we also want our products to reach the street. In 2015, our female consumer will be in the spotlight, as we truly believe that the "future is female".

## OUR OBJECTIVE IS TO BE THE FASTEST SPORTS BRAND

- **...with fast** *PRODUCTS*
- **...with the fastest** *ATHLETES*
- **...fast in reacting to** *NEW TRENDS*
- **...fast** *INNOVATORS*
- **...fast in** *DECISION making*
- **...fast in** *SOLVING PROBLEMS FOR OUR PARTNERS*

***"I think that, if we do it right, Rihanna can be a game changer for PUMA."***

With the addition of Rihanna as our new global brand ambassador and as one of PUMA's creative directors, I am certain that we have found the key to the women's market. With her global profile, her charisma and her creativity, she will help us to open doors both in our Performance and our Lifestyle categories. I think there is a huge potential for strong collections targeted exclusively at women both in the Training and Fitness arena as well as in other sports categories that has been neglected by the industry. We are working on many exciting concepts to satisfy this demand and I think that, if we do it right, Rihanna can be a game changer for PUMA.

*"PUMA Relay" is the theme of this Annual Report for 2014. What is the meaning behind this metaphor?*

We chose "PUMA Relay", because it describes how we work at PUMA. The symbol of the relay mirrors nicely that we are faster in achieving our goals together as a team instead of running on our own. If you think of a relay race, the critical moment is always the handover of the baton. At PUMA, we certainly have a lot of great runners and performers, but we need to continue working on our handovers, define the distances and avoid running next to each other. This report's cover picture with our employees forming "Forever Faster" at our headquarters in Herzogenaurach and the relay runners on the following pages symbolize that every team member at PUMA helps us to be "Forever Faster". I want to thank everyone at PUMA as well as our shareholders for the continued support and belief in the PUMA brand. Enjoy reading the interviews with other PUMA relay runners and the rest of this report!

# COMPANY

***Strategic Priorities***
*How "Forever Faster" is the guiding principle for the company's strategy:*
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***Operations Strategy***
*COO Lars Sørensen about the improvement of PUMA's operations and IT foundation:*
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# STRATEGIC PRIORITIES

*In 2013, CEO Bjørn Gulden introduced PUMA's new mission statement: To be the Fastest Sports Brand in the world. The company's mission not only reflects PUMA's new brand positioning of being "Forever Faster", it is also the guiding principle for the company's strategy, its actions and decisions.*

***Arne Freundt (35), Global Director Strategy until 31.01.2015, now Global Director Retail and eCommerce, with PUMA since 2011.***

*"For me, 'Forever Faster' means bringing PUMA back to where it belongs: amongst the top global sports brands!"*


**Arne Freundt**, who has led PUMA's Global Strategy Department for the last 3.5 years and has taken on the role as Global Director Retail and eCommerce as of February 1, 2015, reflects some of the milestones and PUMA's strategic measures in 2014 and takes a look ahead.

*How does "Forever Faster" translate into the company's strategy?*

"Forever Faster" not only represents our brand positioning. It is the mindset for everything we do and want to achieve as a company with our five strategic priorities: Recreating brand heat, developing commercial products with innovative and fast designs and offering these products in the channels that are relevant for our consumers are key elements of our strategy – with a lean and efficient organisation and modern IT infrastructure forming the basis for these targets.

*Can you describe a specific strategic project in 2014 and how it made us become faster as a company?*

The most illustrative examples are probably the relocation and consolidation projects which we finalized in 2014. Firstly, the closure of our Vietnam based PUMA Village

Development Center in May: We moved our developers into the sample rooms of our suppliers' factories, which speeds up our development process and leverages the expertise of our suppliers. Secondly, the relocation of our Lifestyle Business Unit from London to our headquarters in Herzogenaurach: Since June 2014, our designers and product managers for our Lifestyle collections are located in our headquarters and fully embedded in our product creation processes in Herzogenaurach. And as the last out of the three major consolidation projects in 2014, we finalized the relocation of our Global and European Retail functions from Oensingen in Switzerland to Herzogenaurach as of September, which enables us to take quicker decisions in our retail business.

## PUMA'S 5 KEY STRATEGIC PRIORITIES

FOR 2014 AND BEYOND

- ***Reposition PUMA as the Fastest Sports Brand in the world and create brand heat***
- ***Improve the product engine***
- ***Optimize the distribution quality***
- ***Increase the speed of PUMA's organization***
- ***Renew the IT infrastructure***

*"We will always have to take the changing market realities into account and constantly reinvent ourselves."*

*Is PUMA still in a transformation process? How far are we along the journey?*

We are happy to have successfully concluded the key elements of the transformation program we announced in the course of 2012 – for example, the setup of a new regional business model in Europe to reduce the complexity on a country level as well as the establishment of a Business Unit structure to sharpen our focus in our Performance and Lifestyle categories. In 2014, we defined our new strategic priorities in line with our "Forever Faster" mission and we progressed well with all our targets in the last year. However, transformation is by nature an ongoing process and we will always have to take the changing market realities into account and constantly reinvent ourselves.

*What is the role of the PUMA owned brands Cobra Golf and Tretorn as well as the affiliate companies Dobotex and Brandon in our process to become faster overall?*

Cobra Golf is an integral part of our Golf business and follows our "Forever Faster" strategy in terms of product, marketing and distribution. For Tretorn, we are currently assessing the best possible options, as the brand needs a distinctive strategy in order to regain traction in the market. For Dobotex, our underwear and socks expert, we are planning to strengthen the portfolio of licensed brands as well as leveraging their expertise in new business fields. Our goal for Brandon is to refocus the company on its excellence in the corporate and promotional merchandise and retail support business.

*"It is important to stay on course with the targets we laid out in 2014."*

*Looking ahead, what are PUMA's strategic priorities for 2015 and beyond?*

It is important to stay on course with the targets we laid out in 2014. In 2015, we will continue to work towards our mission of becoming the Fastest Sports Brand in the world, while further improving our business along the strategic priorities we defined. A special emphasis will be placed on improving our IT foundation and operations to ensure a faster, leaner, and more efficient setup. To stick with the relay metaphor, I am handing over the baton to our COO Lars Sørensen to explain our focus regarding the upgrade of our systems and processes.

# OPERATIONS STRATEGY

*In 2014, PUMA's strategic priorities were complemented with a further objective: the improvement of the company's operations and its IT foundation to match the industry's best practice benchmark and ensure a faster, leaner, and more efficient setup in the coming years.*

**Lars Sørensen (52), Chief Operating Officer, with PUMA since 2013.**

*"For me, 'Forever Faster' means fewer steps in our processes and fewer levels in the organization. I believe by simplifying, we can become even faster and more efficient in execution."*


The process and system due diligence of PUMA's new Chief Operating Officer revealed significant improvement potential in PUMA's IT and process landscape. Read here how **Lars Sørensen** describes the way he and his teams plan to lay the foundation for a lean and efficient company in the future.

*You were appointed Chief Operating Officer (COO) of PUMA as of August 1, 2014. What were your priorities when you started?*

My initial focus was to identify how we can become more united and streamlined as an organization and at the same time to foster flat hierarchies and direct communication, which I think are crucial success factors, if you want to become faster overall. I had led the areas of Business Processes and Intelligence as well as Information Technology since November

2013. This gave me a head start for my new role as COO, because I had a chance to look deeply into all areas of our business.

*"Our 'Forever Faster' strategy aims to centralize and speed up the way we work and provide services to our business partners."*

*And what were the results of your assessment?*

At PUMA, we come from a – what I would call – multi-local culture, meaning everything we did as a company, whether it was how we sourced, produced or marketed our products, was done pretty differently from region to region. Our "Forever Faster" strategy aims to centralize and speed up the way we work and provide services to our business partners, to optimize our IT infrastructure and last but certainly not least to become faster in delivering competitive products.

## GUIDING PRINCIPLES IN PUMA'S OPERATIONS STRATEGY

- GET BACK TO NORMAL
- SIMPLIFY FOR SPEED
- BECOME EFFICIENT IN EXECUTION

*Can you describe a specific project in your area and how it helps PUMA to perform better?*

Our so-called International Trading Company is an important example, which is being rolled out in 2015. This trading hub sits between PUMA and our suppliers worldwide and allows our subsidiaries around the globe to centrally place their orders for the manufacturing of PUMA products instead of dealing with all sorts of different suppliers individually. It also manages all invoices and makes sure our products are delivered to our regions according to their orders and needs.

*And how do our suppliers benefit from this?*

Our new trading model certainly not only helps us to become faster, but is an immense advantage for our vendors and business partners as well because it guarantees a reliable and punctual payment for financing their production and ultimately allows for larger order volumes and less ship-tos. This will significantly improve and deepen our relationship with our suppliers.

*"With a clear operational set-up, we will be able to concentrate best on what we're here to do: creating and selling great products."*

*What are your teams' priorities for 2015 and beyond?*

We have defined a detailed roadmap for the coming years. The year 2014 marked the initial phase, which addressed our most immediate challenges in order to speed up our organization. In 2015, we will focus on three areas: continue with the implementation of our end-to-end trading setup that we started with our International Trading Company, build capabilities and processes to improve the design, development and planning processes and optimize our basic IT infrastructure. With a clear operational set-up, we will be able to concentrate best on what we're here to do: creating and selling great products.

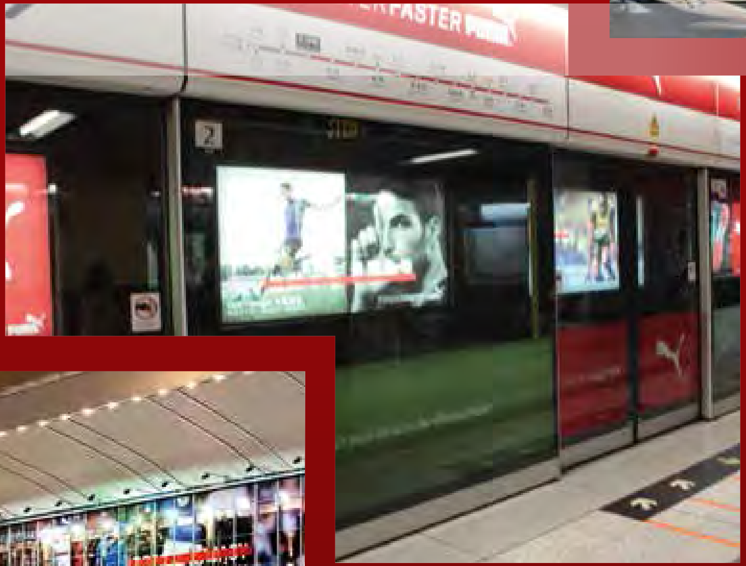
Company Overview

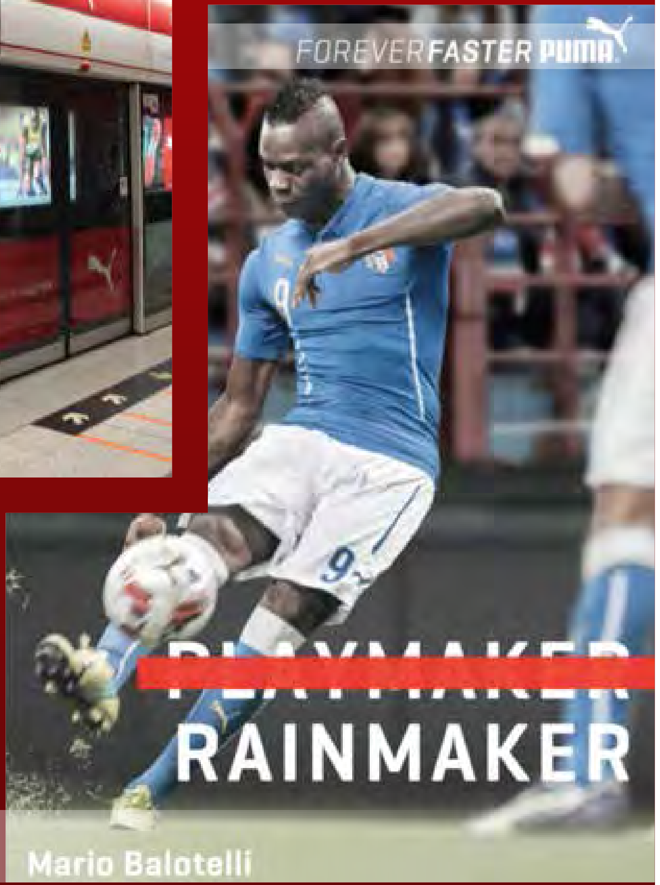
# BRAND

### Brand Strategy

*Brand Marketing Director Adam Petrick about PUMA's "Forever Faster" campaign start, the right type of brand ambassadors and the key marketing initiatives going forward:*









# BRAND STRATEGY

*PUMA made strides throughout 2014 to regain a clear positioning as the Fastest Sports Brand in the world. August 2014 saw the successful launch of our worldwide "Forever Faster" brand campaign. Our central message: PUMA is back in sports!*


**Adam Petrick (39), Global Director Brand Marketing, with PUMA since 1999.**

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*"For me, 'Forever Faster' is the endless pursuit of improvement, the desire to get better with every season, and the refusal to ever stop moving forward."*

**Adam Petrick**, Global Director Brand Marketing, recaps the key brand initiatives in 2014, explains how Rihanna will be a game changer for PUMA, and takes a look ahead at PUMA's marketing strategy in 2015.

*Let's take a look back at 2014. What were the key events and initiatives to stir up brand heat?*

After the launch of our revolutionary evoPOWER football boot in January, we continued our momentum throughout the World Cup with a tremendous social media campaign related to both our national team kits as well as our "Tricks" boots. In addition, we celebrated a spectacular launch of PUMA's first team kits for Arsenal Football Club in London. Successes in other categories included Rickie Fowler's stunning record of finishing in the top ten of every Golf major this year, as well as Lewis Hamilton's world championship title in Formula 1. But really, the greatest moment from a brand perspective was the launch of our "Forever Faster" campaign worldwide, bringing all of our most famous athletes together into a single campaign with the aim of reintroducing PUMA as a global sports brand.

**"We adjusted our consumer target to be both younger and more sports-oriented."**

*How has the campaign been received so far and whom do we address with it?*

The market surveys certainly show a very positive consumer reception. Within the first three months we reached consumers in 35 countries, generating 1 billion TV impressions in our target group as well as 31 million online views. Over the course of 2014, we redefined our target consumer both from a demographic and psychographic standpoint. PUMA is a brand centered in sports – and therefore we adjusted our consumer target to be both younger and more sports-oriented. I am very confident that by more clearly defining our target group, we will do an even better job of conveying our brand

## FOREVER**FASTER**

### CAMPAIGN OBJECTIVES

- **PUMA** IS BACK IN SPORTS
- **PUMA** HAS GREAT ASSETS
- **PUMA** HAS ATTITUDE

values and reaching our key audience in 2015 and beyond.

*What exactly are PUMA's brand values and the type of ambassadors we choose to work with to represent these values?*

PUMA is a brand for game changers – people who challenge conventions and take risks to achieve their goals. As a brand, we want to be brave, confident, determined and joyful – and these are exactly the attributes represented through our athletes and ambassadors. Take Usain Bolt, for instance. He's reset the bar for speed from a performance standpoint, but also has an extraordinarily joyful personality, too, which he shows on and off the track.

**"We truly believe that the 'future is female'."**

*...and now Rihanna. Why did PUMA sign her?*

When we looked for a global face of the PUMA Woman, we quickly came to the conclusion, that there was no one who more clearly embodied the game changing and limit pushing attitude of PUMA. Not only does she enjoy breaking with conventions, she is beautiful, elegant, and extremely ambitious, she has a fantastic body and she is eager to maintain her energy and fitness level to perform in front of her millions of adoring fans. All of these attributes make her the perfect match for PUMA and a credible face for our Women's range in Training as well as Lifestyle. Bringing Rihanna into the PUMA family is a commitment to our increased focus on the female consumer segment, as we truly believe that the "future is female".

*What is in the pipeline for the coming seasons and what is the focus for PUMA in 2015 in terms of its brand communication?*

We have a lot of exciting stories coming this year, but our goal is to focus on fewer initiatives, and to communicate our messages more clearly. Examples of this are the ongoing evolution of our evoPOWER concept in football as well as the full-year focus on our new cushioning technology IGNITE in running and our Pulse range in training, which will help us to build and define long-term franchises in the marketplace. In addition to a strong product offering in Performance categories like Teamsport and Running, we think that a solid proposition in Training is crucial to being recognized as a true sports brand. Therefore, we will be focused on training storytelling in the second half of the year, with a major media push featuring our top ambassadors. We will definitely see more of our athletes in authentic sporting moments and products that our consumers can rely on to help them perform better, feel great, and look damn good in as well.

*Company Overview*

# PRODUCT




# DESIGN LANGUAGE

*It is our ambition that PUMA's products reflect our mission to be the Fastest Sports Brand in the world. One of our strategic priorities in 2014 therefore was to improve PUMA's product engine with a clear focus on innovation combined with commerciality and beauty in design.*

***Torsten Hochstetter (47), Global Creative Director, with PUMA since 2013.***

*"'Forever Faster' means to keep it simple, make it powerful and create something relevant."*

For our Performance categories, we aim to develop lighter, more agile products with better fit and improvements in adaptation to the body in motion. In Lifestyle, PUMA's great heritage in sports serves us as an inspiration in order to deliver compelling products.

A key project in 2014 with the aim to improve our product engine was to adapt our design language in accordance with our new brand platform. **Torsten Hochstetter**, our Global Creative Director, translated our brand mantra "Forever Faster" into a new distinctive design language for PUMA, which is rooted in sports.

*What were the priorities for you and your team in 2014?*

In 2014, we have taken a major step forward towards improving our product engine by defining a new visual language which is based on our company and brand mission

"Forever Faster" and serves as a guard rail for PUMA's global design team. In terms of our products, it's all about innovation as well as clear, simple, and commercial designs rooted in sports.

*Why did you develop a new visual language for PUMA and how does it connect to the company and its brand mission "Forever Faster"?*

Our ambition is that PUMA's products are the ultimate embodiment of our brand mission. So we decided it was necessary to translate our brand values "Brave", "Confident", "Determined" and "Joyful" into a visual language to ensure that PUMA's designs consistently reflect our new direction. Based on that, we established branding guidelines determining for example the execution of our different logos and the usage of materials. And thirdly, we introduced a global seasonal creative direction with the involvement of all internal design teams and regional creation centers with the ultimate goal to simplify and harmonize our product offering globally.

***"Our design process can best be described in three words: focus, simplify and execute."***

*Let's be more specific: How will you make sure to succeed in designing more commercial products with a simple but nonetheless appealing design?*

We defined five principles, which will help us to decide, if we are designing the right product for PUMA. They cannot necessarily all be combined in every single product, but should always be kept in mind when we create something new. Most importantly: Keep it simple. Less often really is more, and that refers to materials as well as the use of colours, for example. Another guideline is to always create something relevant by asking ourselves: Where is the clear benefit for athletes and consumers? In a nutshell, we decided on a design process that can best be described in three words: focus, simplify and execute.

*Can you name examples throughout 2014 which guide the way for future products?*

Take our football products as an example of how innovation is key in our product development. The World Cup was a fantastic stage for our apparel innovation PWR ACTV, a first-to-market use of both athletic taping and compression, as well as our pink and blue interpretation of PUMA's revolutionary evoPOWER football boot, which is inspired by barefoot kicking and optimizes a player's power and accuracy when striking the ball.

***"Our efforts have clearly already translated into better products for 2015."***

*What can be expected in 2015? Will PUMA manage to deliver to the expectations of the market?*

The feedback from our retail partners and consumers shows that our efforts have clearly already translated into better products for 2015. A very striking example of this is our new running shoe IGNITE, which is designed for energy return, comfort and durability. IGNITE foam is a perfect synergy of cushioning and responsiveness with the added benefit of not breaking down over time. We have been working on this advancement in footwear technology for a number of years with the help of the Fastest Man in the World, Usain Bolt, and we are very confident this is going to have a big impact on the industry.

## DESIGN PRINCIPLES

VISUAL LANGUAGE

- KEEP IT **SIMPLE**
- MAKE IT **POWERFUL**
- CREATE SOMETHING **RELEVANT**
- BE **COURAGEOUS**
- MAKE IT **FAST**

# PERFORMANCE

*With its mission to be the Fastest Sports Brand in the world, PUMA places special emphasis on its Performance business in Teamsport, Running and Training, Golf and Motorsport. The following sections provide an overview of the most important activities in each of our Performance categories in 2014.*

***Cesc Fàbregas (27), Spanish midfield hero, with PUMA since 2011.***

*"For me, 'Forever Faster' means to wake up in the morning and think: Today, I will be better than yesterday!"*

▶ ***Watch the evoPOWER boot launch in Barcelona at an interactive and live football event with our PUMA star players Cesc Fàbregas, Marco Reus and Mario Balotelli here!***

## TEAMSPORT

### *Continuing to excel with new and exciting product innovations*

In 2014, PUMA brought two major innovations to the football market: In footwear, we launched our most revolutionary football boot to date, the evoPOWER. Inspired by the freedom of movement of barefoot kicking, it is designed to enhance a player's natural kicking ability, and optimize a player's power and accuracy when striking the ball. In apparel, PUMA launched its PWR ACTV technology, a first-to-market use of both athletic taping and compression within the garment, enhancing the natural power of the athlete's body.

### *Leaving an impressive mark at the FIFA World Cup™*

At the 2014 FIFA World Cup™ in Brazil, PUMA's eight partnered teams generated a strong on-pitch visibility, participating in almost half of all games in the tournament. The World Cup proved to be a great stage for PUMA's innovative football products: While PUMA's national team kits featured our apparel innovation PWR ACTV, the prominent pink and blue interpretation of PUMA's revolutionary evoPOWER and evoSPEED football boots "Tricks" created lots of positive headlines as well and could be seen in three quarters of all games. With high engagement rates on our social media channels, PUMA achieved its best ever sell-through for football boots, with "Tricks" widely sold out.

### *Arsenal Football Club: the biggest deal in our company's history*

Following January's announcement, PUMA became the official kit partner of English Premier League club Arsenal Football Club from July 1st, and kicked off its new partnership with the launch of the much-anticipated new Arsenal Home, Away and Cup kits for the 2014/15 season. The kits were revealed through a spectacular 20-metre high water projection on London's River Thames viewed from the north bank, transforming the EDF Energy London Eye into the iconic Clock End. Arsenal represents a major commercial and marketing opportunity to reinforce PUMA's credibility as a global sports brand as well as a perfect platform to showcase our performance products through the club's significant global fanbase, profile and reputation.

PLAY ▶ ***The right boot is pink, the left boot is blue. PUMA's "Tricks" boots were THE eye-catcher during the FIFA World Cup™ in Brazil!***

PLAY ▶ ***Watch Arsenal manager Arsène Wenger tell the individual Future, Forever, Victorious inspirations behind PUMA's kit designs at the spectacular launch event in London!***

### *Strengthening our "true love" with Borussia Dortmund*

In September, PUMA participated in the capital increase of its strategic partner Borussia Dortmund GmbH & Co. KGaA (BVB) by acquiring 4,600,000 shares of the club, which represents 5.00% of the voting rights. As Borussia Dortmund's technical supplier since July 2012, we are looking forward to continuing our successful partnership with BVB as a close partner and shareholder. The enthusiasm of this long-standing club and its unique fans not only allows us to leave our mark in the field of football, but provides our retail partners with innovative football products and marketing concepts.

### *Cementing our status as the world's fastest football brand*

Looking at the seasons ahead, PUMA will continue to optimize its portfolio of globally relevant assets on the club and international federation level such as Arsenal, Borussia Dortmund as well as the Italian Football Association (FIGC), along with a player asset list with strong international credibility – from the likes of Mario Balotelli, Cesc Fàbregas, Sergio Agüero, Marta, Yaya Touré, and Olivier Giroud to Marco Reus, Radamel Falcao and Santi Cazorla.

***Radamel Falcao (29), Colombian striker, with PUMA since 2011.***

*"For me, 'Forever Faster' means to always strive for more, to believe in yourself every day, to never give up and to always stand up when you fall. Sí, se puede!"*

# RUNNING AND TRAINING

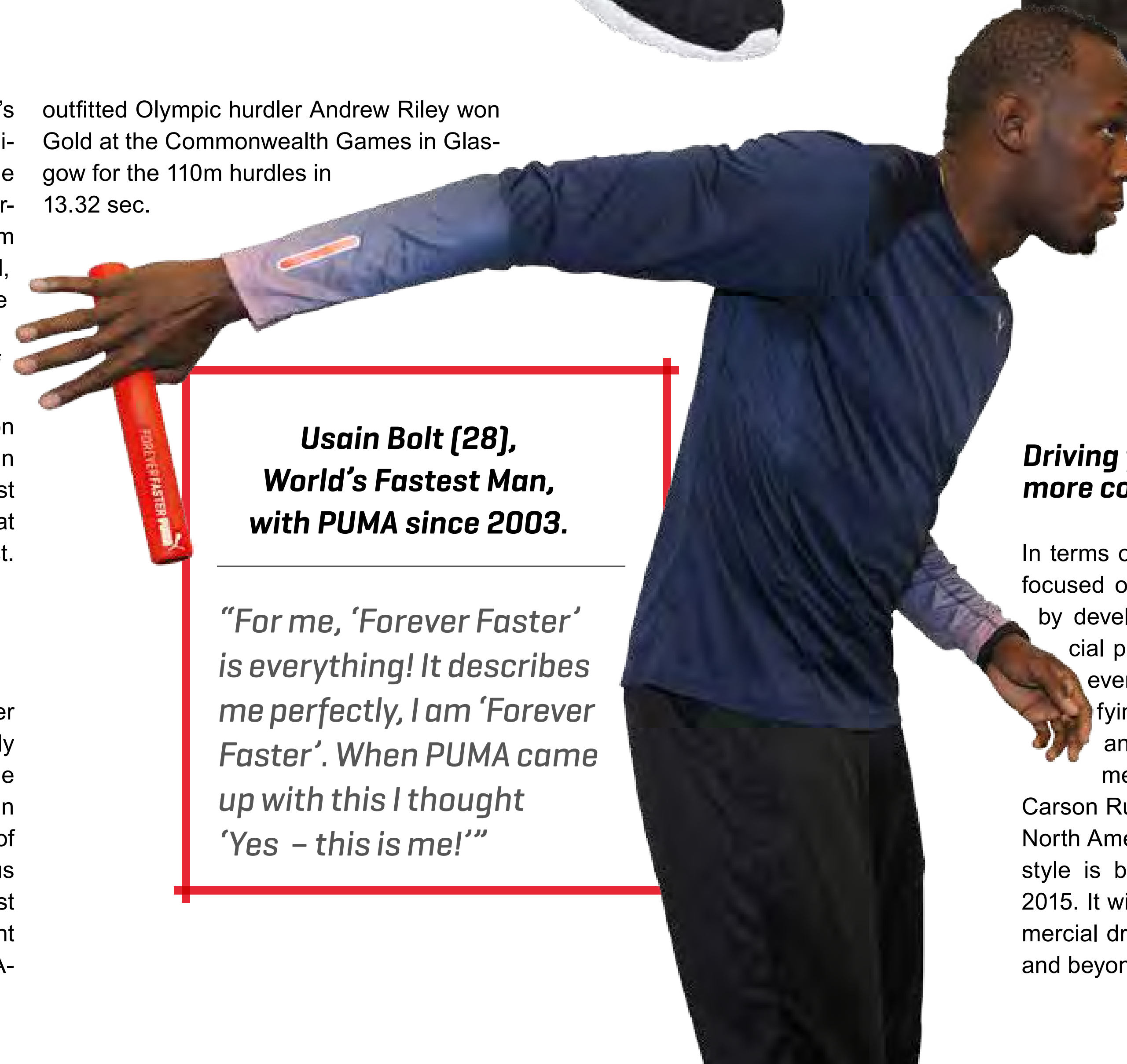
The Carson offers comfortable style through every mile you run and every step you take around town.


## Usain Bolt is "Forever Faster"

In the year of his 28th birthday, the World's Fastest Man celebrated the five-year anniversary of his two world records set at the 2009 IAAF World Championships in Berlin. For more than three decades, no 100m world record has stood for such a period, and no one other than Bolt has moved the world record forward by more than a tenth of a second since the measurement of time in second hundredths was introduced. Despite an injury-plagued season, Bolt won Gold at the 2014 Commonwealth Games in the 4x100m relay and added another first place finish to his collection in the 100m at the Warsaw Diamond League race in August.

## Dominating the stage in Running

2014 was an exciting year for several other PUMA Jamaican athletes as well. Newly partnered Javon Francis won 400m, at the ISSA Boys and Girls Championships in Jamaica, clocking a phenomenal time of 45 seconds to beat Usain Bolt's previous Champs record. Hansle Parchment won first place at the Paris Diamond League event in the 110m hurdles. Furthermore, PUMA-outfitted Olympic hurdler Andrew Riley won Gold at the Commonwealth Games in Glasgow for the 110m hurdles in 13.32 sec.




**Usain Bolt (28), World's Fastest Man, with PUMA since 2003.**

*"For me, 'Forever Faster' is everything! It describes me perfectly, I am 'Forever Faster'. When PUMA came up with this I thought 'Yes – this is me!'"*

## Driving faster and more commercial designs

In terms of our Running product range, we focused on expanding our consumer base by developing innovative, more commercial products in line with PUMA's "Forever Faster" brand strategy of simplifying and harmonizing our designs and executions to improve our commerciality. A great example is the Carson Runner. Launched initially in PUMA North America for Autumn/Winter 2014, this style is brought global in Spring/Summer 2015. It will continue to grow as a key commercial driver through Autumn/Winter 2015 and beyond.


## PUMA launches its most energized running shoe

Spring/Summer 2015 will also see the launch of the industry's most innovative running technology to date: IGNITE. Developed together with BASF over multiple years, IGNITE is revolutionary to the business. It has the highest energy return we have ever created, step-in comfort and long-lasting durability with ForEverFoam. In subsequent seasons, additional styles will be introduced and the IGNITE line will be expanded further within our Running and Training category.

PLAY

▶ *Worn by The World's Fastest Man Usain Bolt, IGNITE is PUMA's most responsive running shoe, optimizing comfort and durability. Watch for yourself!*

## Rihanna: "The future is female"

At the end of 2014, we added global cultural icon Rihanna to our roster. Through this new multi-year partnership, Rihanna will serve as a global brand ambassador. She will play a key role in our brand campaign "Forever Faster", featuring along PUMA's world-class athletes such as Usain Bolt and Sergio Agüero. From Spring/Summer 2016 on, she will serve as one of the Creative Directors for PUMA, specially focusing on women. Rihanna will directly influence our Women's collections with her fresh, forward thinking and non-traditional approach to sports, fitness and lifestyle. This marks the start of a renewed focus on women for the PUMA brand.

## Designing faster and more flexible products for our consumers' workout

2014 also saw the product introduction for a new key training family, Pulse. In Spring/Summer 2015, Pulse XT kicks off a new product family of versatile, training products to transform our customers' wardrobe and workout and will continue to grow throughout 2015 and into 2016.

PLAY

▶ *Click here to watch the power of Pulse XT!*

**Karin Baust (46), General Manager Running and Training, with PUMA since 2011.**

*"For me, 'Forever Faster' means bringing innovation and excitement to consumers in a unique PUMA way!"*

# GOLF

### Bringing our "game enjoyment" message to life

COBRA PUMA GOLF offers our golf consumer a comprehensive range of golf equipment by COBRA and golf footwear, apparel and accessories by PUMA. COBRA Golf has a history of creating high-quality equipment that utilizes game-changing technologies to help golfers improve their game, while PUMA Golf delivers comfort, performance and style through its footwear, apparel and accessories. Together COBRA PUMA GOLF offers the full 360 package that helps golfers to "Look Better. Feel Better. Play Better."

PLAY

▶ ***Find out more about the BiO CELL + Driver and its innovative technologies from COBRA's R&D Team. Watch here!***


**Lexi Thompson (20), Longest Hitter on the LPGA Tour, with PUMA since 2010.**

*"For me, 'Forever Faster' means knowing I have the best technology and design on my feet and in my clothes, which allows me to perform my best on the course... and in the gym."*

*PUMA Golf's footwear and apparel continues to provide style, comfort and performance to golfers.*

### Innovative technology which helps to improve the game

In 2014, COBRA Golf launched the BiO CELL Family, a line of clubs that are easily tuned to fit any golfers' game. The BiO CELL and BiO CELL + Driver, Fairways, Irons and Hybrids take adjustability, customization and pure distance to the next level. New COBRA Golf, game-changing technologies, including E9 Face, MyFly8TM, and SmartPadTM Technology, help golfers improve their distance, manage trajectory and enjoy the game!

▶ *Go behind the scenes with Rickie Fowler and PUMA Golf's footwear experts to experience the testing for our all new BIOFUSION Tour. Watch here!*

## *Impressive performances by the world's top golf talents*

Rickie Fowler's performance during the 2014 PGA Tour season was remarkable. His expressive PUMA Golf style on course was enhanced by great performance with his COBRA Golf BiO CELL clubs, as he closed the season with ten Top-10 finishes, including Top-5 finishes at all four majors. Major winner and LPGA star Lexi Thompson began the season with a bang, capturing her first major championship at the Kraft Nabisco Championship.

## *Coming up...*

COBRA PUMA GOLF will continue to bring key breakthrough technologies to the market in 2015, including FlipZone Technology, providing two different flight paths in one head, in COBRA's Fly-Z Family of products. PUMA Golf will continue to stand out on the green with new, improved fit, new technology and a wider range of options for golfers of all ages and styles.

▶ *Click here to see the FlipZone Technology at work!*

*After capturing her first major at only 19, Lexi celebrates by jumping into Poppies Pond with her caddie.*

*The BioFusion Spikeless Mesh Golf shoe is flexible, comfortable and ultra-durable – helping golfers stay cool and protected through any weather.*

# MOTORSPORT

### *PUMA dominates in the fastest sports of the world*

PUMA Motorsport looks back on a superb season as well. In Formula One, Lewis Hamilton of PUMA-partnered MERCEDES AMG PETRONAS Formula One Team impressively won the 2014 F1 Drivers' World Championship ahead of his team-mate Nico Rosberg, who secured second place in the Drivers' standings. Before these victories, MERCEDES AMG PETRONAS had already sealed the 2014 Constructors' Championship with three races to go before the end of the season.

*Lewis Hamilton wore a white/black style of the F1 PRO-SLW when clinching his place as double World Champion. Weighing only 99 grams, it is the lightest Formula One shoe that currently exists and one of PUMA's latest innovations to save its outfitted F1 drivers crucial time.*

**Lewis Hamilton (30), Formula 1 Champion in 2014, MERCEDES AMG PETRONAS partners with PUMA since 2012.**

*"For me, 'Forever Faster' means the dream of always getting better and pushing the boundaries. And besides that it is about individuality, being unique in what you do."*

PLAY

▶ ***How many questions can Lewis Hamilton answer whilst driving one lap at full speed around a race track? British comedian James Corden attempted to find out. Watch the fastest interview ever here!***

### *Building on successful collaborations*

PUMA not only extended its successful partnership with MERCEDES AMG PETRONAS, it also secured a contract extension with BMW Motorsport as the Official Supplier of Team and Racewear for all BMW Motorsport racing operations. PUMA's longest-standing partner in Motorsport impressively underlined its ambitions with Marco Wittmann winning the 2014 DTM Driver's Championship in his second DTM year and as the youngest German DTM Champion of all time.


©Anke Luckmann@www.kaitietz.de

## *A decade of being faster*

For ten years, PUMA has worked with Scuderia Ferrari to develop innovative, ergonomic designs inspired by performance. In 2015, we celebrate this unique partnership of iconic products inspired by the race track, designed with functionality and fast-forward technology.

# LIFESTYLE

*Our Business Units Lifestyle and Fundamentals focus on the latest trends in sports-inspired lifestyle and complement our offering of performance products. The following sections provide an overview of the most important activities in 2014.*

***Yassine Saidi (36), Senior Head of Lifestyle Footwear and Select, with PUMA since 2011.***

*"'Forever Faster' to me is a state of mind that drives us to push our limits."*

### *Creating lifestyle products rooted in our sports DNA*

In 2014, we continued to exemplify how we influence and shape culture and lifestyle through the lens of sports under our "Forever Faster" brand platform. Our great heritage and our roots in sports serve us as an inspiration in order to deliver compelling lifestyle products. Additionally, we draw creative inspirations from our SELECT collaborations with unique assorted design houses and street fashion designers such as Colette, ALIFE, Bape and KITH.

▶ *To mark the launch of the collaboration of the PUMA King by Alexander McQueen, we commissioned a short film to illustrate the production process. Shot in Italy, it captures everything from the molding of the last to the intricate shaping of each handcrafted stud. Watch the video here!*

World Cup fever:
PUMA's Brasil Grip Bag!

## Inspired by the biggest sporting event in the world

While sports fans from around the globe witnessed the 2014 FIFA World Cup™ in Brazil, our Spring/Summer 2014 collection took a memorable journey to the streets of Brazil.

PUMA footwear icons such as the PUMA Classic Brasil were both reissued and modernised with state-of-the-art suede and cleaner toe with durable cupsoles for drills. Together with the Brasil 70 Windbreaker and Grip Bag, this pack paid homage to the legendary 1970 Brazilian national team.

From the SELECT collection we launched two limited edition boots in collaboration with Alexander McQueen, creating a premium execution of one of the most iconic football boots ever: the PUMA King. The boot made a strong brand statement, as it was not available to purchase, but seeded to influential individuals across the sports and fashion world.

## Our Trinomic story continues

Following the successful re-launch of the XT1 and XT2 styles, PUMA brought back the Trinomic XS850 in 2014. Originally released in 1992, the XS850 was a running shoe designed to give stability on soft and uneven surfaces. Like its cousins from the Trinomic range, its technology was made up of clear rubber hexagon cells that form a honeycomb pattern, collapsing and expanding to give the runner cushioning and flexibility. These cells and its other original 90s features, like the neon colours and abstract prints, are a key part of the reissued PUMA Trinomic XS850 corresponding to the market demand of vintage running in 2014.

▶ *PUMA's reissued Trinomic XS850 made the rounds on international sneaker blogs. Click here to watch the video!*

**Helmut Fischer (65), Senior Advisor, joined PUMA in 1978.**

*"For me, 'Forever Faster' means learning from the past to create something new and relevant in the future."*

## Reviving iconic styles to stir up brand heat

Through its newly-established "CREAM" program, PUMA reissued the very best in terms of product and collaborations, from original styles to premium executions of classic silhouettes. All products were featured in global launch events repositioning PUMA as a go-to brand for sneaker heads.

PLAY

▶ *Click the link to watch the PUMA x KITH Ronnie Fieg Coat Of Arms Disc launch in Paris on January 15, 2014!*

## PUMA x MQ: Rebellious attitude fuses with PUMA's performance innovation

Furthermore, PUMA celebrated its premium fashion collaboration with McQ by Alexander McQueen with an evening of music, cocktails, craft beer and a selection of London's finest artisan food trucks. An industrial space in the heart of East London was utilized for the global launch of the AW14 collection, while media, influencers and friends of the brand all joined for the celebration and preview of the collection. With the space covered in campaign imagery the focus was never far from the collection.

PLAY

▶ *Click the link to watch the PUMA x McQ launch in East London on July 16, 2014!*

## A Classic Lifestyle Shoe Reawakens PUMA's Tennis Heritage

Our Autumn/Winter 2014 collection saw a star reborn, when we reissued the Becker OG, the classic mid-top shoe that 17-year-old Boris Becker wore during his famous and groundbreaking Wimbledon win in 1985. A timeless silhouette originally made for the tennis court, the Becker OG merges the best of PUMA's performance heritage and design language.

PLAY

▶ *Watch Boris Becker and his son Noah meet on an urban tennis court in South London to introduce the Becker OG!*

# FUNDAMENTALS

*PUMA Fundamentals are the base of our product portfolio, combining on-trend colours with a great price-quality ratio. It provides our consumers with their day-to-day favorite footwear and apparel pieces to master every challenge – whether at work or in the street, whether in school or on the playground.*

**Reinhard Dischner (46), General Manager Fundamentals, with PUMA since 2002.**

*"For me, 'Forever Faster' means staying ahead in everything we do, the way we think, act and make decisions. It's a mindset."*



### The essence of our consumers' wardrobe

Rooted in sports, our Fundamentals focus on easy-tech materials, which provide our consumers with just the right level of performance to enjoy life. On the style side we place emphasis on trendy sports silhouettes in the hottest colors of the season, from Bikini to super light-weight down jackets. Our Fundamentals collections cover every seasonality, all year around.

## *Creating fashionable styles for kids*

For our young consumers, PUMA Fundamentals takes the latest key styles and top sellers from across our Business Unit product portfolio and converts them into kids and baby sizes. In 2014, we entered into a new exciting partnership with Warner Brothers fulfilling childhood dreams by offering co-branded apparel, accessories and footwear collections for the Tom and Jerry and Superman franchise including Superman, Supergirl and Superbaby as of Spring/Summer 2015. With Warner Bros. Consumer Products and their iconic heroes, we have found a great partner, who will support us to achieve our ambitious goals for our Kids' products in our Fundamentals category.

PLAY

▶ ***Watch here: PUMA and Warner Brothers debuts its new Spring Summer 2015 collection, featuring iconic characters Tom and Jerry and Superman!***

*Company Overview*

# DISTRIBUTION






# DISTRIBUTION STRATEGY

***Roz Noden (31), Sales Operations Team Head UKIB, with PUMA since 2013.***

*"For me, 'Forever Faster' means preserving our past whilst building a strong brand future through faster people, resources and products."*

## *Brand mix*

The PUMA Group owns the brands PUMA, Cobra Golf, and Tretorn, as well as the affiliate companies Dobotex and Brandon. As the PUMA brand accounts for the vast majority of the group's net sales and constitutes the core of the PUMA Group, the new strategy Forever Faster focuses on driving the sales with the PUMA brand predominantly.

## *Regional mix*

PUMA is structured into five regions: Europe, EEMEA (Eastern Europe, Middle East and Africa), North America, Latin America, and APAC (Asia/Pacific). Each region is led by a regional General Manager, who has full profit and loss responsibility for all countries within the respective region. In terms of the regional sales priorities, PUMA will continue to leverage its strengths in key growth markets in EEMEA, APAC and Latin America such as in India, China and Mexico to ensure stable sales growth for the company. The focus in Europe is to further evolve the setup in order to ensure customer service and proximity as well as to realize synergies. Strategic priority for North America is to build on the positive development in 2014 and to continue the repositioning of PUMA as a performance brand as well as to increase the presence in quality wholesale distribution channels.


*Our PUMA Store in London's Carnaby Street attracted customers with a striking "Tricks" display during World Cup summer*

## *Channel mix*

PUMA distributes its products via three different distribution channels: Wholesale, PUMA's owned and operated retail stores and eCommerce stores. Wholesale accounted for 79% of net sales in 2014 and remains the biggest sales channel for the PUMA Group. With view to the channels, PUMA has the highest growth rate expectations for eCommerce, while also Retail is expected to grow slightly faster than Wholesale. PUMA's focus in the wholesale business is to continue to build joint product and marketing programs together with key accounts and to build on the positive development of 2014. These measures shall increase the business share of our most important accounts of PUMA's total wholesale net sales and thereby increase the net sales quality. In Retail, PUMA will continue to open new stores in strategic growth areas and focus on improving the sales productivity in its existing new owned & operated stores. The growth of eCommerce will be supported by the completion of the roll-out of the unified website www.puma.com as well as further enhancement for the consumer experience.

## *Product sales mix*

PUMA sells and markets footwear, apparel and accessories in categories such as Football, Running and Training, Golf, Motorsport and Lifestyle. With a heritage of designing shoes for more than 65 years, Footwear is and remains the foundation of PUMA's business and its key strategic priority, having generated 43% of net sales 2014. With our repositioning as "The Fastest Sports Brand in the World", we will leverage our clear positioning in sports to sell performance and sports-inspired lifestyle products.

## *Improvement of our distribution quality*

In line with our strategic priorities, 2014 saw successful joint product and marketing programs with our key retailers to showcase our brand in the right retail environment and drive sell-through with our partners. In February 2014, together with our partner Foot Locker USA, we introduced the jointly developed retail concept "PUMA Lab" and successfully rolled it out in the US market. The success of the PUMA Lab has not only improved our business with Foot Locker USA but also generated a positive spill-over effect onto other key retailers in the US marketplace – both with performance and lifestyle accounts. In 2015, we will continue to foster collaborations and launch further product and marketing programs with our most important key accounts in every region.

*Company Overview*

# SUSTAINABILITY




# OUR SUSTAINABILITY STRATEGY

*"Sustainability is a key value of PUMA, and guides our company to work faster towards a more just and sustainable future."*

**Bjørn Gulden, CEO**


*PUMAVision Headquarters in Herzogenaurach, Germany*

2014 marked another significant improvement in the alignment and support of sustainability priorities shared by PUMA and our majority shareholder Kering. Ever since we started to review and enhance the working, social and environmental conditions in our suppliers' factories with a Code of Conduct and the establishment of a factory auditing system in 1999, the concept of sustainability and sustainable business practices have become a strategic priority and an important part of our DNA.

▶ Find out more about PUMA's sustainability history and achievements here.

We believe that our position as the Fastest Sports Brand in the world gives us the opportunity and the responsibility to ensure that our products are manufactured in decent workplace conditions where human rights are respected. Our corporate responsibility does not end at national borders but also affects the well-being of our distant neighbors that are directly or indirectly involved in the production of PUMA products.

We are committed to working towards a more just and sustainable future. For us at PUMA, we define sustainability based on the ▶ Brundtland Report from 1987: „Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs."

Our understanding of a just future is also based on the United Nations Guiding Principles on Business and ▶ Human Rights (also known as the Ruggie Framework) and its three pillars: State Duty to Protect, Corporate Responsibility to Respect and Access to Remedy. In particular, we are focussing on implementing internationally accepted core labor standards at our suppliers globally.

## New Mission Statement

With our “Forever Faster” repositioning, PUMA redefined its mission to pursue the goal of being “The Fastest Sports Brand in the world”. While the term “sustainable” is no longer part of our mission statement, it remains a clear company value, as we continue to integrate sustainability into all of our core business functions.

“Forever Faster” does not only serve as PUMA’s brand platform, it also defines the way we consider the importance of sustainability in our business:

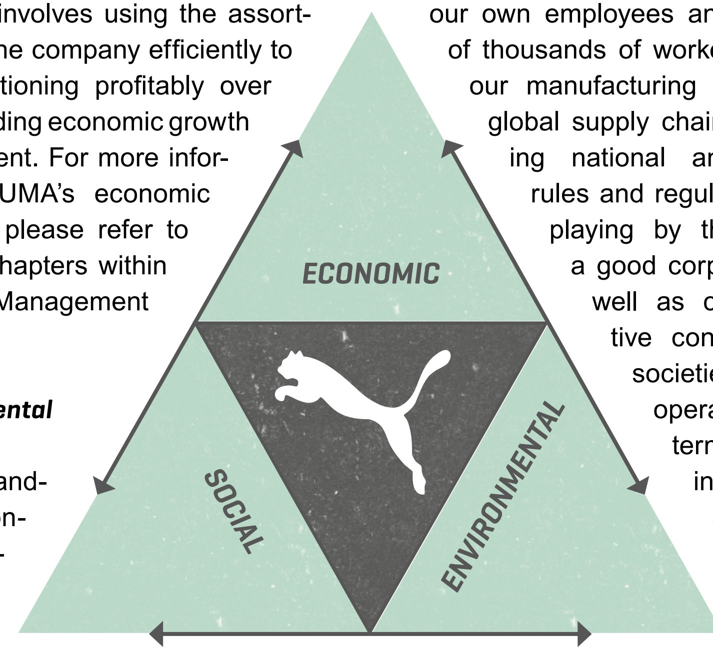
- ***FOREVER*** means sustainable in serving the needs of the present without compromising the ability of future generations to satisfy the needs of tomorrow.
- ***FASTER*** is how we respond to the economic, environmental and social opportunities and challenges we face.


## Dimensions of Sustainability

In line with our “Forever Faster” transformation, PUMA distinguishes between three dimensions of sustainability: **economic, social and environmental**. We believe that keeping these dimensions in balance is crucial to achieving sustainable business development.

***Economic Sustainability***

Economic sustainability is the use of various strategies for employing existing resources in such a way that a responsible and beneficial balance can be achieved in the long term. Within a business context, economic sustainability involves using the assorted assets of the company efficiently to continue functioning profitably over time safeguarding economic growth and employment. For more information on PUMA’s economic performance, please refer to the relevant chapters within the Group Management Report.




***Environmental Sustainability***

Our understanding of environmental sustainability is based on the “Precautionary Principle”. This means protecting consumers, workers and society from harm by manufacturing safe products in factories that are upholding international health and safety standards. It also means not using substances or processes, which are not yet proven to be safe to use, and taking into consideration the environmental impact from raw material production all the way to the recycling of our products.

***Social Sustainability***

Social sustainability focuses on humane and fair working conditions, both for our own employees and the hundreds of thousands of workers employed at our manufacturing partners in the global supply chain, while observing national and international rules and regulations. It means playing by the rules, being a good corporate citizen as well as creating a positive contribution to the societies in which we operate. In broader terms, the UN Guiding Principles state that part of our corporate responsibility to respect

*Generation and usage of solar power at PUMAVision Headquarters in Herzogenaurach*

human rights is to aim not only to avoid causing or contributing to adverse human rights impacts, but also to address human rights issues that are directly linked to our operations, products or services through our business relationships, even if we have not contributed to those. For us, social sustainability further means operating transparently, exercising due diligence and working with our industry peers and stakeholders to address negative impacts.

## Organization[1]

With more than 15 years of sustainability-related work, sustainability has become an important part of PUMA's business. Our sustainability department, which is responsible for the execution of PUMA's sustainability strategy, is directly reporting to Lars Sørensen, PUMA's Chief Operating Officer.

In line with the above described dimensions of sustainability and due to the complexity of the different tasks related to sustainability, PUMA has divided the responsibilities into two major pillars: **Social** and **Environmental** affairs, formerly Humanity and Ecology. Both departments are headed by PUMA's Global Director Sustainability, Reiner Hengstmann (see interview on the next page).

### ▶ *Social Sustainability*

PUMA works with approximately 400 external manufacturing partners located primarily in Asia, but also in EMEA and Latin America. Compliance with our Code of Conduct is monitored on a regular basis by a team of currently nine members, who partner with the Fair Labor Association (FLA) and the Better Work Program of the International Labor Organization (ILO) for external support. They are located in the regions Europe, Middle East and Africa (EMEA), South Asia (SA), China, the Americas and South East Asia (SEA).

### ▶ *Environmental Sustainability*

Our environmental initiatives focus on all environmental areas of PUMA's sustainability approach such as the proper implementation of the Restricted Substances List (RSL) and Manufacturing RSL among all our suppliers, the collection and interpretation of Environmental Key Performance Indicators (E-KPIs) as well as on capacity building programs to improve energy and water efficiency as well as waste management. Eight dedicated team members are located globally in the same regions as the social team members.

[1] G4-24

***Dr. Reiner Hengstmann (52), Global Director Sustainability, with PUMA since 1999.***

*"For me, 'Forever Faster' means achieving the expected, but going the extra mile whenever possible."*

***Reiner Hengstmann started his career at PUMA in 1999 and has headed PUMA's sustainability department since then. In the following interview, he explains what the situation was like in a typical Bangladeshi supplier factory back in 2000, the improvements that have been achieved since then and PUMA's sustainability strategy going forward.***


*What did a typical supplier factory look like when you first joined PUMA and Asia had just begun to gain more importance as a sourcing region?*

When I started my job 15 years ago, I had no idea how a supplier factory looked like. But I remember my first trip to Bangladesh in 2000, where I visited a factory that was supposed to produce for PUMA back then. The whole building of four floors was filled with smoke and it was pretty obvious that children were working there. I only noticed one toilet for all employees – with an open door, which provided for no privacy at all. In front of the facility was a huge amount of smelly garbage including fabric waste and food leftovers.

*What changed after that?*

This was a very shocking experience for me. It was an eye-opener, because at this moment I realized that doing business also includes acting in a responsible way. This was the time when our SAFE team, the department for social and environmental affairs, was established. We revised our Code of Conduct (CoC), set stricter social and environmental standards and concentrated on auditing our suppliers.

*"We were among the first sports brands to sign the Bangladesh Accord."*

*One could argue the situation hasn't changed much as we hear again and again about workers' protests, deadly fires and building collapses in apparel factories.*

None of the factories in question were contract partners of PUMA as they did not meet our building safety regulations. However, we require comprehensive structural assessments of all our main Asian suppliers and were among the first sports brands to sign the Bangladesh Accord. These incidents clearly show that we still have a long way to go and that establishing social and environmental standards along the supply chain remains a global challenge which calls for global answers. We have to find collective ways to ensure that the workers in these factories are being treated with respect, have safe and decent workplaces and receive fair wages.

Quality control at cutting operations in a supplier factory in Vietnam

*What does PUMA do to support fair wages?*

Our partnership with the Fair Wage Network is one example to explore mechanisms to implement fairer wage structures within our supplier factories. PUMA is supporting the workers in its sourcing countries in their rights to earn a decent wage and to peacefully negotiate wage issues. We will continue to work closely with all involved parties such as other brands, unions, national and international non-governmental organizations (NGOs) as well as the government bodies to find a solution for these conflicts.

***"A sudden withdrawal from our sourcing countries wouldn't be a fair solution, because it wouldn't change the current situation in those factories."***

*Why can't PUMA just shift its production from high-risk countries such as Cambodia or Bangladesh to other countries?*

Is it really an option to move from country to country like a caravan following the most commercially viable offer? That wouldn't be sustainable in the least. A sudden withdrawal from our sourcing countries wouldn't be a fair solution, because it wouldn't change the current situation in those factories. Having a major stake due to high order volumes, however, PUMA and other global brands can exert influence and enforce international standards by working together. And there are very fruitful examples of this, such as our partnership with the Fair Labor Association and the Better Work Program of the International Labor Organization.

*Talking of the need to work together, why hasn't PUMA joined the special alliance for sustainable clothing by German Federal Minister for Economic Cooperation and Development, Dr. Gerd Müller?*

We actively participated in the working group preparing this alliance. However, after receiving the final document, we raised our concerns about some critical points such as demanding "living wages" for the supply chain without a clear definition of what a living wage is. Or the request for "best available technologies" when there are sourcing countries without a proper sewage system, for example. We invited the ministry to our annual stakeholder meeting "Talks at Banz" in 2014 to discuss our concerns and a feasible approach that takes international activities and organizations into account.

*What is PUMA's sustainability strategy going forward?*

With our "Forever Faster" repositioning program, we are focusing on integrating sustainability into all of our core business functions. In 2014, for example, we publicly announced our next steps towards the elimination of all hazardous chemical use across our global supply chain. We became a "bluesign® system partner", which implies adhering to a methodology to screen our fabrics through extensive audits of our fabric production facilities. And furthermore, we joined the Fair Factories Clearinghouse organization and committed to share our factory audit data across the FFC membership and its factories. These are important steps on our long journey which is not free of obstacles and setbacks – but, as we have said all along: Sustainability is a marathon, not a sprint.

PUMA CEO Bjørn Gulden and COO Lars Sørensen addressing stakeholders during the 2014 Talks at Banz

## Governance[2]

### Constant Review of Our Sustainability Performance

Feedback is essential for continuing success. Our sustainability department seeks frequent feedback from both external and internal stakeholders which involves a regular exchange with PUMA's Board and top management members through monthly executive sustainability reports as well as in-person meetings. The Board of Management in turn reports to PUMA's majority shareholder via the Administrative Board Sustainability Committee.

### Administrative Board Sustainability Committee

The highest governance body at PUMA in terms of sustainability is the Sustainability Committee at SE level. It is responsible for the supervision and setting-up of PUMA's sustainability strategy and met once in 2014.

Current membership:

- Jean-François Palus (Chairman)
- François-Henri Pinault
- Martin Köppel

### Sustainability Advisory Board

In 2014, we decided to end the work of our sustainability advisory board, which had served PUMA for the last four years and over that time provided strong support in the formulation of PUMA's sustainability strategy. With the new strategy from 2015 onwards, PUMA will use the expertise of our annual stakeholder event "Talks at Banz" and the Administrative Board Sustainability Committee at SE level as a link to connect PUMA's sustainability activities with external stakeholder feedback and advice in order to discuss and, if necessary, adjust our course on sustainability.

## Reporting According to GRI G4[3]

Since our sustainability report "Perspective" in 2003, PUMA has reported about its sustainability program according to the guidance of the Global Reporting Initiative (GRI), which developed detailed and widely recognized guidelines on sustainability reporting. While we obtained an "in accordance" status with the GRI guidelines for our 2005 sustainability report "Momentum", all of our reports from 2006 until 2013 have been prepared according to the GRI Guidelines, at Application Level A+. We have decided to further evolve our reporting and adhere to the latest G4 standard, the fourth generation of GRI guidelines. Reporting in accordance with the so-called Core application level allows us to improve and focus our reporting with regards to the Materiality Disclosures: topics which are material to PUMA's business and our key stakeholders and constitute our sustainability targets. PUMA's "Materiality Matters" and ultimately our sustainability targets are systematically developed in accordance with the feedback from all of PUMA's stakeholders as described in the following section.

[2] G4-24 | [3] G4-18, G4-23

# OUR SUSTAINABILITY TARGETS

## Developing Targets with Our Stakeholders[4]

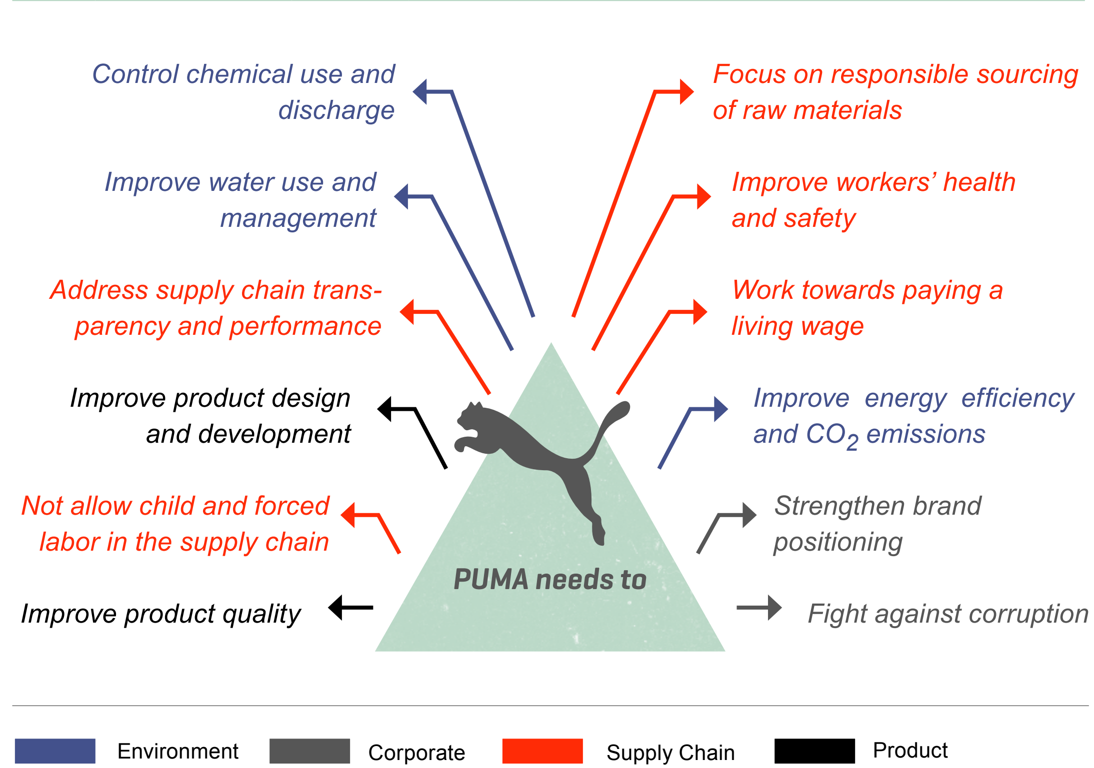
Maintaining good relations with internal and external stakeholders is crucial to PUMA's success on our sustainability progress and for defining and adjusting our sustainability targets. PUMA's stakeholders include customers and consumers, direct and indirect employees, suppliers, regulators, non-governmental organizations, international agencies, foundations, academics, our Sustainability Committee, and many others.

PUMA has developed a stakeholder matrix in order to prioritize stakeholders' interests and relevant business aspects. The input from our stakeholders ultimately feeds into PUMA's strategic goals, policies and practices. At head office level, PUMA engages with external stakeholders at our annual stakeholder meeting "Talks at Banz", which is our most important platform for our sustainability department, our Board of Management and top management to directly interact and exchange thoughts with a diverse group of experts covering a wide range of issues outside of day-to-day business operations. Please find further details about PUMA's "Talks at Banz" in 2014 in the section "Stakeholder and Industry Collaboration".[5]

## Materiality Analysis[6]

In 2013, PUMA engaged Business for Social Responsibility (BSR) to conduct a materiality analysis in order to provide a robust understanding of PUMA's sustainability actions and rank the importance of **environmental**, **economic** and **social** issues of PUMA's key stakeholders in relation to their relevance for our business success. The results of this materiality analysis were published in PUMA's Annual Report 2013 for the first time.

F.1 Materiality Analysis




During PUMA's global sourcing summit in November 2014, we reiterated the materiality exercise to examine more deeply its relevance with all of PUMA's major suppliers. Our global sourcing summit (more about the summit in the section "Stakeholder and Industry Collaboration") showed that our materiality analysis still contains the guiding elements for further developing our sustainability targets and will therefore continue to serve as our compass for the next years.

Combining the major and highest priorities identified through both our in-depth materiality analysis from 2013 as well as the results from our sourcing summit in November 2014, the aspects with the highest influence on business success according to our stakeholders can be *divided into environmental, corporate, supply chain* and *product* related goals.

[4] G4-18, G4-24, G4-25, G4-26, G4-27 | [5] G4-24, G4-26 | [6] G4-18, G4-19, G4-20, G4-21, G4-25, G4-27

## *Sustainability Targets*

Based on the detailed materiality analysis described above and in line with our overall "Forever Faster" repositioning, we are in the process of shifting our sustainability targets to improve transparency, clarity and coordination and focus on the most impactful issues our business is facing. In addition, PUMA partnered through its majority shareholder Kering with Verisk Maplecroft to implement an improved assessment method that widened our ability to identify and manage supply chain risks. This risk framework uses 17 different global risk indices and maps which are clustered into four main categories of social, political, economic and environmental risks and bolsters our own environmental and social audit data. Based on the results of the above-mentioned approach **we defined and set our sustainability targets as** follows:

▶ ***Social Performance of the Supply Chain***
PUMA commits to calibrate its Code of Conduct and standards against ILO (International Labor Organization) conventions and the highest international standards and local regulations in both the social and environmental areas. At the least, our direct and indirect supply chain partners will have to pass a minimum rating standard prior to our authorization to produce for PUMA, which is non-negotiable. We expect key suppliers to attain good ratings in accordance with our standards, and that all manufacturing partners commit to long-term improvement of their social and environmental performance. As a long-standing member of the Fair Labor Association, PUMA maintains its commitment to resolve zero and critical tolerance issues raised through our third party complaint mechanism.

▶ ***Environmental Profit and Loss Account (E-P&L)***
PUMA continues to measure its externalized environmental impact by creating an E-P&L at least every two years under the lead of the Kering Group, PUMA's majority shareholder.

▶ ***Resource Efficiency***
We aim to further reduce our carbon emissions as well as our waste and water usage resulting from the production of products and services, while taking into account the growth of our business. All remaining $CO_2$ emissions from Scope 1 and Scope 2 activities (as defined in the Greenhouse Gas Protocol) will be offset annually.

▶ ***Usage of Leather***
Leather being used for PUMA products is sourced through the Leather Working Group certified tanneries. The objective of the multi-stakeholder initiative is to develop and to maintain a protocol which assesses the environmental compliance and promotes the sustainable environmental business within the tanning industry.

▶ ***Usage of Paper***
Paper and packaging uses the maximum recycled content which is economically and technically feasible. For paper and packaging that cannot be made of recycled fibers, we aim to source from certified sustainably managed forests such as FSC®, to avoid any negative effects on the conversion of sensitive ecosystems.

▶ ***Ban of Polyvinylchloride (PVC)***
The material PVC, which has been banned from all PUMA group branded products since 2004, will continue to be excluded from our production.

▶ ***Phase Out of Poly-Fluorinated Hydrocarbons (PFCs)***
In line with our renewed Detox commitment from November 2014, PUMA will ban the usage of long-chain PFCs (C8 and C7) from 2015 onwards and aims to totally phase out the use of PFCs by end of 2017. For more information, ▶ please click here.

▶ ***Responsible Use of Chemicals***
PUMA remains fully committed to the Detox campaign and the elimination of all hazardous chemical use across its global supply chain. Full enforcement and compliance with the PUMA Restricted Substances List as well as the combined Manufacturing Restricted Substances List of the Zero Discharge of Hazardous Chemicals Group (ZDHC) are important first steps on the way to ensure zero discharge of hazardous chemicals during the manufacturing of our products by 2020.

For more information, ▶ please click here.

*Protective equipment in manufacturing*

# SOCIAL SUSTAINABILITY

## Adherence to PUMA's Code of Conduct

Introduced back in 1993, PUMA's Code of Conduct (CoC) sets a clear minimum standard for supply chain partners and is displayed in all of PUMA's directly contracted partner factories. It also forms an essential part of our purchasing contracts. For more information, ▶ please click here.
Compliance with our Code of Conduct is monitored on a regular basis by our PUMA team, who partner with the Fair Labor Association (FLA) and the Better Work Program of the International Labor Organization (ILO) as well as the International Finance Consortium (IFC) for external support. PUMA's compliance program has been accredited by the FLA since 2007.

Factory audits remain the main enforcement tool of compliance to PUMA's Code of Conduct and provide us with an instant picture of the level of compliance at each of our suppliers' factories. PUMA has made a commitment to initially audit 100% of its sourcing organization World Cat Ltd. and licensee supplier factories at Tier 1 level, preferably before entering into a business relationship. According to the audit result, re-audits will be performed in certain intervals. The program also covers manufacturers that supply to licensees and subsidiaries as well as selected material suppliers such as tanneries and fabric mills. In 2014, our environmental audit program was enhanced to address our commitment towards zero discharge of hazardous chemicals in the supply chain by 2020. Find more information, ▶ please click here.

## New Factory Audit System

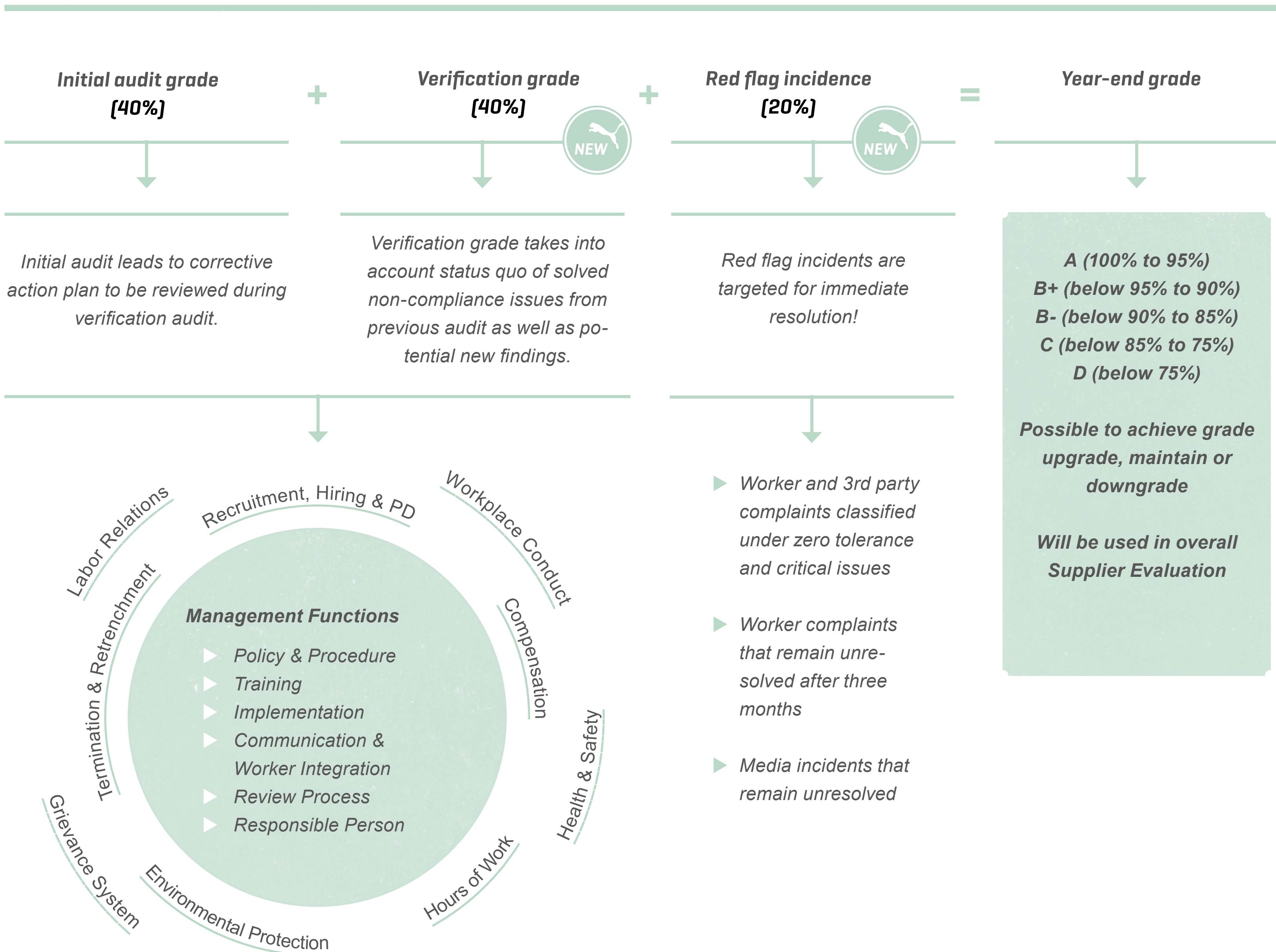
A new audit system aligning PUMA's supplier rating tool with the ILO Better Work assessment and the FLA Sustainable Compliance Initiative tool was fully rolled out in mid-2014. The system is deployed through the ▶ Fair Factories Clearinghouse and all facilities have been trained on the new system since it was announced in 2013.

PUMA continues to use the A, B+, B-, C and D grading criteria to rate factory performance against our Code of Conduct. For more information regarding PUMA's auditing process, ▶ please click here.

The new rating system requires an initial assessment and a follow-up after a certain interval, the length of which depends on the respective grade attained: A low grade calls for a quicker re-audit. In any case, re-auditing is necessary after two years at the latest. Depending on the severity of any issues found in the first audit, however, re-audits may be scheduled already after two to six months to ensure rectification of non-compliance issues found. The system rewards the implementation of best practices and takes into account that continuous improvement is a journey which itself should be measured and rewarded appropriately. However, if factories are repeatedly rated C or D, and do not implement immediate improvements, the business relationship is terminated or not even commenced.

*Review of supporting documents during a PUMA.Safe Audit*

F.2 **New Rating and Scoring System - Structure**




The supplier's earned grade had previously been synonymous with their risk profile. However, developments in recent years have highlighted that we needed to separate the audit grade from the risk assessment. Thus, the annual scores received now take into account the initial audit grade and the verification grade (reached at a follow-up or re-audit) as well as the "red flag" incidence. Red flag incidents include certain media incidents as well as worker or third party complaints concerning critical or zero tolerance issues as well as unresolved matters after three months. Those incidents are targeted for immediate resolution.

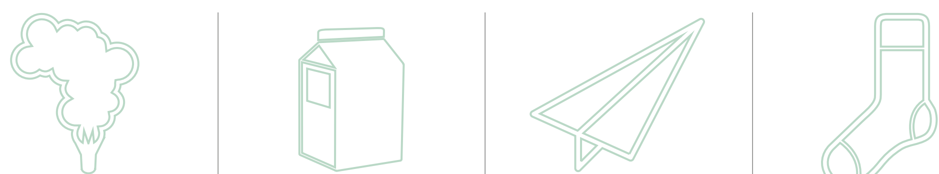
We have integrated the most relevant points from the Sustainable Compliance methodology (SCI) and Better Work into our assessment tool. Due to the number of additional assessment parameters in the new tool, the performance target was adjusted from 90% to 70%, so that 70% of our products must be delivered by supplier factories that achieved a good or very good result (B+/A) within our auditing program for labor and basic environmental standards. Currently 77.85% of our international collections come from facilities rated A/B+.

Because of the mid-year roll-out, only 23.7% of the active supply base have been assessed under the new system as of year-end 2014. It is expected that all facilities will have been assessed under the new system by the end of 2015. In total, PUMA carried out 429 audits in 2014 and assessed 366 facilities, 35 of which were made inactive and taken from the supplier base because of failure to meet our standards. 309 of the remaining assessed facilities are Tier 1 facilities, 22 are Tier 2 and 3 facilities.

Based on the initial rating achieved by each facility, the following results were attained for our active facilities as indicated in table T.1.

F.3 **Manufacturing Activities by Tier**

| TIER 4 → | TIER 3 → | TIER 2 → | TIER 1 |
|---|---|---|---|
| *Raw material* | *Processing* | *Outsourcing* | *Manufacturing* |



| | | | |
|---|---|---|---|
| *Cotton Fields, Cattle Farms, Rubber Plantations* | *Dye Houses, Tanneries, Packaging* | *Embroidery, Cutting, Printing* | *Footwear, Apparel, Accessories* |
| **TIER 4** represents both natural and synthetic materials in their raw state, for example cotton plants, raw hides and rubber trees. | **TIER 3** represents the processing of raw materials, for example a leather tannery or a rubber processing facility. | **TIER 2** represents any outsourced processes, for example embroiderers, cutters and printers. | **TIER 1** represents the manufacturing from cutting to packaging of the finished product and is the last stage in the manufacturing process. |
| *Certified raw materials such as organic cotton or certified cardboard* | *bluesign® or LWG certified material suppliers, dedicated environmental audits* | *Supervision trough Tier 1 suppliers; partially covered by own PUMA.Safe Audits* | *PUMA.Safe Audits, ILO Better Work program, capacity building projects* |

PUMA exempted 19 factories from own audits and converted 18 Better Work audit reports into the PUMA system, with a total of one factory pending for 2014. The converted grades were included in the count of the final grades (table T.2).

T.1 **Grade Count Based on Initial Audit**

| 2014 Active Audited Factories (Initial Rating) | Tier 1 World Cat | Tier 1 Non-World Cat | Tier 2-3 |
|---|---|---|---|
| A | 26 | 17 | 2 |
| B+ | 67 | 78 | 12 |
| B- | 43 | 49 | 6 |
| C | 10 | 19 | 2 |
| D | 0 | 0 | 0 |
| **Total** | **146** | **163** | **22** |

## Resolution of Complaints

PUMA has several grievance channels in keeping with our obligations to the FLA. The feedback received from workers form the bulk of the red flag incidents in the new year-end grading system. Wages, contracts and terms of employment as well as Health & Safety management ranked highest among workers' complaints received in the supply chain. In total, 69 complaints from 43 facilities were received in 2014. Complaints were in the areas of wages, benefits, working hours, forced labor, other basic health & safety issues, dormitories and welfare amenities and were all resolved. The global resolution rate grew 10.6% year on year, and reached 88.4% in 2014. Only Vietnam has a 100% resolution rate (due to the implementation of a new law on social dialogue), followed by China (93.6%) and EMEA (90.0%). Zero tolerance and critical issue resolution rates were 100% and 93.3% respectively in 2014. The majority of complaints were received outside of the audit period, indicative of the value of the relationships, which PUMA maintains with workers, factory management and local civil society organizations.

In 2013, PUMA launched a new emergency reporting protocol aiming to improve our responses to major accidents and other disruptions in the supply chain. Incidents that are fully within the scope of influence and management of a facility are included in red flag incidence scoring.

In total, 37 facilities had red flag incidents during 2014 and a total of 331 facilities qualified for the new year-end rating adjustment as indicated in table T.2.

Fourteen facilities were downgraded to a lower level and five facilities (notably under the Better Work Program) improved to the next higher grade.

This adjusted picture of performance highlights that an audit can only be a snapshot in time, whereas sustainable compliance is a continuous improvement process that must be maintained by suppliers in partnership with their employees. As a form of benchmarking, PUMA also participated in the pilot of the facilities social/labor component of the Sustainable Apparel Coalition (SAC) Higg Index, with over 45 key suppliers filling in the self-assessment tool.

## Non-Compliance Resolution

PUMA has established a comprehensive Key Performance Indicators (KPI) tracking program along its corporate entities and the supply chain in order to better manage performance against public and internal targets. PUMA employs a variety of tools to measure performance such as Enablon, the Fair Factories Clearinghouse, and internal systems databases.

T.2 **Grade Count Based on Latest Audit**

| 2014 Active Audited Factories (Year-end Rating) | Tier 1 World Cat | Tier 1 Non-World Cat | Tier 2-3 |
|---|---|---|---|
| A | 25 | 16 | 2 |
| B+ | 65 | 76 | 11 |
| B- | 47 | 50 | 7 |
| C | 9 | 21 | 2 |
| D | 0 | 0 | 0 |
| **Total** | **146** | **163** | **22** |

PUMA tracks the audit non-compliance resolution performance of active facilities over a five-year period to assess continuous improvement. As PUMA's audit instrument was modified in 2014, only specifically comparable issues were included in counting non-compliance areas. Non-compliance resolution is a new measure being tracked on an annual basis starting in 2014.

Based on a list of 331 source facilities, that have remained active, on average 8.4 non-compliances were found in World Cat facilities and 8.1 in non-World Cat facilities.

In World Cat Tier 1 A/B+/B- facilities, the average number of findings for the Americas is 5.0 per factory, 8.9 for EMEA and 8.4 for Asia.

World Cat facilities Tier 1 A/B+/B- managed to resolve 32% of their issues, and non-World Cat facilities of the same category reached a 37% resolution rate.

## Human Rights and Risk Management

Human rights are an essential part in our Codes of Conduct and Ethics, and Manuals of Standards. In recent years, PUMA has faced issues in the supply chain that have prompted a review of our Codes and overall business practices to better align our company policy with risks and rights impacts that are not fully captured in our Code of Conduct. There are 35 Universal Human Rights, 13 of which are explicitly cited in the Code of Conduct. PUMA is currently in the process of incorporating the UN Guiding Principles on Business and Human Rights into its overall sustainability approach, defining what it means to include other salient human rights throughout its whole operational value chain and beyond just addressing labor issues in the supply chain. In 2013, training on the UN Guiding Principles was initially provided to key suppliers globally through our supplier roundtables and refresher training is conducted as requested.

### New Risk Management Tool

In 2014, PUMA developed a new internal risk management tool for suppliers in collaboration with the Kering Group and Verisk Maplecroft, a global risk analytics, research and strategic forecasting company. The risk score is taken from internal and Maplecroft data sources to cover risk exposures not covered in an audit. This score is incorporated in PUMA's supplier evaluation scorecard and is used to determine overall investments in the supply chain. Re-audit schedules are planned to be modified based on total risk scores of facilities (not just their audit ratings).

### Workers' Protests in Cambodia

There were notable incidents in 2014, when unforeseen human rights issues outside of the regular social audit scope had a significant impact on operations. In December 2013, country-wide protests in Cambodia spilled over into January 2014, as city-wide

*PUMA production in Asian supplier factories*

industrial unrest due to unsatisfactory wage negotiations in Phnom Penh resulted in the death of an employee in one supplier facility and a number of other fatalities during the actual protests along with several arrests of worker leaders across different trade union groups. Industry was brought to a standstill and over the next months, PUMA worked to mitigate production delays and extensively engaged with all stakeholders to ease the situation. Together with other interested brands, civil society actors and the diplomatic community the common aim was to express grave concern over weaknesses in due process, to call for fair treatment for persons that had been detained and to lend support for the implementation of tripartite industry wage-setting based on dialogue and facts. Due to the coordinated effort of several buyers and other stakeholders, the Government of Cambodia agreed to the release of arrested worker representatives. The family of the killed employee was duly compensated by the supplier affected. The tumultuous wage-setting process in Cambodia continued throughout most of the year, despite the support of the ILO and other UN bodies.

### National Unrest in Vietnam

In May 2014, international political tensions between China and Vietnam had triggered massive unrest in the areas around Ho Chi Minh City and factories were set on fire. One PUMA supplier facility was completely burned down. Employing our new emergency and risk response protocol, affected international staff including those in all affected supplier facilities were evacuated.

### PUMA's Reaction to These Incidents

In each instance, PUMA's response was immediate in terms of employee safety (no injuries or fatalities reported), fair compensation, and production recovery. PUMA monitored the process of retrenchment and reconstruction to ensure that all appropriate regulations and FLA protocols on retrenchment were observed.

## Training and Capacity Building

PUMA undertakes an annual supplier outreach and education program with suppliers in key sourcing markets through supplier roundtables. The roundtables are used by PUMA as a platform for dialogue on critical issues as well as a means to train suppliers on new systems and policies. These roundtables mostly cover World Cat facilities – however, licensee and subsidiary production partners are included where possible. Representatives from 288 direct and indirect supplier facilities attended the supplier roundtables in Turkey, India, Indonesia, Vietnam, Cambodia, China, Argentina and Bangladesh, totaling 7,896 man hours of training on general sustainability topics.

Our capacity building projects cover issues such as women's and workers' rights awareness building, worker retention through better human resource management and employee engagement, better compensation structure development, supervisory skills, collective bargaining, and fair, efficient production management.

PUMA's strategic compliance program on environmental and social standards is supported by tailor-made capacity building projects. Capacity building is intended to strengthen the knowledge, abilities, skills and behavior of our supplier factory management. Building up our own internal capacity to address sustainability across corporate functions was also a key activity in 2014. In total 1,160 man hours of training were provided internally to key PUMA staff by internal SAFE and external resources on various topics on sustainability including our new sustainability data platforms, policies and protocols. This is important to ensure consistent application of sustainability policies and procedures across the whole organization.

### Better Wages Program

The Better Wages Program aims to test different approaches that might enable the implementation of fair wage structures in strategic factories. The program includes pilot projects that directly engage with factory management, worker representative organizations, and our internal stakeholders to improve compensation systems, as they are tied to collective dialogue and efficiency incentives structures. The Better Wages program is based on the 12 Dimensions of Fair Wages developed by the Fair Wage Network.

F.4 **12 Dimensions of Fair Wages**

| LEGAL COMPLIANCE | MANAGEMENT SYSTEMS | COMMUNICATION AND SOCIAL DIALOGUE |
|---|---|---|
| Payment of wages<br>Minimum wage | Prevailing wage<br>Payment of working time<br>Pay systems<br>Wage discrimination / Wage disparity<br>Real wages<br>Wage share<br>Wage costs<br>Wages, training, technology<br>Living wage | Worker participation and negotiation |

The Fair Wage Remediation project which started in late 2012 was concluded in 2014 in three factories in Indonesia. This pilot was the follow-up of the Fair Wage Roadmap project in partnership with the Fair Wage Network, that had been previously implemented in 25 factory sites in five different countries. Indonesia was chosen as a test site because the factories are also signatories to the Freedom of Association Protocol. The project aimed to install wage mechanisms in the factories and ensure proper wage adjustment for workers in relation to workers' performance and skills, in part through proper collective bargaining in wages issues.

The result of the remediation shows that there were improvements in several dimensions of fair wages (please also refer to the box describing the 12 dimensions). The most significant improvements in the factories can be found within the areas of:

- Payment of wages
- Minimum wage, where workers were at least paid based on the minimum wage applicable to the area Minimum wage exemptions were legally allowed. However, the factories did not make use of these exemptions.
- Pay systems, where factories provided a better wage structure which was considered more fair by the workers.
- Wage discrimination and disparity, wherein the companies improved the structural wage differences between directly and indirectly employed workers.
- Communication and social dialogue, where workers became more involved in determining their bonus and other benefits in relation to their work.

Improvement in the other dimensions is expected to be continued by the factories through their Fair Wage Roadmap, which will be followed up closely by PUMA.

### Human Resources Management System Project

PUMA in cooperation with Better Work Vietnam and Better Factories Cambodia ran a project in both Vietnam and Cambodia on the Human Resources Management System (HRMS). HRMS training aimed to improve the factory's human resources system to be more effective and efficient, with a specific focus on enhancing compliance. Through this project, factories were trained to improve HR functions such as recruitment and selection, compensation and benefits procedures, and management of the working environment. At the completion of the training, factories were able to improve their hiring systems, payrolls, and response to workers' grievances, to reduce labor dispute and draw up their own employment

Quality control of components

policies in alignment with the PUMA Code of Conduct as well as local regulation. Seven factories in Cambodia and six factories in Vietnam joined the project, which was completed in the first quarter of 2014. The original intention had been for the factories to join Better Work advisory services in both countries. However, this did not push through in Cambodia. Plans are underway to improve upon this point, given PUMA's commitment as a Better Work partner. ▶ Find more information here.

### Freedom of Association Protocol

PUMA has signed the ▶ Freedom of Association (FoA) Protocol in 2011 in Indonesia as a commitment to freedom of association and collective bargaining and has since been actively involved in monitoring the FoA Protocol implementation practice across all relevant PUMA suppliers in Indonesia.

So far in 2014, four out of five direct suppliers of PUMA and four indirect suppliers have signed their agreement to apply the FoA Protocol in the factories. Three out of four direct suppliers and 100% of indirect suppliers have established Collective Bargaining Agreements with the union.

One of the most important objectives of the Protocol is for the factory to establish the FoA Protocol factory-level committee whose job it is to settle potential FoA violation cases or disputes at the factory level. This practice also helps to improve communication between factory management and unions. So far, no PUMA factories have had to raise issues through the factory-level committee and no violation cases have been put forward at the National Committee level.

### Fair Factories Clearinghouse

To improve our social audit data collection and analysis, we became a full member of the Fair Factory Clearinghouse (FFC) in 2014. The Fair Factory Clearinghouse is a collaborative industry initiative to improve working conditions and compliance through data sharing software.

Through the platform, we have offered our supplier partners direct access to our rating system, allowing them to respond faster to the results of their audits. The new system allows access to both our and new dedicated environmental audits. So far, it contains both World Cat and non-World Cat factory data and will soon be open to share audit data with other member brands in shared facilities, ultimately in order to cut down audit fatigue. The system contains several tools such as a factory self-assessment tool, online corrective action plans, tracking charts, an audit report and analysis. PUMA will continue to work with other member brands to explore common industry approaches to audit data management.

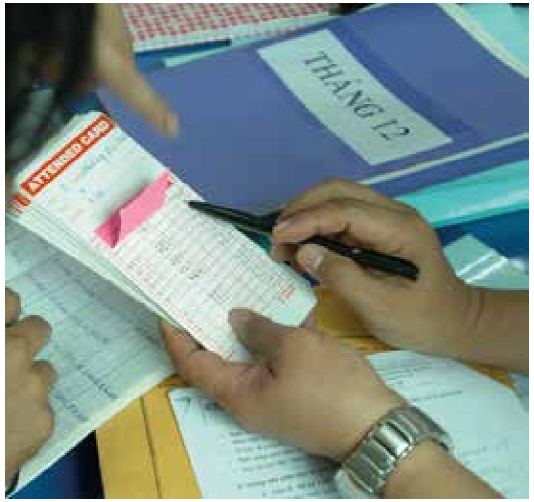
### Worker Retention

Staff retention has been identified as a key issue by our Chinese suppliers. Thus, to decrease staff turnover, we launched the PUMA Worker Retention Project in cooperation with the independent certification institute TÜV Rheinland Group in 2014. Through training, coaching sessions and best practices sharing covering the areas recruitment and selection, training and remuneration, as well as performance management, factories get the opportunity to analyze relevant dynamics, set KPIs and assess their own employee turnover.

Involving all the key departments and the top management of eight of our key factories in China, this project benefited more than 11,500 workers. The factories were guided to identify the opportunities for improvement within their existing worker recruitment processes. Factories analyzed the costs of worker recruitment, conducted SWOT analyses and developed a plan of action to improve their respective performance.

### Bangladesh Safety Accord

This year, together with some other 188 companies, PUMA continued to work actively on the implementation of the Bangladesh Safety Accord.




Checking of time records during SAFE Audit

A PUMA auditor interviewing a worker in a supplier factory in Vietnam

Through the Accord, we at PUMA committed ourselves to independent structural, electrical and fire safety inspections in our declared Bangladeshi factories and a reporting system of public disclosure of all factories, inspection reports and corrective action plans. In total, seven facilities have submitted to the Accord.

Based on these inspections, facilities are challenged by the lack of availability of appropriate fire protection equipment in Bangladesh (e.g. fire-rated doors) and the need for further detailed engineering assessments (DEAs). Remediation on electrical safety issues is nearing 100% in almost all facilities. Correction of structural and fire safety issues found in the inspections is ongoing and pending further guidance from the Accord. For more information on the Bangladesh Accord, ▶ please visit the Safety Accord website.

### *Building Safety Project in Asia-Pacific Region*

PUMA had no business relationship with the operator of the Rana Plaza factory in Bangladesh, which made worldwide headlines in 2013, following a fatal building collapse. Nonetheless, after the accident, PUMA took the initiative and implemented its own building safety project. PUMA's project does not aim to replicate the Bangladesh Safety Accord, but rather serve as an entry-level inspection for all relevant facilities in the Asian region. Given the markedly different building safety codes effective across the target countries, PUMA engaged an external project expert to provide technical and project management support. The team observed the inspections conducted by building safety experts in our sourcing countries.

In 2014, 53 suppliers within the Asia Pacific supply chain have been approached to join the program. Until year-end 2014, 26 factories have been inspected in Vietnam and China and all facilities have passed inspections and accepted improvement recommendations. PUMA intends to continue and finish the project in 2015.

***Claudia Coenjaerts** has been President and CEO of the Fair Labor Association since January 2014. Under her leadership the FLA and its members achieved great progress on key issues such as fair wages and enhanced Code of Conduct requirements for its members particularly in regards to ethical sourcing.*

*PUMA has implemented a series of changes in its rating and monitoring system throughout 2014. Is this a step forward for PUMA?*

Yes, PUMA's on-site validations are very important for building confidence in the information collected through supplier self-assessments. The inclusion of worker-complaint results is an even more important step forward. The direct involvement of workers in reporting factory conditions can uncover many issues at the workplace that can go unnoticed even during an on-site audit. Workers are a valuable source of information on issues like the availability of grievance mechanisms, workplace harassment and discrimination, or issues related to freedom of association and collective bargaining. Workers' direct voices must be included to help companies identify problems and work towards their remediation.

*In 2014, PUMA introduced a more rigorous supply chain risk assessment. But what and how can PUMA do more by itself and with the rest of the industry to address issues that cannot be corrected by an audit?*

Working with fewer short-term suppliers and more strategic suppliers in a long-term relationship is critical for building sustainable solutions to supply chain issues. Compliance comes at a cost and this cost is to be shared between suppliers and buyers. That is only possible, if there is a longer-term commitment. The FLA's "Principle 8" explains the relationship between responsible sourcing and social compliance, and its benchmarks can help companies plan strategically, so that headquarter-level decisions can be made with due consideration of their effects on workers. And while collaboration between brands can present challenges, such collaboration remains the best way to influence supplier practices in factories where a single brand's leverage is low.

*The FLA is pushing its members to have greater accountability on issues like living wages. How does the FLA see PUMA and its peers implement fair wages in respective supply chains?*

The FLA has recently developed a long-term work plan for addressing compensation issues in supply chains. Low and sometimes unlivable wages in production countries represent the biggest social responsibility challenge of our time. Furthermore, low pay is at the root of many other non-compliance issues, such as excessive hours of work or health and safety issues. It is a testament to FLA affiliates' leadership on this issue, that they voted for an enhanced code element on compensation in 2011. Now, we are turning our attention to implementing that code element. We are launching an implementation plan that will make this work an important priority for the FLA and affiliates like PUMA. The letter signed by PUMA and eight other FLA brands in November 2014 urging the Cambodian government to raise the minimum wage and to respect "an inclusive and consistently applied national collective bargaining process" is a good example of how brands can collaborate at the national policy level to support higher wages for workers.

# ENVIRONMENTAL SUSTAINABILITY

Our environmental initiatives focus on all environmental areas of PUMA's sustainability approach: the proper implementation of the Restricted Substances List (RSL) and Manufacturing RSL among all our suppliers, the collection and interpretation of Environmental Key Performance Indicators (E-KPIs) as well as on capacity building programs to improve energy and water efficiency as well as waste management.

Other important aspects of our environmental program include the reduction of our ecological impacts through PUMA's unprecedented Environmental Profit & Loss Account (E-P&L) as well as our commitment towards our goal of zero discharge of hazardous chemicals by 2020 – in line with our own PUMA Roadmap and together with the Zero Discharge of Hazardous Chemicals (ZDHC) working group.

### Environmental Management at PUMA

We have measured the environmental impact from our own operations as well as those from key suppliers since 2005 to create awareness of our resource consumption and to pursue ambitious targets to reduce our impact on the environment. On the Corporate level, PUMA has several levers to influence its environmental performance. Through industry collaborations such as the Sustainable Apparel Coalition (SAC) and the ZDHC working group, PUMA is working with its industry peers on the development and implementation of industry solutions for a more sustainably managed supply chain.

For example, PUMA rolled out the Higg Index of the SAC by posting its Environmental Brand Module on the Higg Index platform and participated in the ZDHC working groups on the development of the Manufacturing Restricted Substances List (MRSL) and the generic Environmental Audit Protocol.

### Reducing Raw Material Impact

On the responsible use of raw materials, PUMA continues to measure the use of more sustainable raw materials via the PUMA Sustainability Index (S-Index).

Major materials classified as S-Index approved include:

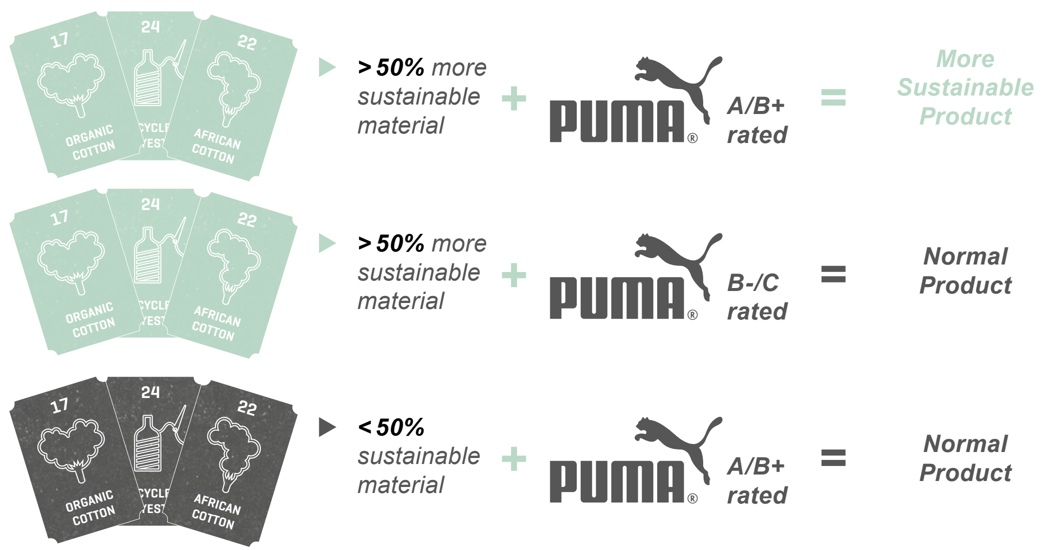
- Leather Working Group certified leather
- bluesign® approved technical fabrics
- Organic and recycled cotton
- Recycled and FSC®-certified cardboard

The current status of S-Index approved key materials is displayed in Tables T.3 and T.4 on the next page.

## S-INDEX

*The PUMA Sustainability Index – or S-Index – is our standard serving as an internal benchmark for the development and manufacturing of more sustainable products. It determines how much sustainable material a product needs to include for PUMA to classify it as a more sustainable product. It also determines that the product is manufactured in factories that our PUMA auditors rate A or B+ on the basis of a good implementation rate of our social and working standards.*

F.5 **PUMA S-INDEX**




Due to significantly higher raw material prices and limited possibilities to market their environmental benefits, the usage of some environmentally preferred materials such as recycled polyester or organic cotton was significantly reduced over the year 2014 compared to previous years. Over the course of the year 2015, we will work on our cotton strategy to ensure both environmentally and financially more sustainable cotton options for our volume products.

### Cooperation with bluesign®

Furthermore, PUMA has been an official bluesign® partner in 2014. Swiss company bluesign® has developed a methodology to screen fabrics into a positive or blue list (no hazardous chemicals contained), a grey list (contains potentially hazardous substances but no alternatives are available on the market) and a black list (contains hazardous chemicals and should not be used). PUMA has been using bluesign® approved fabrics to a large extent over the recent years.

### Leather Working Group

PUMA continues to source leather almost exclusively from Leather Working Group certified tanneries. The bigger part of PUMA's footwear range is already being produced without the use of leather. PUMA hardly uses leather in its Performance footwear offering as other materials and synthetics have proven to deliver better performance attributes (e.g. are lighter and more flexible). Since 2011, PUMA has advised its footwear suppliers to purchase leather from nominated leather manufacturers who are certified members of the Leather Working Group (LWG), an industry-led association of tanneries and leather manufacturers dedicated to allowing the tracing of the origin of leather as well as the certification of its members. In 2014, 99% of cow leather sourced from our Asian leather suppliers is now rated Gold or Silver by the LWG, up from 96% in 2013. However, the percentage of Gold rated leather has fallen slightly from 66% in 2013 to 58% in 2014 due to changes in the supply chain. PUMA continues to make good progress and will increase its engagement with suppliers in other non-Asian sourcing regions and continue to engage its suppliers regarding the traceability rating of sourced leather.

T.3 **APPAREL – Fabric Consumption Breakdown**

| Material | Percentage of Global Sourced Fibers 2014 | 2013 |
|---|---|---|
| Cotton (conventional) | 95% | 64% |
| Cotton (organic) | 5% | 36% |
| Polyester – virgin | 80% | 54% |
| Polyester – bluesign® | 16% | 24% |
| Polyester – recycled | 4% | 22% |

T.4 **FOOTWEAR – LWG Classification of Leather Sourced**

| LWG Medal Rating* | % of Asian Sourced Cow Leather 2014 | 2013 |
|---|---|---|
| Gold Medal | 58% | 66% |
| Silver Medal | 41% | 30% |
| Bronze Medal | 1% | 4% |
| Non-rated / Pass | 0% | 0% |

* Coverage of LWG certification for PUMAs Asian cow leather suppliers

### *New Footwear Packaging*

The year 2014 also marked a turning point in our footwear packaging concept. Our customers as well as our retail partners repeatedly reported issues regarding difficulties in the handling of the Clever Little Bag in the retail environment, which led to the development of a new, more conventional footwear packaging. To uphold high environmental standards, the new PUMA shoebox will be made from over 95% recycled and fully FSC® certified material.

## *Chemicals Management*

The health and safety of PUMA's consumers is our highest priority. In order to ensure that all PUMA products comply with all legal requirements globally and even surpass them where possible, PUMA already introduced a Restricted Substances List (RSL) 15 years ago and was one of the founding members of AFIRM, an industry working group focusing on RSL standards in the Apparel and Footwear industry.

The implementation of the PUMA RSL, which is constantly updated to meet or exceed the most stringent international standards, is monitored via testing at material level in nominated independent laboratories. All PUMA suppliers are contractually bound to follow the PUMA RSL, when manufacturing PUMA products. They can only apply for a so-called "Letter of Authorization" to ship


*New PUMA footwear packaging*

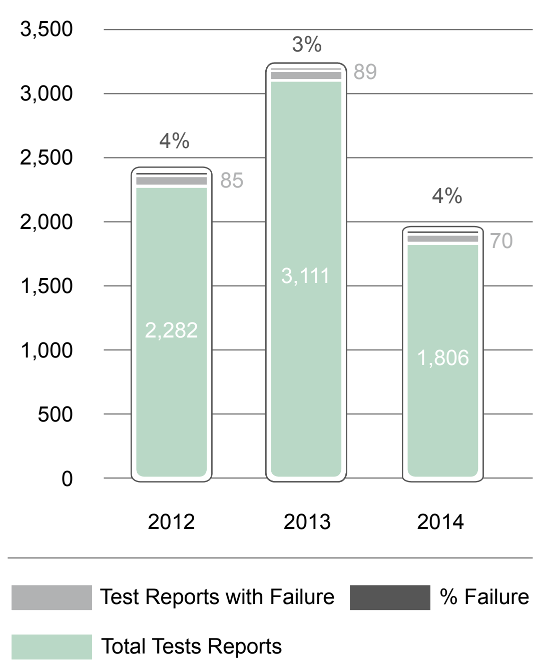
PUMA products, when they have successfully passed these independent tests.

In 2014, due to our "Forever Faster" repositioning, we reduced the number of materials in use significantly. Therefore, a lower number of approximately 1,800 RSL test reports were received with a 96% pass rate. Materials that failed PUMA RSL tests were not allowed to be used in bulk production. Failure incidents were used in root cause investigation to continuously improve PUMA's RSL risk management.

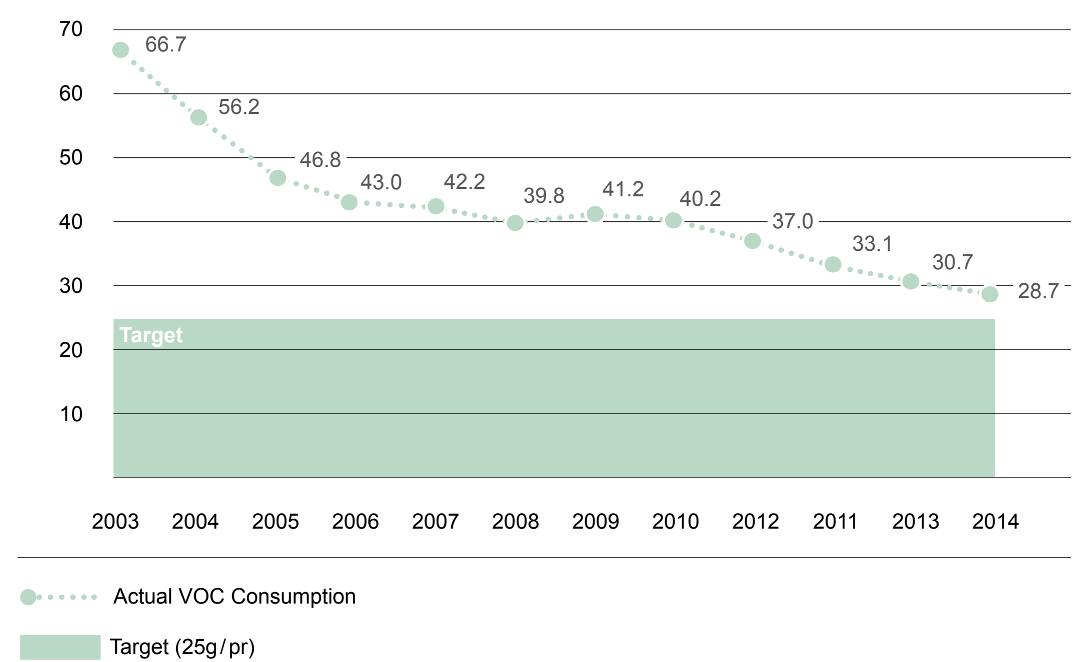
Graph F.6 gives an overview of the PUMA RSL tests delivered over the last three years.

Volatile Organic Compounds (VOCs) are another chemical group at product level that PUMA is closely monitoring, especially in footwear production. Continuous search for water-based adhesives as well as in-process optimization of VOC usage are spearheaded by the Footwear production team. While in

F.6 **PUMA RSL Testing Results**




F.7 **VOC Consumption per pair of Shoes**



some Performance categories footwear styles still require solvent-based cement systems, the target remains at 25 grams per pair of shoes. The chart below shows PUMA's progress with regard to its VOC reduction program in footwear.

### *Commitment to Zero Discharge of Hazardous Chemicals*

As part of our commitment to the Precautionary Principle and the Greenpeace Detox Campaign (Zero Discharge of Hazardous Chemicals), the year 2014 also marks the end of the usage of long-chain poly-fluorinated chemicals (PFCs), which have the potential to cause hormone disrupting effects and are also very persistent in the environment. From January 2015 onwards, PUMA will only use short-chain PFCs and by 2017 plans to phase out the entire use of PFCs.

***Manfred Santen** is a campaigner at Greenpeace Germany, where he has worked since 2009. He closely watches the textile industry and was one of the initiators of the Greenpeace Detox Campaign launched in 2011, which aims to set a new standard of environmental performance for the global apparel industry.*

*Mr. Santen, the Greenpeace Detox Campaign has made many companies sign commitments to phase out hazardous chemicals from their production processes. How do you assess the progress of the apparel industry so far?*

The public Detox Campaign was launched in July 2011. PUMA was the first company that committed to zero discharge of hazardous chemicals by no later than January 1, 2020. Already, 23 international fashion retailers and six fashion suppliers – a total of 29 companies – have publicly committed to Detox. These 29 international fashion-related companies, representing approximately 15% of the annual global fashion-related production, have begun to deliver important progress in the transparency of their hazardous chemical use and, ultimately, its elimination. By banning the use of hazardous chemicals, the workers as well as the local fashion production municipalities in Asia, South America, and other production regions will benefit from a cleaner environment.

*From a Greenpeace perspective, what are the critical success factors for a credible implementation of the Detox program?*

From the beginning of the Detox Campaign, Greenpeace focused on the "Right to Know" and the precautionary principle, as well as on prioritization of the most environmentally hazardous chemicals. The "Right to Know" and the precautionary principle are of utmost importance for the people who work at and live near textile factories. They have the right to know, what is contaminating the water systems which provide their drinking water and irrigates the fields, where they grow food crops. The precautionary principle requires all companies to identify more responsible chemicals – via proactive chemical studies and testing – before introducing them into the environment. More effective hazardous chemical legislation is required across the developing world, as well as in Europe and across the developed world.


*Bales of textile in China*


*Wastewater discharge in Asian river*

Responsible companies cannot wait for this necessary legislation, but must act now. All fashion- and sports-related companies are accountable for how much the environment is polluted by the production of the apparel and footwear they sell. It is critical that all Detox-committed companies deliver credible, rapid and ambitious action to implement the elimination of hazardous chemicals from their supply chain.

*How do you evaluate PUMA's efforts regarding their chemical management across the apparel supply chain?*

Since PUMA was the first company that published a Detox commitment in 2011, they have revised their Detox commitment and actions to deliver the credible steps today on progressing disclosure and substitution of all eleven priority hazardous chemicals groups – including one of the most difficult to substitute chemical groups, the per- and poly-fluorinated chemicals (PFCs). PUMA will replace all PFCs with more environmentally-friendly substitutes by no later than 31 December 2017. This is a very important step to meet the commitment declared on January 1, 2020, to eliminate all hazardous chemical use – and encourages all other companies that have yet to commit to Detox to deliver the same.

*What are the next steps for the Greenpeace Detox Campaign?*

There is still a lot of work to do, as the rivers in China and other Asian and South American countries are still not getting cleaner as fast as it is necessary. As a global campaign, we are also investigating multiple additional industries that also need to develop comprehensive hazardous chemicals elimination plans across their sectors as quickly as possible. Water quality has to be improved globally. That means that over the next months and years, Greenpeace will continue to motivate companies to deliver credible public Detox commitments, and we need consumers and production communities around the world to help us make sure all companies walk the talk. A part of our work in 2015 will include another global assessment of the companies' progress in delivering their respective Detox commitments (and including some examples of companies that have yet to commit to Detox) via the Detox Catwalk.

## Environmental Performance at PUMA's Own Entities

Referring to our own offices, stores and warehouses, we try to lead by example and therefore regularly track key performance indicators, such as energy, water and waste. Please refer to table 5 for the latest development of our environmental KPIs.

T.5 **E-KPIS** [1,2,3,4,5,6,7,8]

| 2014 | Total | Deviation in % to | | | | Total / employee | Deviation in % to | | | | Total/ m² | Deviation in % to | | | | Total/ TO kEuro | Deviation in % to | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2013 | 2012 | 2011 | 2010 | | 2013 | 2012 | 2011 | 2010 | | 2013 | 2012 | 2011 | 2010 | | 2013 | 2012 | 2011 | 2010 |
| Energy consumption (kWh) | **80,353,980** | -2 | -8 | 7 | 6 | 7,303 | -5 | -12 | 2 | **-9** | 158.1 | -6 | -11 | -1 | 1 | 27.0 | -1 | 1 | 9 | -4 |
| Electricity consumption from renewable tariff (kWh) | 10,996,573 | 25 | 10 | 46 | – | | | | | | | | | | | | | | | |
| Water (m³) | **108,445** | -13 | -10 | -4 | -7 | 9.9 | -15 | -14 | -13 | **-20** | 0.2 | -17 | -13 | -11 | -11 | 0.04 | -12 | -1 | -4 | -15 |
| Waste (kg) | **4,310,000** | -9 | -15 | -31 | -33 | 392 | -12 | -19 | -37 | **-43** | 8.5 | -13 | -18 | -35 | -36 | 1.5 | -8 | -6 | -30 | -39 |
| Recycled waste (kg) | 2,738,845 | -3 | 8 | 25 | 21 | | | | | | | | | | | | | | | |
| Paper (kg) | **300,300** | 13 | -4 | -24 | -21 | 27 | 9 | -8 | -30 | **-32** | 0.6 | 18 | -2 | -26 | 26 | 0.1 | 13 | 5 | -23 | -28 |
| Certified and recycled paper (kg) | 196,281 | 26 | 6 | -20 | 9 | | | | | | | | | | | | | | | |
| Percentage renewable energy | 13.7 | 27 | 20 | 36 | – | | | | | | | | | | | | | | | |
| Percentage recycled waste | 63.6 | 7 | 27 | 81 | 81 | | | | | | | | | | | | | | | |
| Percentage certified and recycled paper | 65.4 | 12 | 11 | 5 | 38 | | | | | | | | | | | | | | | |

**$CO_2$ Data** [1,2,3,4,5,6,7,8]

| 2014 | Total | 2013 | 2012 | 2011 | 2010 | Total / employee | 2013 | 2012 | 2011 | 2010 | Total/ m² [kg] | 2013 | 2012 | 2011 | 2010 | Total/ TO kEuro [kg] | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Direct $CO_2$ emissions fossile fuels (t), *(Old $CO_2$ emission factor)* | 3,247 *(2,713)* | *9* | *3* | *32* | *19* | *0.3* | *5* | *-1* | *25* | *3* | *5.3* | *4* | *-1* | *22* | *14* | *0.9* | *9* | *13* | *33* | *9* |
| 2. Direct $CO_2$ emissions car fleet (t), *(Old $CO_2$ emission factor)* | 4,059 *(3,793)* | *-10* | *-14* | *-17* | *-19* | *0.3* | *-12* | *-18* | *-21* | *-30* | *7.5* | *-14* | *-17* | *-23* | *-23* | *1.3* | *-9* | *-6* | *-16* | *-27* |
| **Total Scope 1,** *(Old $CO_2$ emission factor)* | **7,306** ***(6,506)*** | *-3* | *-8* | *-2* | *-7* | *0.6* | *-6* | *-12* | *-7* | ***-20*** | *12.8* | *-7* | *-11* | *-9* | *-11* | *2.2* | *-2* | *1* | *0* | *-15* |
| Indirect $CO_2$ emissions electricty & steam (t), *(Old $CO_2$ emission factor)* | 34,969 *(26,940)* | | | | | | | | | | | | | | | | | | | |
| **Total Scope 2,** *(Old $CO_2$ emission factor)* | **34,969** ***(26,940)*** | *-3* | *-9* | *13* | *-3* | *2.5* | *-6* | *-12* | *8* | ***-16*** | *53.0* | *-8* | *-12* | *5* | *-7* | *9.1* | *-3* | *1* | *15* | *-12* |
| 1. $CO_2$ emissions from business travel train transportation(t) | 45 | *-6* | *-18* | *-54* | *-42* | *0.0* | *-9* | *-21* | *-56* | *-50* | *0.1* | *-10* | *-20* | *-57* | *-45* | *0.02* | *-5* | *-9* | *-53* | *-48* |
| 1. $CO_2$ emissions from business travel air transportation (t) | 8,643 | *2* | *-2* | *-21* | *1* | *0.8* | *-2* | *-7* | *-25* | *-13* | *17.0* | *-3* | *-6* | *-27* | *-3* | *2.9* | *2* | *7* | *-20* | *-8* |
| 2. $CO_2$ emissions from B2B transport of goods (t)* | 51,784 | *18* | *22* | *6* | *17* | *4.7* | *14* | *17* | *1* | *1* | *101.9* | *13* | *18* | *-2* | *12* | *17.4* | *19* | *35* | *7* | *7* |
| **Total reported Scope 3** | **60,472** | *15* | *18* | *1* | *15* | *5.5* | *12* | *13* | *-4* | ***-1*** | *119.0* | *10* | *14* | *-6* | *10* | *20.4* | *16* | *30* | *2* | *4* |
| **Total,** *(Old $CO_2$ emission factor)* | **102,747** ***(93,918)*** | *8* | *7* | *4* | *7* | *8.6* | *5* | *2* | *-1* | ***-8*** | *184.8* | *3* | *4* | *-4* | *3* | *31.6* | *9* | *18* | *5* | *-2* |

1. Figures include PUMA owned or operated offices, warehouses and stores. Outsourced warehouses and franchised stores are excluded.

2. Includes paper consumption for office usage in offices, warehouses and stores, excludes card board and paper bags consumption.

3. Data includes extrapolations or estimations where no real data could be provided.

4. Excludes on-site generated and consumed energy as well as energy produced on site and sold to the grid.

5. Includes own production sites in Argentina. All other production is outsourced to independent supplier factories, some warehouse operations are outsourced to independent logistic providers, franchised stores are excluded.

6. Store data is derived from exemplary stores in each country and extrapolated to cover all stores; methodological changes over the last 3 years do influence results.

7. PUMA uses own methodology for $CO_2$ accounting, with reference to the GHG protocol, but only reports $CO_2$ emissions, not $CO_2$ equivalent emissions.

8. PUMA uses own methodology for $CO_2$ accounting, with reference to the GHG protocol, but only reports data from business travel as well as transportation of goods under Scope 3 emissions.

### Energy

In 2014, PUMA's total energy consumption increased by 5.8% compared to our 2010 baseline due to increased business activities. On a per-employee (FTE, full-time equivalent) level it decreased by 9% and on a per-turnover level decreased by 4% within the last four years. The energy share from renewable sources increased to 14%.

Our goal is to improve our energy efficiency, which will in turn help to achieve our sustainability targets and save money.

In 2014, our majority shareholder Kering has piloted a store energy monitoring program in partnership with Schneider Electric, in which PUMA participated. The purpose is to enhance the monitoring and improve the store energy performance of Kering brands in the long run.

After an energy efficiency audit, the US head office in Westford began to change many of the office lights from incandescent bulbs to LED bulbs. This change will reduce the total energy load for a year of operation by about 10%. When added to the savings already being achieved through the existing photovoltaic solar panel system, the combined savings can even achieve 20%.

The PUMA Store at Destiny, USA, was formally recognized by the United States Green Building Council (USGBC) as LEED Platinum, the highest level of certification. This is the first LEED (Leadership in Energy & Environmental Design) certification for PUMA.

Solar panels on the roof top of PUMAVision Headquarters in Herzogenaurach, Germany

### Water

Water is a critical resource for our business and the municipalities, where our facilities are located. From our E-P&L we know that raw material production and processing are the drivers of PUMA's water impact.

While it is less significant, the majority of water consumed at PUMA entities is used for sanitary purposes and gardening. Over the past three years, we have seen a slight year-on-year reduction with an average consumption of 10 $m^3$ per employee in 2014. This reduction can be attributed to the awareness of the necessity of saving resources, which is rising within PUMA entities worldwide.

### Waste and Recycling

The main input material, that generated waste for our offices, stores and warehouses is paper and cardboard. Compared to our 2010 baseline, the overall waste production per employee decreased by 43% in 2014. The recycling rate of our waste globally remains at a high level of 64%.

### Paper

In 2014, PUMA continued to set the paper target: to source paper only from certified sources and with at least 50% recycled content by 2016. Currently, already 65% of PUMA's office paper and the vast majority of cardboard used in packaging is either recycled paper or paper from certified sources. Besides this positive trend, the consumption of paper for office purposes was reduced by 21% compared to our 2010 baseline.

## $CO_2$ Emissions

Absolute direct $CO_2$ emissions from fossil fuels (Scope 1) slightly decreased by 7% compared to the 2010 baseline. Relative to our employees the decrease is more significant at 20%.

For indirect emissions from electricity and steam consumption (Scope 2), we see an absolute decrease of 3% and minus 16% on the relative figures per employee (FTE) compared to 2010.

For the first time, in 2014 we are additionally reporting $CO_2$ emissions including Scope 3 for energy generation. As these figures are not comparable to our historic figures, we used the old emission factors for the comparison against our 2010 target and baseline. Please refer to table 5 for both figures. Reported Scope 3 emissions for business travel of PUMA employees and transportation of goods emissions increased by 7%, mainly due to an increase in goods transport emissions. Relative to turnover, there is a slight decrease of 2%.

As the vast majority of PUMA products are manufactured in Asia and sold in various markets around the globe including the USA and Europe, the transportation of goods remains a key source of $CO_2$ emissions caused by PUMA's business activities.

T.6 $CO_2$ Comparison*

| | 2010 | 2011 | 2012 | 2013 | 2014 | Dev. 2014 vs. 2013 | Dev. % (2014 vs. 2013) | Dev. 2014 vs. 2010 | Dev. % (2014 vs. 2010) |
|---|---|---|---|---|---|---|---|---|---|
| Roadfreight | 6,194 | 7,330 | 8,065 | 8,291 | 8,637 | 346 | 4.2 | 2,443 | 39.4 |
| Railfreight | 546 | 597 | 448 | 450 | 547 | 97 | 21.6 | 1 | 0.2 |
| Seafreight | 21,585 | 24,312 | 22,276 | 21,908 | 25,766 | 3,858 | 17.6 | 4,181 | 19.2 |
| Riverfreight | 0 | 0 | 0 | 0 | 0 | | | | |
| Airfreight | 15,857 | 16,569 | 11,546 | 13,182 | 16,834 | 3,652 | 27.7 | 977 | 6.2 |
| **Total (tons)** | **44,182** | **48,808** | **42,335** | **43,832** | **51,784** | **7,953** | **18.1** | **7,602** | **17.2** |

* Excluding courier service

Looking at the trend, there was an increase of 18.1% of $CO_2$ from 43,832 tons to 51,784 tons in 2014 vs 2013 on a global scale across all transport categories.

Since the overall emission factors across all modes of transportation were raised by an average of 17.3%, we are looking at almost stable emissions for 2014. This was possible due to warehouse consolidation and efficient planning, and in spite of the soccer world championship in Brazil, which caused a raise in airfreight tonnage of 21%.

Courier services are not reported as they are evaluated and reported separately by PUMAs French majority shareholder Kering. Current indication is that courier service B2B emissions account for less than 3% of our overall B2B emissions globally.

In spite of challenging business developments over the past years, it remains our goal to reach a significant reduction of $CO_2$ emissions by 2015, based on the 2010 figures.

T.7 $tCO_2$ per ton

| | 2013 | 2014 | Dev. 2014 vs. 2013 | Dev. % (2014 vs. 2013) |
|---|---|---|---|---|
| Roadfreight | 0.062 | 0.067 | 0.005 | 7.8 |
| Railfreight | 0.021 | 0.026 | 0.005 | 23.7 |
| Seafreight | 0.288 | 0.332 | 0.043 | 15.0 |
| Riverfreight | | | | |
| Airfreight | 6.189 | 6.163 | -0.025 | -0.4 |
| **Total (tons)** | **0.188** | **0.224** | **0.036** | **19.2** |

## Environmental Management at PUMA Suppliers

In line with our environmental policy, we regularly collect environmental key performance indicators (E-KPIs) from both our own entities (offices, stores, warehouses) and key contract manufacturers worldwide. In doing so, we have not only created awareness of our resource consumption, but have also set ambitious targets to reduce our impact on the environment. In addition to our continuous collection of E-KPIs, several main initiatives were rolled out over the year 2014, which include:

- Our SAVE project for resource efficiency
- The roll-out of the SAC Higg Index Facilities Module to our key suppliers
- Extension of our annual environmental data collection to key material suppliers
- The start of dedicated environmental auditing
- The roll-out of the ZDHC Manufacturing Restricted Substances List
- Increased transparency via disclosure of waste water data on the platform of the Chinese NGO Institute of Public & Environmental Affairs (IPE).

### The PUMA SAVE Project

The SAVE ("Sustainable Actions and Vision for a better Environment") project is a Public Private Partnership (PPP) between PUMA and DEG (Deutsche Investitions- und Entwicklungsgesellschaft) in collaboration with


SAVE project team

the brand H&M (Hennes & Mauritz AB) and the Asia Society for Social Improvement and Sustainable Transformation (ASSIST).

During 2014, with support from an external technical team consisting of over 20 consultants, SAVE conducted 47 resource efficiency assessments covering all PUMA's major suppliers in Bangladesh, Cambodia, China and Indonesia. The benefits from implementing the suggested improvements are expected to have a significant impact on the operational costs of running a factory in addition to reducing environmental impact and improving the conditions for local communities, covering all three aspects of sustainability. In December 2014, the project entered the implementation phase. For information on the further implementation of SAVE ▶ please visit the project website.

### Roll-Out of the SAC Higg Index Facilities Module

During 2014, PUMA rolled out the Sustainable Apparel Coalition's (SAC) Higg Index 2.0 facility modules across its footwear, apparel and accessory supply chain. The SAC is working to achieve an apparel and footwear industry that produces no unnecessary environmental harm and has a positive impact on the people and communities associated with its activities. After participating in industry-wide trainings, 70 factories completed their environmental module and 45 factories their social/labor (beta) module. Looking forward, PUMA plans to continue to engage with the Higg Index by extending the roll-out to component and material suppliers, in addition to working with the SAC's verification working group.

### Extension of Our Annual Environmental Data Collection

In 2014, PUMA continued to collect environmental key performance indicators (E-KPIs) including energy, waste, water and $CO_2$ emissions for our Footwear, Apparel and Accessories product divisions. In order to do so, we again engaged with our key production partners (Tier 1) and asked them to complete the online questionnaires linked to our environmental management software Enablon.

In total, 47 suppliers across the three divisions participated in the environmental data reporting process. These reporters account for 72% of our total shipment in 2014 as shown in the table below.

T.8 **Number of Reporting Suppliers**

| | Apparel | Accessories | Footwear | Total |
|---|---|---|---|---|
| 2014 Enablon reporters | 24 | 9 | 14 | 47 |
| New Enablon reporters | 5 | 1 | 3 | 9 |
| Coverage of production volume in % | 70% | 61% | 78% | 72% |

While the E-KPI data from our key suppliers has become more stable, it is also apparent that progress measured against the reduction target remains limited. We hope that our large-scale capacity building project, Sustainable Actions and Vision for a better Environment (SAVE), will help close this gap in 2015.

Below is the summary of our E-KPIs of our Tier 1 suppliers.

T.9 **Summary of Supplier E-KPIs[1] - 2014**

| | | WEIGHTED | | | | % Change | % Change | Range 2014 | |
|---|---|---|---|---|---|---|---|---|---|
| E-KPI | Unit | Value 2011 | Value 2012 | Value 2013 | Value 2014 | (2013-2014) | (2011-2014) | Min | Max |
| **Accessories** | | | | | | | | | |
| Energy/piece | kWh | 0.5 | 0.4 | 0.5 | 0.4 | -16% | -21% | 0.2 | 0.6 |
| $CO_2$/piece (Scope 1, 2 and 3) | kg | N/A | N/A | N/A | 0.4 | N/A | N/A | 0.2 | 0.7 |
| $CO_2$/piece (Scope 1, 2 & Biz Travel) | kg | 0.3 | 0.3 | 0.4 | 0.3 | -10% | 5% | 0.1 | 0.6 |
| Water/piece | l | 27 | 6.9 | 8.6 | 6.7 | -22% | -75% | 3.4 | 15.5 |
| Waste/piece | g | 27 | 23 | 37 | 28 | -24% | 4% | 13 | 57 |
| **Apparel** | | | | | | | | | |
| Energy/piece | kWh | 0.6 | 0.7 | 0.8 | 0.8 | 0% | 34% | 0.1 | 2.9 |
| $CO_2$/piece (Scope 1, 2 and 3) | kg | N/A | N/A | N/A | 0.4 | N/A | N/A | 0.1 | 3.4 |
| $CO_2$/piece (Scope 1, 2 & Biz Travel) | kg | 0.3 | 0.3 | 0.3 | 0.3 | 11% | 11% | 0.1 | 3.1 |
| Water/piece | l | 15 | 8.2 | 7.8 | 7.6 | -2% | -49% | 0.6 | 74.2 |
| Waste/piece | g | 42 | 72 | 81 | 61 | -24% | 46% | 2 | 118 |
| **Footwear** | | | | | | | | | |
| Energy/pair | kWh | 1.5 | 1.5 | 1.5 | 1.5 | 3% | 3% | 0.7 | 2.7 |
| $CO_2$/pair (Scope 1, 2 and 3) | kg | N/A | N/A | N/A | 1.4 | N/A | N/A | 0.5 | 2.5 |
| $CO_2$/pair (Scope 1, 2 & Biz Travel) | kg | 0.9 | 0.9 | 0.9 | 0.9 | 3% | 3% | 0.4 | 2.0 |
| Water/pair | l | 32 | 24.2 | 26.8 | 23.5 | -12% | -27% | 2.9 | 66.1 |
| Waste/pair | g | 176 | 147 | 122 | 119 | -2% | -32% | 55 | 174 |

1. Figures derived from 47 key suppliers covering 72 % of PUMA production worldwide

In an effort to expand our data collection deeper into the supply chain, we furthermore asked 33 key Tier 2 and Tier 3 PUMA suppliers representative of the major production processes and products to join the environmental reporting for the second time. These suppliers process natural leather, synthetic leather, outsoles, midsoles, fabrics, trims, etc. Some of the data (ranges) are illustrated below. The results (average E-KPI and supplier's own E-KPIs) have been communicated to the suppliers so they can look into their production processes and find out improvement opportunities in waste minimization, water conservation and energy efficiency.

### *Improved Environmental Auditing*

PUMA has audited all of its Tier 1 suppliers for basic environmental standards as part of its regular compliance audits since 2002. In 2014, PUMA started to conduct additional and more comprehensive dedicated environmental audits for key Tier 2 suppliers with significant environmental impacts. By the end of 2014, PUMA had completed ten factory audits in five countries in Asia, Europe, and America, including knitting mills, dye houses, artificial leather mills, and golf accessory producers. The candidate factories were selected according to the following principles: 1) PUMA's key material suppliers with wet process, 2) factories with no valid audit from bluesign®, Oekotex and LWG, 3) factories that have not been audited by other brands using the ZDHC Audit Protocol.

The ZDHC Auditing Protocol 1.0 is a comprehensive audit system with a focus on chemical management. The six auditing domains include the environmental management system, permits, emissions, hazardous substances, resource use, and basic health & safety. Auditing results differ from factory to factory. However, the common concerns were:

1) Incomplete environmental management systems;

2) Weak implementation of environmental policy;

3) Insufficient staff training;

4) Some factories without necessary discharge permit;

5) Weak awareness of ZDHC roadmap and Manufacturing RSL;

6) Factory reliance on suppliers' guarantee letter to ensure RSL compliance instead of full RSL testing;

7) Some of the factories never tested their air and water emissions;

8) Material safety data sheets were written and posted in foreign languages which warehouse employees cannot read;

*Effluent Treatment Plant at LWG-Gold-certified PUMA Leather Supplier Prime Asia*

9) Low awareness on soil and groundwater protection efforts.

A majority of facilities had not previously been covered by any kind of audit, which is an opportunity for PUMA to engage with a wider supply chain. Audit reports and correction action plans were shared with the ten suppliers for remediation.

T.10 *E-KPI Ranges Material Suppliers*

| Supplier Type | Waste g/kg product | Water l/kg product | Energy KWh/kg product | $CO_2$ $kgCO_2$/kg product | Number of suppliers surveyed |
|---|---|---|---|---|---|
| Tannery | 205 - 1,224 | 62 - 72 | 2.5 | 2.2 - 3.9 | 3 |
| Knitting/Weaving | 15 - 97 | 1.3 - 3 | | 0.4 - 0.6 | 2 |
| Dyeing | 11 - 107 | 24 - 207 | 1 - 23.8 | 0.9 - 13.9 | 5 |
| Knitting/Weaving+Dyeing | 55 - 1,463 | 91 - 1,189 | 3.2 - 57.6 | 3.1 - 49.6 | 10 |

### IPE Data Disclosure

As part of PUMA's renewed Greenpeace Detox commitment, we agreed to encourage our major suppliers with wet processing facilities on a global level to publish test reports of their waste water. To do so, we partnered with the Chinese NGO Institute of Public and Environmental Affairs (IPE), which has developed a global online database for this purpose.

During 2014, we identified the largest material suppliers (including vertical suppliers) and brought them in contact with PUMA accredited laboratories qualified to carry out the testing.

The target was to cover suppliers responsible for 80% of the production volume. As of early 2015, seven reports were already posted on the ▶ IPE website, with another twelve reports being shared with PUMA for review and later publication.

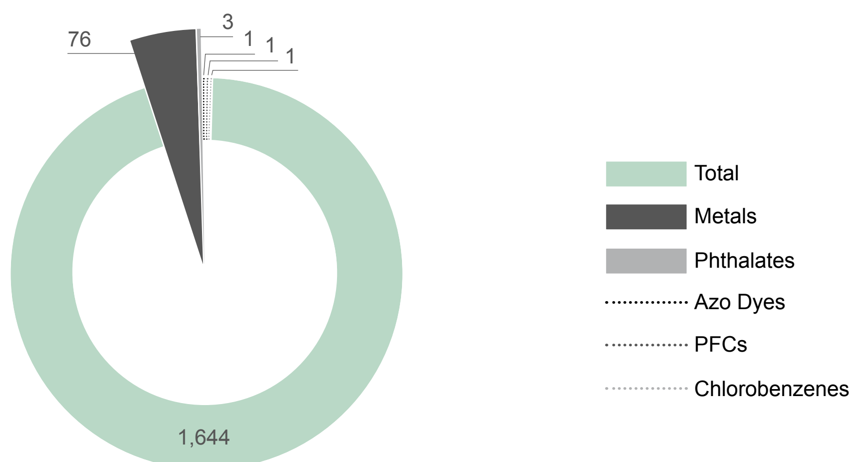
The results of the existing test reports are displayed and interpreted in the charts F.8 and F.9.

Our suppliers have tested 1,644 individual samples in total, and only in 82 cases any critical substances were detected. Out of all eleven priority chemical groups, metals are the most popular group, followed by phthalates, chlorobenzenes, perfluorinated chemicals (PFCs), and azo dyes. In two cases, phthalate and chlorobenzene were detected, which had been introduced into our suppliers' processes through incoming water, while azo dyes and PFCs were found in very low concentrations in one of our tanneries.

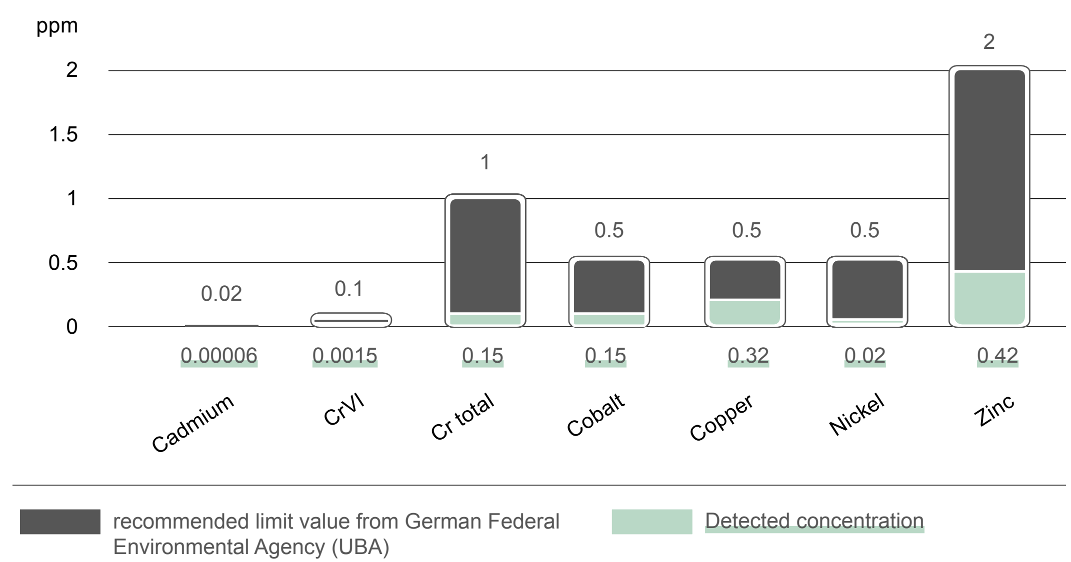
The table shows the maximum measured heavy metal concentrations of our suppliers' waste water samples compared with the recommended limited values for waste water from the ▶ German Environmental Agency (UBA).

Our suppliers always complied with those limits and none of the limits were exceeded. PUMA will nonetheless continue to work with its suppliers to identify the sources of the detected substances and identify potential alternatives.

F.8 Detection of Priority Chemicals in Our Suppliers' Waste Water




F.9 Concentration of Heavy Metals



# STAKEHOLDER AND INDUSTRY COLLABORATION[7]

FLA CEO Claudia Coenjaerts addressing the audience at our 2014 Talks at Banz

At PUMA, we regard sustainability as team sports: Only through collaboration, we will be able to reach our goals and face our collective challenges. Stakeholder engagement is critical in these processes. PUMA is an active and accredited member of the Fair Labor Association and continues to work towards improving the labor conditions along the supply chain through the FLA Sustainable Compliance Initiative (SCI).

In addition, PUMA is an active member of:

- ILO/IFC Better Work (Buyer Partner);
- Bangladesh Accord on Fire and Building Safety;
- Sustainable Apparel Coalition;
- AFIRM Group;
- ZDHC Group;
- European Sporting Goods Federation (FESI);
- World Federation of the Sporting Goods Industry (WFSGI);
- German Foreign Trade Association;
- Fair Factories Clearinghouse;
- German Roundtable of Codes of Conduct, and
- the Freedom of Association Protocol Indonesia.

In 2014, PUMA also signed an agreement with a local chapter of Save the Children to strengthen our child labor remediation protocol in identified high-risk areas and met regularly with Greenpeace on the Detox campaign.

Furthermore, PUMA works to establish more responsible use of raw materials through partnerships with the Leather Working Group, bluesign® technolgies and the Forest Stewardship Council® (FSC®). PUMA renewed its accreditation to sell fair trade products from the fair trade certifying organization FLO-Cert and chairs the Environmental Committee of FESI.[8]

### Talks at Banz 2014[9]

Since the first Talks at Banz in 2003, PUMAs stakeholder dialogue format has evolved from a small discussion roundtable debate to an innovative and forward-thinking event, in which representatives from NGOs, industry, suppliers, creative fields, universities, private organizations and PUMA address key sustainability issues. The intense dialogue with our stakeholders has always provided us with valuable and constructive feedback on our sustainability strategy.

In November 2014, more than 70 national and international stakeholders and sustainability experts as well as members of the Board of Management of PUMA attended PUMA's 11th Talks at Banz stakeholder meeting to exchange views regarding the topic "Value Creation through Sustainability". A list of all stakeholders attending the 11th Talks at Banz can be found ▶ here.

The key results of the stakeholder meeting are listed below:

- Total phase out of poly-fluorinated hydro carbons until 31.12.2017;
- Further strengthening of the PUMA sustainable compliance program with reference to legal and global industry standards;
- Manifestation of sustainability as a clear company value, while meeting the needs of the market;
- Focus on commercial products with a clear emphasis on design and functionality first with sustainability embedded; to better integrate sustainability into the brand messaging of PUMA.

[7] G4-24, G4-26, G4-27 | [8] G4-24, G4-26 | [9] G4-27

***Annual Supplier Meeting 2014***[10]

PUMA continues to organize annual roundtables with suppliers around the world. These roundtables are a platform for suppliers to raise and discuss issues, that are relevant for creating sustainable workplace conditions as well as the protection of the environment.

PUMA uses these roundtables to update suppliers on recent developments in compliance policies and capacity building efforts. They have also become platforms for supplier representatives to directly engage with PUMA's external stakeholders and service providers, enhancing their awareness of corporate responsibility issues on a wider scale from organizations like the FLA, Better Work and local government representatives.

In 2014, PUMA presented at the Annual Supplier Summit in Hong Kong and engaged with all major suppliers in a workshop focusing on prioritizing key aspects of sustainability (materiality analysis). One result of these workshops was that the highest priority aspects of the majority of our key suppliers are similar to those of our strategic stakeholders.

# ANTI-CORRUPTION EFFORTS[11]

The fight against corruption was highlighted as a major issue within our last materiality analysis, and also a regular topic during our last stakeholder dialogue meeting Talks at Banz.

Each compliance (incl. anti-corruption) initiative at PUMA is presented to and agreed on by the main governance bodies (Managing Directors of PUMA SE, Audit Committee, Administrative Board).

Apart from the supply chain worker complaint channel that PUMA operates, PUMA also continues to keep a global, third party controlled whistle blowing hotline, as reported in previous years.

In September 2014, the revised "PUMA Code of Ethics" – including PUMA's policy regarding "Gifts & Hospitality" – was communicated to all PUMA employees and suppliers worldwide via e-mail from PUMA's CEO Bjørn Gulden and is available for download in PUMA's group-wide Intranet. This revised "PUMA Code of Ethics" is also ▶ available on PUMA's Corporate website here.

Additionally, in September 2014 a respective ethics e-learning program was implemented in cooperation with PUMA's major shareholder Kering. This program was promoted by PUMA's Corporate Communications Department to all PUMA employees.

All PUMA employees worldwide were obliged to take part in the ethics e-learning program; as per December 2014, 43% of PUMA employees had completed it.

In addition to the e-learning program, several face-to-face compliance trainings were held in 2014, focusing – risk-based – on specific target groups (e.g. Finance Senior Managers, Sales Staff, Commercial Leadership Team):

- Compliance training (focus on anti-trust, anti-corruption, internal control) for the Commercial Leadership Team;
- Compliance training (focus on anti-trust, anti-corruption, internal control, anti-fraud) for Finance Senior Managers of the PUMA Group;
- Compliance training (focus on anti-trust, anti-corruption) for the Sales Team of PUMA DACH region.

Furthermore, a presentation was given to representatives of all significant suppliers (approx. 103 participants) of PUMA's Group Sourcing during the annual Sourcing Summit in Hong Kong. The presentation included a clear statement from PUMA regarding anti-corruption. In addition, all participants were obliged to sign an anti-corruption undertaking form.

Going forward, PUMA will continue to focus on the implementation of anti-corruption policies and aims to increase the amount of employees covered by the online training program.[12]

[10] G4-26, G4-27 | [11] G4-24 | [12] G4-24

# THE WAY AHEAD

## Focus and Adjust

The next phase of PUMA's sustainability journey is to embed sustainability across the business in support of PUMA's "Forever Faster" repositioning. In the course of 2014, PUMA has refined its global sustainability strategy to determine four key impact areas, where we will drive activity to improve PUMA's impact. This new strategy includes insights from our materiality analysis, consumer research as well as the input from critical stakeholders during PUMA's 2014 stakeholder dialogue Talks at Banz – according to which we will adjust our strategic sustainability focus in the following way:

***Our sustainability activities at corporate level***, which had a relatively high focus in recent years, but not always created an immediate pay-back on the investment, will be adjusted to medium focus going forward.

***Supply chain sustainability initiatives will remain a key focus area*** as they were in the past. Due to the fact that the majority of the PUMA production is outsourced to independent suppliers in Asia, solid supply chain practices remain the bedrock of sustainability efforts within PUMA and its entire supply chain.

The relatively high focus on ***more sustainable products*** will be adjusted to medium going forward with a clear focus on the commerciality (design, function, price) of products first. Based on our experience it became clear that for the main PUMA target consumers sustainability is rather being regarded as an embedded additional value and not the main purchasing criteria.

The communication of ***sustainability initiatives*** to our ***consumers***, which had a relatively low focus in the past, will, however, be increased to medium focus in an effort to raise our customers' enthusiasm regarding sustainability matters, as we experienced that it is essential to involve consumers from the very beginning into our strategies. Thus, we expect to better capitalize on our sustainability investments going forward.

# OUR EMPLOYEES





# PEOPLE@PUMA

*Motivated and committed employees are a crucial factor for a company's long-term success, as they stimulate innovation and growth. For PUMA as a global player, the huge variety of our employees' experiences, skills and qualifications is a substantial competitive advantage and increases our attractiveness both as a brand and an employer.*

**Dietmar Knöß (47), Global Director Human Resources, with PUMA since 2010.**

*"For me, 'Forever Faster' means always being ahead of our competitors in everything we do!"*


Attaining the most suitable candidates worldwide and systematically developing our employees' competencies and skills is the goal of our recruiting and development strategy in order to live up to our mission of being the Fastest Sports Brand in the world. To cover our demand for qualified employees, we do not only convince new employees that PUMA is an attractive employer, but keep them in the company long-term through specific and dedicated staff development and training programs.

### Training and Development

PUMA believes that continuous success and future growth is only possible with competent and dedicated colleagues, who are confident of what they do and believe in their own strengths. To ensure that our employees can leverage their talents and develop their skills and competencies, PUMA offers different trainings on various topics for staff on all levels. By developing employees through these trainings, ranging from group workshops to tailor-made sessions for specific

Our employees reflect PUMA's attitude of being Forever Faster.

PUMA fosters young talent through various apprenticeships and dual studies in Germany.

needs, our employees reach their personal development goals as well as contribute to make PUMA "Forever Faster".

In 2014, the number of employees trained and the number of training hours have both increased to a total of 7,766 trained employees and 129,133 training hours.

## Growing Talent

To perpetually ensure that our employees are qualified for their respective roles, PUMA trusts in growing and developing talents from a very early stage. Therefore, PUMA offers a variety of options especially to young people, who just graduated from school, to start into their career. This year, PUMA further expanded its offer for various apprenticeships or dual studies in Germany to cater for different needs and vacancies. In September 2014, eleven new apprentices and six dual students started at PUMA, raising the total number of apprentices and dual students to 49.

All different apprenticeships and dual study programs have in common that they offer a great balance of theoretical learning at the vocational school or college combined with practical work experience at PUMA. In their respective vocational school or college, the apprentices and students receive the necessary skill-set for their future jobs and are able to use this knowledge in their work at PUMA right away. This combination facilitates the internalization of what has been learned and the transfer into daily work life.

In their different courses, the new apprentices will concentrate on their apprenticeship as industrial clerk, trained retail salesman, qualified IT specialist or warehouse logistics clerk. The dual students chose textile management, textile business economics, accounting & controlling, international business and logistics as their focus of studies.

PUMA believes that being trained in vocational school or college as well as in various departments of the company helps our young talents to gain a solid overview of our business processes, enabling them to contribute to PUMA's future. The combination of school education and training on the job provides a successful preparation for the challenges of the international work environment at PUMA.

## Leadership Training

A rather new training offered at PUMA is called "From Employee to Manager", which was rolled out in our headquarters in Herzogenaurach in 2014 and was very well received. In the past year, 30 employees participated in this training focused on Team Head level managers, who have recently been promoted or are about to be promoted in the near future and have not had any experience in managing employees yet. Dealing with their new role, positioning themselves within the team and managing their team are just a few of the topics covered. By means of follow-up trainings after the initial workshop, it is ensured that managers can transfer the skills and techniques acquired in the course of the trainings into their everyday work.

Furthermore, our International Leadership Program (ILP) continued successfully in 2014. During our ILP trainings, managers of different hierarchy levels are prepared for their management tasks in various well-defined training modules. A toolbox is provided, which enables participants to act adequately in different situations. Additionally, managers receive support in reflecting and developing their own leadership style and are given the opportunity to build a global network. Thereby, we ensure a consistent management culture within our company. In the past year, 189 managers have participated in our ILP, with 117 participants in the EMEA region, 48 in Asia and 24 in the USA.

### *Performance Management and Succession Planning*

To guarantee a diverse and productive workforce, we rely on a mix of young and experienced employees. Since evaluating and strengthening the competencies of our employees are crucial success factors for a fast and efficient business performance, we systematically manage the performance potential of our employees on a regular basis. Annual appraisal talks are led with all our employees to discuss company and personal goals. According to the evaluation of one's personal results, individual action plans for each employee are developed and documented in our internal performance management system, People@PUMA.

To further drive our pursuit of efficiency, People@PUMA has been updated this year. In addition to a modernized evaluation section, the latest version offers an integrated talent management and succession planning approach. The combination of these formerly single processes in one program facilitates the creation of holistic employee profiles. Furthermore, People@PUMA is still linked to our annually updated internal training catalogue. This enables us to identify and develop talented employees according to their needs and competencies. The new version has already been rolled out in several countries. By the end of 2014, this modern tool is ready to use for 3,356 employees in several countries with more regions to follow in 2015.

Furthermore, People@PUMA offers a talent pool to facilitate the internal mobility of employees worldwide. Data of talented employees, who are willing to move to the next step on an international basis, are implemented. PUMA's HR managers in the different regions can easily identify a matching PUMA employee from all over the world for their respective vacancy and get in contact with them.

On the basis of the evaluated data of our employees' performances and competencies, talents can be identified, individually developed and transferred worldwide. This allows us to fill positions and find potential successors equipped with the necessary skills. In other words, People@PUMA serves as an integrated performance management tool as well as a succession planning and talent management system that allows us to replace part of our vacant positions on a national and international level with candidates from within PUMA. Both talented employees and manag-


**Katrin Niekrawitz (27), Manager HR Development, with PUMA since 2011.**

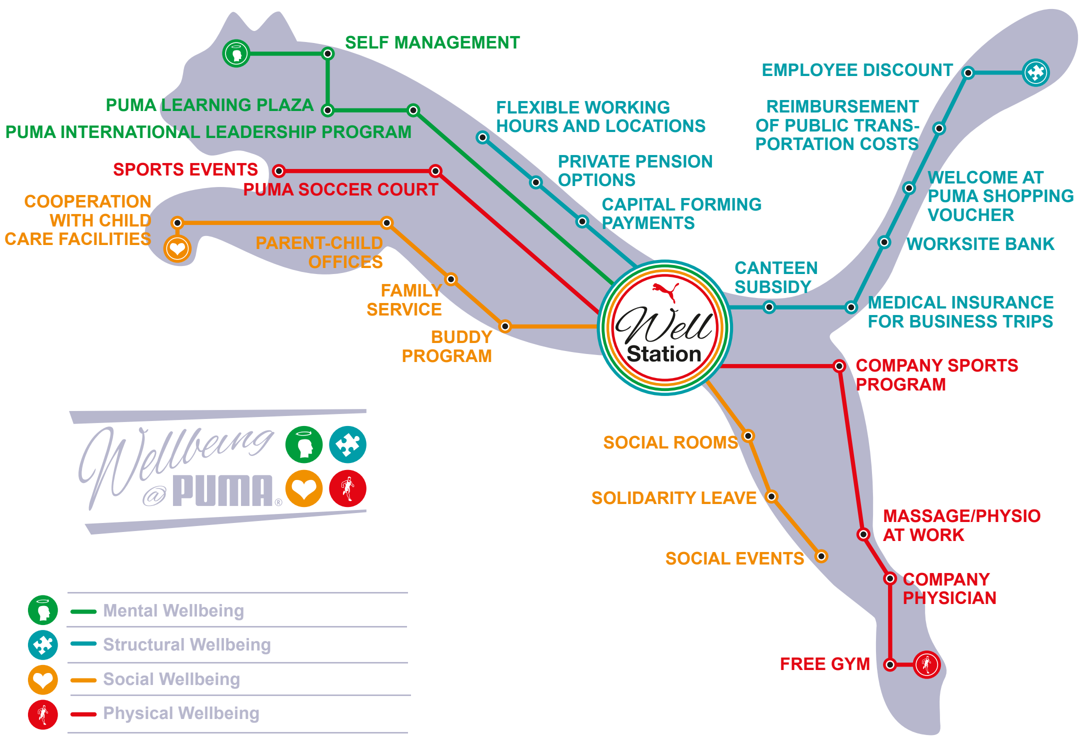
*"For me, 'Forever Faster' means doing the best I can to change the game – every single day!"*

ers are bound to the company and existing know-how is secured within the organization.

## Worker's Council/Employee Representatives

In 2014, the Worker's Council of PUMA SE (the European part of employee representation) represented employees in ten countries. Out of its 14 members, five are women. The chairperson is German, the other member of the Executive Committee is French. The German worker's council of PUMA SE consists of 15 members. The chairperson is male, the vice chairperson female. Both of them are German. Another employee representative, a US American, was elected to represent handicapped employees.

F.1 Wellbeing@PUMA




*Proud to represent PUMA: our team at Nuremberg's corporate B2Run in 2014.*

## Wellbeing@PUMA

Not only because of our heritage in sports, the physical health and emotional/mental wellbeing of our employees is a priority for PUMA. We pursue a holistic approach with regards to the wellbeing of our employees, which consists of a large variety of sports courses, activities and events to engage in within our workforce. In 2014, our internal sports department offered 49 courses and 22 events with a total of 1,047 registrations at our headquarters in Herzogenaurach.

Our Wellbeing@PUMA concept at our headquarters in Herzogenaurach/Germany is divided into four categories: mental wellbeing, structural wellbeing, social wellbeing and physical wellbeing. Since 2011, we have collaborated with the so-called family service, which includes child care options as well as life coaching advice. Employees, who face difficult situations in their work or private life, can turn to them for guidance and solution-oriented counseling.

After the successful implementation in our headquarters, some of the courses and actions are adopted worldwide, depending on local circumstances and cultural background.

## Flexible Working Models

We operate in very dynamic markets, where social and economic frameworks are constantly evolving. New forms of work-sharing, altered family models and demographic developments demand effective and differentiated procedures and working models. With a rather young permanent workforce at an average age of 33, PUMA has to ensure that our working models reflect the special requirements of our employees. In order to support our employees' dynamic and modern lifestyles, we provide flexible working time models as well as attractive options to balance work and private life. To cater for our employees' needs, we offer parent-child offices, work together with local child care facilities, offer support through the family service, as well as flexible working time and location arrangements. Since September 2014, employees in Herzogenaurach have the option to work a certain amount of their working time supported by communication tools and technologies outside of the office of PUMA SE in their mobile office.

All these options contribute to our employees' flexibility and improve their daily life.

At the end of 2014, more than 30% of employees were employed on a part-time basis. As far as the requirements of the job allow, our employees agree on flexible working times, that meet their needs and are coordinated in close alignment with their managers. Today, almost all of our subsidiaries worldwide offer flexible working time models.

## Working Conditions/Working Environment

At PUMA, we focus on an appealing and pleasant working environment to positively influence employee engagement as well as


foster loyalty and commitment to the company. One of our long-term goals is to keep the turnover rate initiated by employees below 20% and the percentage of employees with a permanent contract at over 80%. In 2014, depending on the region and retail-driven business, a turnover rate between 6% and 54% was recorded. The total turnover rate amounted to 26% and was therefore slightly lower to the one in the previous year. The percentage of employees in permanent employment across the company was around 82% and the global ratio of employees covered by a collective bargaining agreement was almost 25%.

## Dare to Be Diverse

We believe that diversity is a cross-sectional topic and its appreciation serves the success of our company. The diversity of our

T.1 **Percentage of Women in Management**

| Region | 2012 | 2013 | 2014 |
|---|---|---|---|
| APAC | 35% | 34% | 38% |
| LATAM | 30% | 30% | 29% |
| North America | 39% | 38% | 40% |
| Europe | 37%* | 34%* | 29% |
| EEMEA | | | 39% |
| **Total** | **36%** | **34%** | **35%** |

* Until 2013 the regions Europe and EEMEA were reported combined.

workforce influences and enriches all areas of our business like innovation management and product development, our business partners, customers and suppliers. Considering multiple perspectives regarding research, development and problem solving, leads to successful and sustainable results. Consequently, PUMA committed to the PUMA Code of Ethics in 2005 and to the charter of diversity. This charter was implemented to ensure an impartial working environment at PUMA, where all employees have equal opportunities, regardless of gender, race, nationality, ethnic origin, religion or ideology, physical ability, age, sexual orientation or identity.

When hiring candidates and promoting employees we follow the principle to solely base our decisions on qualifications and skill-sets. At the end of 2014, we employed people from 46 nations in our headquarters in Herzogenaurach. To embrace and understand the wide range of international backgrounds and experiences of colleagues, customers and consumers around the world, PUMA promotes intercultural differences by training sessions, networking events and awareness campaigns. In 2014, cultural awareness trainings for each new employee were implemented in our onboarding process in our global headquarters. This training aims at supporting employees to increase their effectiveness in working internationally by understanding, appreciating and doing things differently.

The gender distribution of PUMA employees is very balanced, with roughly 47% of female employees and 53% of male employees respectively. However, men in leadership positions are still strongly represented, whereas women are not yet represented as

*Our diversity is an important success factor of our company.*

*The children from the "Children Promotion Society" in Nepal.*

much. To promote gender diversity in management, we monitor the representation of women in our development programs. By offering these actions as well as recruiting mainly internal candidates for management positions, we are willing to accept this rather time-consuming process for the benefit of long-term sustainable growth of our female manager quota at PUMA.

Expressing feedback in an objective and respectful manner is an essential part of our company culture and is consequently addressed in leadership and communication trainings. Should employees feel discriminated in any way, they have the possibility to contact the respective line manager, the HR department or the employee representative, who will instantly investigate and resolve the situation confidentially. Our latest employee survey shows, that employees feel treated fairly with regards to their sex, ethnic, physical capability or disability.

## Charity Cat

As in previous years, in 2014 PUMA supported Charity Cat e.V., a charitable organization founded by PUMA employees and based in Herzogenaurach, Germany, with product and financial donations.

The portfolio of the charity – which now also counts several non-PUMA members – includes one-off and local projects, such as women's refuges and integration programs for young asylum seekers, as well as ongoing international causes. FONMAEH e.V., an organization that shelters and provides for orphaned children in Haiti, is one such example – since 2011, Charity Cat has been helping to cover the cost of building and running an orphanage.

Funds, raised in part thanks to PUMA employees, were also spent to rebuild homes for poor families affected by the tropical storm Hayan in the Philippines. Charity Cat worked with the Organisations von Herz zu Herz and Springboard in the country, the latter of which has been benefitting from a financial allocation for more than five years.

A new addition to Charity Cat's portfolio in 2014 is the Children Promotion Society (CPS) in Nepal, which gives shelter and cares for the general wellbeing of around 20 children.

Furthermore, the organization supported projects closer to home, including women's shelters in Nuremberg, Erlangen and Fuerth, which received an annual clothes donation. Charity Cat also works with "Tafel Neustadt", a food shop for needy persons and "Sozialtreff Erlangen", where food and other items are distributed. In addition, it gives funding to street drop-in clinics in the area and support an integration project for disadvantaged youths, Project ELAN, in Fuerth.

Further projects are listed at the ▸ charity's website in German and English.

### *Occupational Health and Safety*

The main goal of our occupational health and safety programs is to foster and continuously improve a healthy and safe work environment by dealing with all different aspects of these two topics in the workplace. Information is a powerful tool to support the reduction of hazards and elimination of risks in the workplace.

Safety related trainings, such as periodical fire evacuation exercises as well as first aid and free medical check-ups are organized at country levels. Over the past year, safety related training hours accumulated to a total of 8,694 hours. In 2014, 3,260 employees were trained in first aid and 5,492 employees in fire evacuation.

In our global headquarters in Herzogenaurach, we operate a Health and Safety Committee, which includes members of the Worker's Council, HR and in-house service departments, our company physician and a health & safety engineer.

A further indicator for employee engagement and the health of our workforce is the absenteeism rate due to sickness, which was again below 2% in 2014 and therefore below the industry average. Only 93 occupational accidents worldwide, that caused a work stoppage, were recorded, which is a further reduction to the already very low number last year. According to the Occupational Safety and Health Administration (OSHA), this corresponds to an injury rate of 0.87.

### *Compensation and Benefits*

Retaining and rewarding the best talents in the market is our primary motivation. Therefore, we provide a global set of compensation and benefit programs that attract and retain talented employees. At many subsidiaries, we have collective bargaining agreements, that allow for a salary exceeding industry average and extended annual leave. PUMA also offers a variety of benefit plans, such as defined contribution and deferred compensation retirement plans. Regular Compensation and Benefit Reviews ensure PUMA's competitiveness on the market and the alignment with our corporate goals.

Since we believe that strong performances need to be rewarded, we seek to create compensation programs in line with individual and/or business performances. Short-term and long-term incentives or bonus plans are offered to a certain level of employees. Short-term incentive plan payouts are linked to both business performance and sustainability targets. Long-term awards include stock options.

***Heike Burkhardt (34), Business Partner HR, with PUMA since 2005.***

*"For me, 'Forever Faster' means quickly adapting to changing environments and enjoying the work on new challenges."*

# INDEPENDENT ASSURANCE REPORT

*To PUMA SE, Herzogenaurach*

### *Our Engagement*
We have been engaged to perform a limited review of sustainability information as stated in the Annual Report 2014 of PUMA SE, Herzogenaurach for the year ended December 31, 2014, including compliance with the criteria and standards the information is based on. The limited review does not cover an assessment of PUMA's Product Environmental Profit and Loss Account.

### *Management's Responsibility*
The Management Board of PUMA SE is responsible for the preparation of the Annual Report 2014 in accordance with the criteria as stated in the Sustainability Reporting G4 of the Global Reporting Initiative (GRI).

These criteria are:

- Stakeholder inclusiveness,
- Sustainability context,
- Materiality,
- Completeness,
- Balance,
- Comparability
- Accuracy,
- Timeliness,
- Clarity and
- Reliability.

This responsibility also includes the development, implementation and operation of systems and processes as well as the definition of key issues of the report and the reporting method.

### *Our Responsibility*
Our responsibility is to give an attestation, based on the results of our work, as to whether any matters have come to our knowledge that could give rise to the assumption that the sustainability information as stated in the Annual Report 2014 do not comply, in all material respects, with the above mentioned criteria of the Sustainability Reporting Guidelines G4 of the GRI.

The objective of a limited review is to obtain a limited assurance. Hence, the scope of a limited review is less comprehensive than the scope of an audit, which – in contrast to a limited review – aims to obtain a reasonable assurance. Consequently, a limited review may thus not reasonably assure all material facts as could an audit. Therefore, we may not issue a positive statement (auditors' opinion) on the selected data.

Based on the results of our audit, we have been also engaged to give recommendations for the further development of the sustainability management and the respective reporting.

### *Methodology*
Our limited review was conducted in accordance with the "International Standard on Assurance Engagements (ISAE) 3000".

Within the scope of our engagement, the following activities were performed amongst others:

- Interviews with employees of the Group head office in the areas „PUMA.Safe“, HR and the logistics departments, who are in charge of reporting sustainability issues.
- Inspection of the documentation of the systems, processes and internal controls for consolidation and internal reporting of performance indicators.
- Interviews with personnel responsible for internal reporting of energy, use and logistics key indicators, located in Germany and China (remotely).
- Analytical testing on selected sustainability data on a sample basis.

### Our Conclusion

Based on our limited review, no facts have come to our knowledge that could give rise to the assumption that the sustainability information as stated in the Annual Report 2014 of PUMA SE, Herzogenaurach do not comply with the criteria of the Sustainability Reporting Guidelines G4 of the GRI.

### Note and Recommendation

Without qualifying our attestation, we give the following recommendations for the further development of the sustainability management and reporting:

- Improve controls and functionality of Enablon,
- Focus on automated reporting structures,
- Improve reporting and validation structures, and
- Ensure report consistency and comparability of sustainability figures.

Munich/Germany, February 23, 2015

**Deloitte & Touche GmbH**
**Wirtschaftsprüfungsgesellschaft**

| | |
|---|---|
| *(Christof Stadter)* | *(Ina Stubenrauch)* |
| Auditor | Graduated engineer |

# GROUP MANAGEMENT REPORT




**Michael Lämmermann (52), Chief Financial Officer, with PUMA since 1993.**

*“For me, ‘Forever Faster’ means reinventing PUMA and bringing new trend-setting and commercial products to the market faster than any competitor.”*

# OVERVIEW 2014

In the past year we initiated a turnaround in PUMA's business with our key strategic measures. Under our new corporate identity and brand mission "Forever Faster" we moved forward with the repositioning of PUMA as the fastest sports brand in the world, optimized product development, improved our distribution quality and increased the speed within our organization. With the unambiguous positioning of PUMA as a sports brand, we have one clear goal in mind: in the future our focus will be fully on fast products and athletes, dynamic design and quick decisions.

In January 2014, we announced a long-term partnership with Arsenal Football Club, London, a top club in the English Premier League. The supplier agreement, which entered into force on July 1, 2014, is the largest sponsorship deal ever signed by either PUMA or Arsenal and includes equipping all Arsenal teams with match and training kit. Arsenal thus joins the Italian Football Federation (FIGC) and Borussia Dortmund as a top team in PUMA's portfolio that plays at the highest international level. Together with our top international players such as Sergio Agüero, Cesc Fàbregas, Marco Reus, Mario Balotelli, Radamel Falcao, Olivier Giroud and Yaya Touré we continue to build up our position in football. At the national level, PUMA extended its partnership with Borussia Dortmund and acquired 5% of the voting rights in the capital increase.

At the World Cup in Brazil, at least one of the eight participating PUMA teams was on the field in nearly half the games played, creating a strong brand presence. The tournament proved to be an excellent platform for PUMA's innovative product concepts in football: PUMA's national jerseys with the revolutionary PWR ACTV technology were extremely well received by both fans and players. The distinctive pink and blue color scheme "Tricks" for the evoPOWER and evoSPEED shoes of the individual PUMA players, which was seen in three-quarters of all World Cup matches, also generated a great deal of excitement. With the support of PUMA's successful social media activities during the tournament, the Tricks shoes were sold out in a short time.

Our "Forever Faster" campaign – the largest brand campaign in PUMA's history – was launched in August and met with a very positive response from consumers and retailers. The campaign demonstrates that PUMA is back in sports and that our brand has great assets and a distinctive attitude: Brave, confident, determined, and joyful. In 2015, world-class athletes like Usain Bolt and Sergio Agüero will be joined by a new face: style icon Rihanna will not only play an important role in our campaign as a global brand ambassador for PUMA Women's Fitness and Training; she is also assuming the role of creative director for this segment. Rihanna's unique feeling for style and innovation will be vital in product development here.

To further optimize our product engine, in 2014 we improved our product designs, developed more innovative technologies and increased the commerciality of our product range. The first results have already been implemented for the Spring/Summer 2015 season, and the sustained positive reaction to this collection further strengthens our conviction that we are heading in the right direction. In addition, last year we improved the distribution quality of our sales: Together with our key accounts, we developed successful marketing and product initiatives, such as the retail concept "PUMA Lab", which we introduced in February 2014 with our partner Foot Locker. In 2015, we will continue to foster our collaborations with our most important key accounts in every region.

Our mission statement "Forever Faster" is also the basis for our business activities.

Under this statement, last year we also continued to optimize our organizational structure and setup by making it faster. The most important consolidation projects included the closure of our PUMA Village Development Center in Vietnam, the relocation of our Lifestyle Business Unit from London to Herzogenaurach in May and the relocation of the functions responsible for our global and European retail business activities from Switzerland to Herzogenaurach in September. These changes help make our workflows and processes even faster, more efficient and more flexible.
We want to use modern IT to create the basis for a fast and lean company. In August, Lars Radoor Sørensen, who had been responsible for the areas of Business Processes and Intelligence as well as Information Technology since November 2013, was appointed the new Chief Operating Officer (COO) of PUMA SE. Under his leadership, we have begun the upgrade of our current IT infrastructure to match the industry's best practice benchmark.
With the measures successfully initiated in 2014, we are firmly convinced that we are on the right path. However, one thing bears repeating: We know that the repositioning of PUMA and the turnaround of the business will take time as we need to continue to build confidence in the marketplace that we are on the right track. We are convinced that our efforts have already translated into better products, stronger marketing and more efficient operations. This can already be seen in the recovery of PUMA's sales figures, especially in the second half of 2014.
Although the economy in many parts of Europe did not fully recover in the last financial year – in part due to the uncertainties caused by crises such as Ukraine and the Middle East – PUMA managed to achieve currency-adjusted growth in this region. In the Americas, PUMA benefited significantly from the increase in demand for sports equipment due to the economic recovery of the USA. Finally, PUMA was able to report currency-adjusted growth in the Asia/Pacific region.
As in previous years, global competition in the sporting goods industry increased again in the last financial year: New participants and brands are increasingly active in the market and are fighting for market share. In spite of this challenging market environment, worldwide brand sales by PUMA during the financial year 2014 rose, currency-adjusted, by 3.3% to approximately € 3.2 billion. Group sales rose, currency-adjusted, by 3.3% and remained at the previous year's level in Euro, the reporting currency.
As expected by the management, the gross margin in 2014 was negatively impacted by continued currency volatility. Nevertheless, it improved slightly from 46.5% to 46.6% over the previous year. Due to increasing marketing costs, the operating result (EBIT) before special items fell compared to the previous year from €191.4 million to €128.0 million. PUMA's management made the brand mission statement "Forever Faster" even more central to the company's positioning in 2014. Coupled with the continued focus on strict cost discipline, this positioning helped to lay the foundation that will ensure PUMA's long-term profitable growth.
As predicted at the beginning of the financial year, PUMA is able to show a significant improvement in Group earnings as a result. Group earnings increased from € 5.3 million in 2013 to € 64.1 million and overall were not subject to the negative impact of special items. The result per share was € 4.29 compared to € 0.36 in the previous year.
At the end of the year, PUMA shares listed at € 172.55, below the level of the previous year (€ 235.00), which corresponds to a market capitalization of approximately € 2.6 billion.

# PUMA GROUP ESSENTIAL INFORMATION

## Commercial Activities and Organizational Structure

We trade under the name PUMA SE. The registered offices of the PUMA Group are located in Herzogenaurach, Germany. Our internal reporting activities are based according to regions (EMEA, America and Asia/Pacific) and products (footwear, apparel and accessories). A detailed description of the various segments can be found in paragraph 25 of the Notes to the Consolidated Financial Statements.

Our revenues are derived from the sale of products from the PUMA, Cobra Golf and Tretorn brands via the wholesale and retail trade, as well as from sales directly to consumers in our own retail stores and online stores. PUMA primarily markets and distributes products via its global network of subsidiaries. There are distribution agreements in place with independent distributors in some countries.

As of December 31, 2014, 115 subsidiaries were controlled directly or indirectly by PUMA SE. Our subsidiaries carry out various tasks at the local level, such as sales, marketing, product development, procurement and management. A full list of all subsidiaries and the associated company can be found in paragraph 2 of the Notes to the Consolidated Financial Statements.

# Targets and Strategy

## To be the Fastest Sports Brand in the world

PUMA is one of the world's leading Sports Brands, designing, developing, selling and marketing footwear, apparel and accessories. For over 65 years, PUMA has established a history of making fast product designs for the fastest athletes on the planet. PUMA offers performance and sport-inspired lifestyle products in categories such as Football, Running and Training, Golf, and Motorsports. PUMA engages in exciting collaborations with renowned design brands such as Alexander McQueen and Mihara Yasuhiro as well as urban designers like BWGH (Brooklyn We Go Hard) and Sophia Chang to bring innovative and fast designs to the sports world. The PUMA Group owns the brands PUMA, Cobra Golf, Tretorn, Dobotex and Brandon. PUMA distributes its products in more than 120 countries, employs more than 10,000 people worldwide and is headquartered in Herzogenaurach, Germany.

In 2013, Bjørn Gulden (CEO) introduced PUMA's new mission statement: To be the Fastest Sports Brand in the world. The company's mission not only reflects PUMA's new brand positioning of being Forever Faster, it also serves as the guiding principle for the company expressed through all of its actions and decisions. Our objective is to be fast in reacting to new trends, fast in bringing new innovations to the market, fast in decision-making and fast in solving problems for our partners.

## Strategic priorities

Our strategy encompasses five strategic priorities: the repositioning of PUMA as the World's Fastest Sports Brand, the improvement of our product engine, the optimization of our distribution quality, increasing the speed within our organization and infrastructure, and renewing our IT infrastructure. In 2014, we continued to make further progress on all our key strategic priorities to ensure that the year marks the start of a turnaround.

In terms of our **brand repositioning**, August 2014 saw the successful launch of our worldwide Forever Faster brand campaign – the biggest marketing campaign in PUMA's history. This marked the start of our repositioning as a true sports brand to our consumers and retail partners. The objective of the campaign is to demonstrate that PUMA is back in sports and that our brand has great assets and a distinctive attitude: Brave, confident, determined, and joyful. We achieved this goal by focusing our campaign on customers in 35 countries. In the first three months after the start, our advertising generated 1 billion TV impressions in our target group as well as 31 million online views. The market surveys showed a very positive consumer reception. The launch of this campaign marked the start of a long-term marketing strategy, which will be continued in 2015 and will run through the Rio de Janeiro Olympic Games in 2016 and beyond. In 2015, the focus will be on our new, long-term partnership with Rihanna, currently the world's greatest style icon. No other female superstar embodies our brand as well as she does. Rihanna is the global brand ambassador for the PUMA category Women's Training and at the same time is assuming the role of creative director for this area. In this role, Rihanna will incorporate her special flair for style and innovation in our products.

To **improve our product engine**, we initiated key projects to enhance our product designs, develop more innovative technologies and increase the commerciality of our product range. The first results have already been implemented for 2015 collections, and the feedback from our retail partners make us very confident that we are heading in the right direction.

In order to improve the **quality of our revenues and distribution**, we have developed joint product and marketing programs with our key retailers to showcase our brand in the right retail environment and drive sell-through with our partners. In February 2014, together with our partner Foot Locker USA, we introduced the jointly developed retail concept "PUMA Lab" and successfully rolled it out in the US market. The success of the PUMA Lab has not only improved our business with Foot Locker USA but also generated a positive spill-over effect onto other key retailers in the US marketplace – both with performance and lifestyle accounts. In 2015, we will continue to foster collaborations and will launch further product and marketing programs with our most important key accounts in every region.

In 2014, we also continued to optimize our **organizational structure and setup** by making them faster. With the finalization of the relocation of our Global and European Retail Organization from Oensingen, Switzerland, to our headquarters in Herzogenaurach as of September 30th, we completed the last out of our three major consolidation projects in 2014. This relocation followed the closure of our PUMA Village Development Center in Vietnam as of May 2nd and the relocation of our Lifestyle Business Unit from London to our headquarters in Herzogenaurach as of May 31st. In 2015 we will be focusing on standardizing and optimizing processes between PUMA and its partners. The key projects in this area are the implementation of a sourcing organization to manage global order and invoice flows and the conceptual design of a European trading company to optimize regional flows of goods.

Another strategic priority is the renewal and expansion of our **IT infrastructure** to create a basis for more extensive optimization measures. In 2015, we will focus on three areas: optimize our IT infrastructure, start the implementation of a standard ERP system to support our sourcing and trading functions, and set-up platforms purported to improve the design, development and planning processes. We are very confident that our investment in these areas will lay the foundation for a lean and efficient company in the future.

## *Sustainability remains an important value*

Sustainability is and remains a key value of the PUMA brand, and faster is how we are working with our partners towards a more just and sustainable future, accelerating positive change in the industry and the world. Our mission to be the fastest sports brand in the world also includes assuming the responsibility of ensuring that our products are manufactured under appropriate working conditions and produced by suppliers who respect human rights.

# Product Development and Design

## Product philosophy and strategy

PUMA's product offering embraces the spirit of the cat by being agile, nimble, adaptable, and adventurous and adheres to the attributes once chosen by company founder Rudolf Dassler as guidance for the way we think, the way we work and the way we develop and market our products. PUMA is one of the world's leading sports brands, developing, selling and marketing footwear, apparel and accessories in our performance and sport-inspired lifestyle categories.

Product responsibility is organized within our global business units and regional design centers, with PUMA's design language defined for all our collections by our creative director Torsten Hochstetter. The Business Units Teamsport, Running, Training and Golf represent our performance business, while Lifestyle and Motorsports, Fundamentals as well as Accessories & Licensing constitute the lifestyle business. In each case, the Head of the Business Unit assumes the entire product and marketing responsibility for his or her area. This makes us even more customer and consumer focused and more specialized in our product expertise.

In the run-up to the 2014 World Cup in Brazil, we introduced a true product innovation in football: PUMA's evoPOWER shoe. Inspired by the freedom of movement of the barefoot game, the evoPOWER concept combines the latest PUMA technologies with the strongest kicking power. The evoPOWER shoe is worn by our stars Cesc Fàbregas, Marco Reus, Mario Balotelli, Yaya Touré, Dante and many other players.

The World Cup tournament in the summer with eight participating PUMA teams proved to be an excellent platform for PUMA's innovative product concepts in football: Both PUMA's national jerseys with the PWR ACTV technology and the distinctive pink and blue color scheme "Tricks" for the evoPOWER and evoSPEED shoes of the individual PUMA players were very well received by fans and players alike. Backed by our successful social media activities during the tournament, PUMA sold out of nearly all the Tricks shoes during the tournament, making this the best-selling football shoe in the company's history.

Since July 1, 2014, PUMA has been supplier of the top Premier League club Arsenal FC. The first Arsenal jerseys were unveiled in a spectacular twenty-meter high water projection over the Thames, which could be seen from the north bank of the river, with a view to the world-famous London Eye. In the first few weeks after the introduction, the replica jerseys and our entire Arsenal collection saw impressive sales.

The launch of "Forever Faster" campaign in August marked another important step in our journey to become the "Fastest Sports Brand in the World". As part of this campaign, our creative director Torsten Hochstetter translated our brand image "Forever Faster" into a new, distinctive design language for PUMA, based on our history and roots in sports. To improve our product engine, we will continue to concentrate on simplifying and unifying our product designs, developing more innovative technologies and increasing the commerciality of our product range.

The first results have already been implemented for the coming Spring/Summer 2015 season and can be seen in our innovative running concept IGNITE, among other lines. Equipped with a special foam technology, IGNITE maximizes energy recovery when running and also sets new standards in terms of comfort and durability. The continued positive feedback received from our sales partners for our Autumn/Winter 2015 collection, reinforces our belief that we are on the right path with the realignment of our product divisions.

# Sourcing

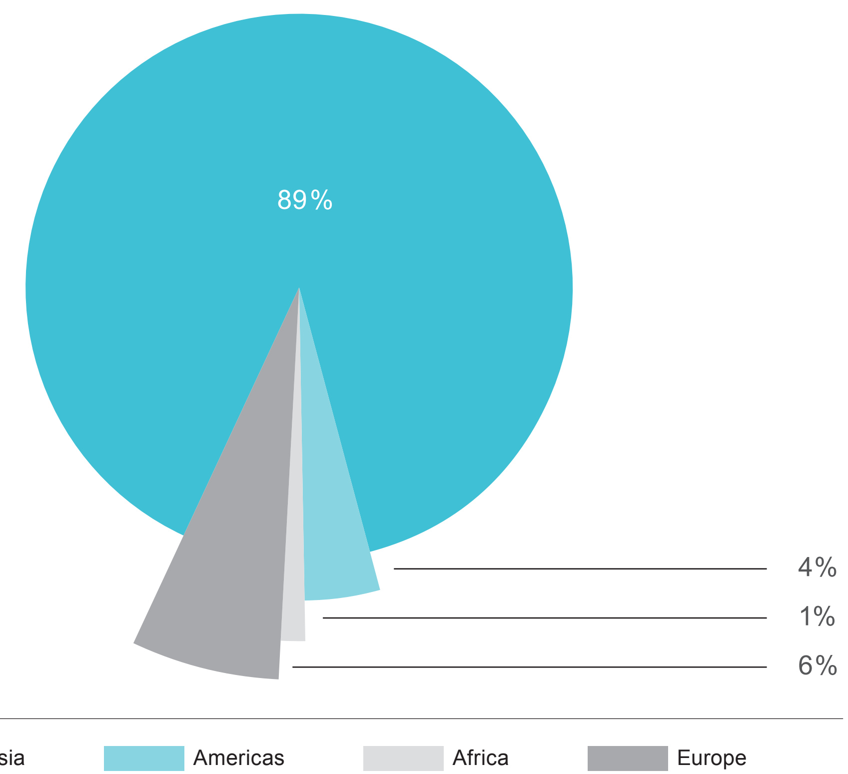
Sourcing refers to the central management of the purchasing of products for PUMA and the Group's own brands, Cobra, Tretorn and Brandon. The necessary sourcing tasks are carried out centrally by the Group company **World Cat Ltd.** in Hong Kong. World Cat Ltd. acts as a purchasing agent here and provides support for the respective brands in order to furnish the respective sales organizations with products and the necessary materials for the manufacture of these products at a standardized level of quality and at a competitive price.

World Cat Ltd. manages the various branches located around the world from Hong Kong. In addition to the registered offices, the various locations in China, Vietnam, Bangladesh, India, Turkey, South Africa, Brazil and El Salvador manage the collaboration with suppliers and also monitor the production processes on site.

Processes are continuously improved in line with the six core principles of partnership, transparency, flexibility and speed, simplicity and effectiveness, thus satisfying the aim of offering service at a high level for all PUMA brands and creating a sustainable production and supply chain. In order to further strengthen the link between customer demands, product design and production, product knowledge is moved closer to production, thus ensuring any developments in the market can be adapted to more quickly. This is particularly evident in the decision to close down the PUMA Village in Vietnam as a regional center for the development of sample footwear production items in 2014 after a period of four years, thus moving the product experts closer to the factories in order to reduce development times.

In the past year, we began to roll out a new sourcing organization to reduce complexity and improve transparency. The focus of the reorganization is a global trading company, which will provide services for external suppliers and its own sales companies in the future. In this context, this company will in the future control the purchase of products from suppliers and the sale to the PUMA companies worldwide.

F.1 **Sourcing Markets 2014**

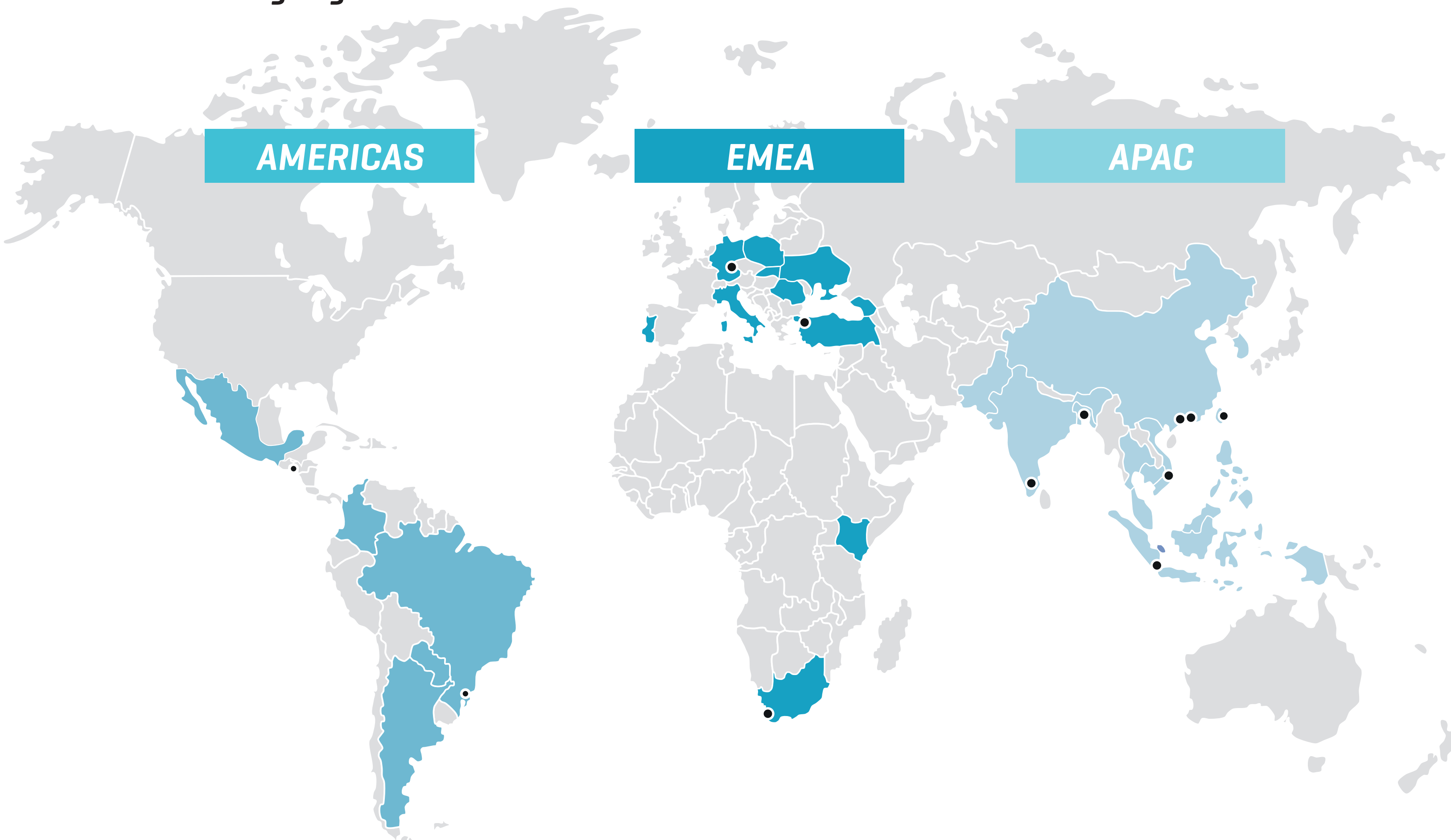


## The Sourcing Markets

World Cat optimizes the supply chain with independent suppliers within its global production network, from the purchase of materials to production, right through to the delivery of products.

The aim is to offer an optimum service to the various PUMA brands in order to meet and continue to improve global requirements for quality and safety along with environmental aspects in production. At the same time, continuous improvements are being made in its role as purchasing agent with respect to costs, flexibility and delivery reliability.
During the financial year 2014, World Cat worked together with 203 suppliers in 31 countries. The strategic cooperation with long-term partners was one of the key competitive advantages in 2014, ensuring stable procurement in turbulent market conditions. The geographic focus of the production sites located in China as the primary sourcing country has shifted slightly to South East Asia.

### World Cat's Sourcing Regions




Asia remains the strongest sourcing region overall with 89% of the total volume, followed by Europe with 6%, America with 4% and Africa with 1%.
As a result, the five most important sourcing countries (82% of the total volume) are all located on the Asian continent. China remained in first place in 2014 with a total of 30%, despite a reduction in volume of 3 percentage points compared to the previous year. Vietnam then followed with a total of 26%, a figure that was reduced by 30 percentage points compared to the previous year. Cambodia was in third place with a total of 9%. Indonesia, which focuses on footwear production, also produces 8% of the total volume, and Bangladesh, which focuses on clothing, contributes 8%.
Rising labor costs, political unrest, and extreme weather events affected the sourcing markets in 2014. This increases the need to consider the risks of these factors in the production allocation. This is the crucial component of a future sourcing strategy in order to ensure the secure and competitive sourcing of products.

# Employees

## Number of employees

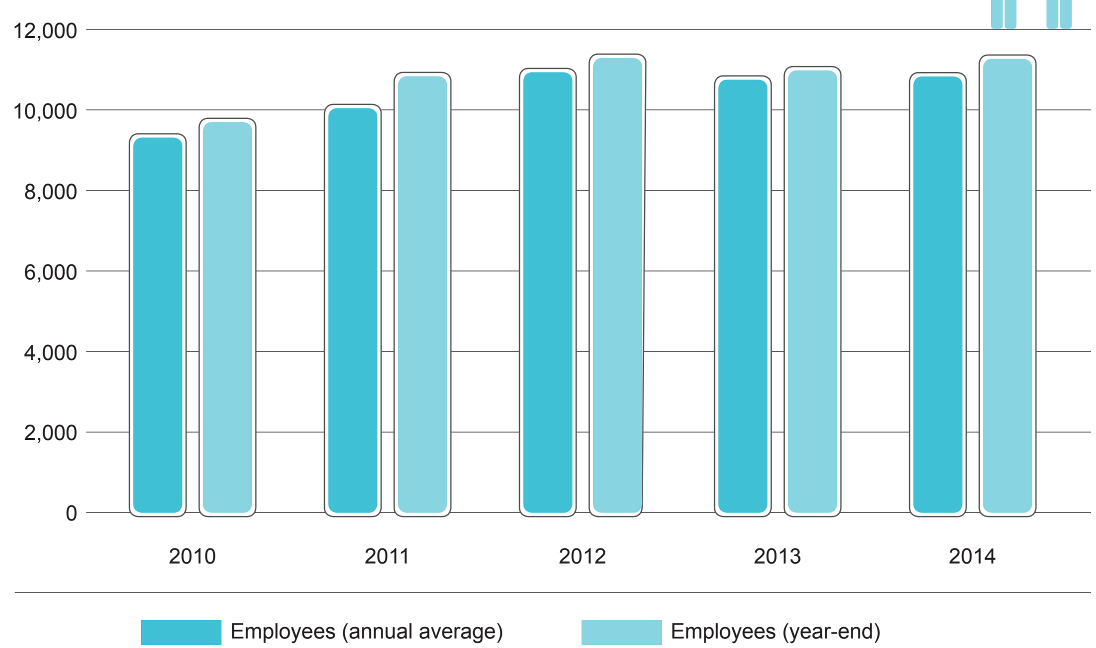
In 2014 the **annual average number** of employees worldwide was 10,830 compared to 10,750 in the previous year. The increase was mainly related to the higher number of the company's own retail stores.

Overall personnel expenses in 2014 rose by 2.3% from € 415.7 million to € 425.3 million and the average personnel expense per employee was € 39.3 thousand compared to € 38.7 thousand in the previous year.

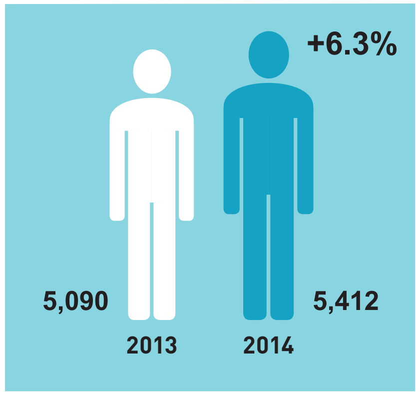
As of **December 31, 2014**, the number of employees was at 11,267, compared to 10,982 at the end of the previous year.

In the Marketing/Retail segment, the number of employees increased by 6.3% to 5,412 employees. In Sales, the number of employees fell by 3.7% to 2,239. The number of employees in product management/merchandising increased slightly to 358, while the number of employees in research and development decreased slightly to 514. In the administrative and general units, the number of employees rose by 1.8% to 2,744.

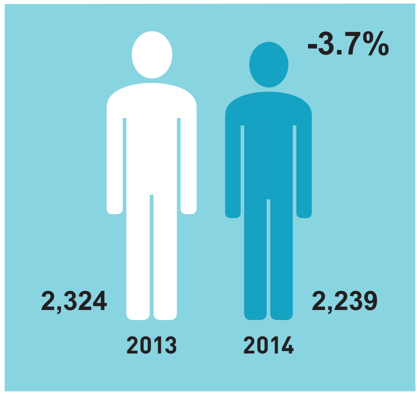
F.2 Development Emloyees



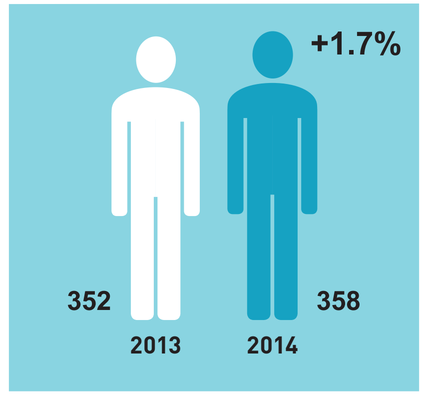
F.3 Marketing/Retail



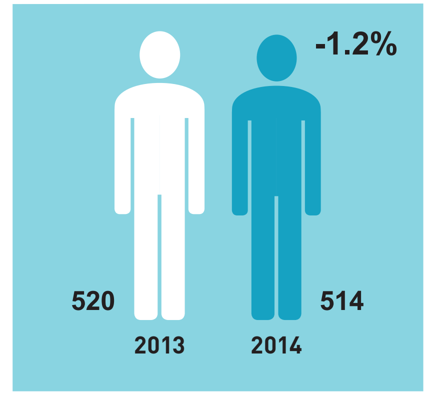

F.3 Sales



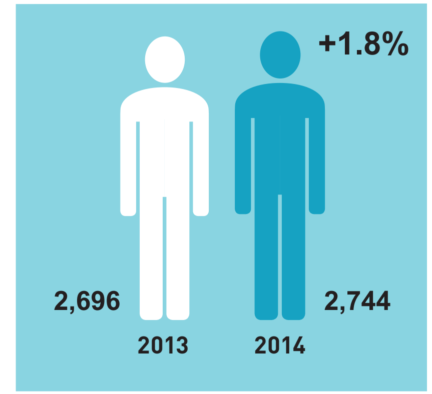

F.3 Product Management/ Merchandising




F.3 Research and Development




F.3 Administration and General Units




## Talent Recruitment and Development

Qualified and motivated employees are the key to PUMA's success. For this reason, we focus both on attracting talented future employees and on the development and retention of existing employees. In order to be able to ensure our ability to regularly recruit qualified employees for our company, PUMA offers various career opportunities at all levels, giving young people in particular the opportunity to start their careers at PUMA as part of vocational training or a dual study program. Last year, the number of training positions was increased again in order to give PUMA a variety of ways to ensure long-term commitment to the company and the early promotion of talented young people.

Moreover, PUMA attaches great importance to the development and training of current employees and managers in order to increase expertise, develop skills and retain qualified employees. Based on the global performance management process, which includes an annual performance evaluation and the setting of objectives as well as the management of existing talent and succession planning, talented employees are identified and consistently promoted in coordination with their personal career goals and the company's objectives.

In addition to the wide range of training programs in the PUMA training catalog, the international executive program plays a key role here. This program was continued in 2014 to prepare managers at different levels to take on leadership roles, or to reflect on and develop their own leadership style in several thematically defined training modules. Managers are given the tools to take appropriate action in different leadership situations and the opportunity to build a global network with each other. This helps us ensure a unified leadership culture within the company.

## Compensation

PUMA offers its employees a targeted and competitive compensation system, which consists of several components. In addition to a fixed base salary, the PUMA bonus system, profit-sharing programs and various social benefits and intangible benefits form part of a performance-based compensation system. We also offer long-term incentive programs for senior management levels that recognize the sustainable development and performance of the business.

## Management System

We use a variety of **indicators to manage** our performance in relation to our top corporate goals. We have defined **growth and profitability as key targets** within finance-related areas. Our focus therefore is on improving revenue and operating income before special items. At the same time, we aim to minimize working capital and improve free cash flow before acquisitions. Our Group's Planning and Management System has been designed to provide a variety of instruments in order to assess current business developments and derive future strategy and investment decisions. This involves the continuous monitoring of key financial indicators within the PUMA Group along with a monthly comparison with budget targets. Any deviations from the targets are analyzed in detail and appropriate countermeasures are taken in the event such deviations have a negative impact.

Changes in sales revenues are also influenced by **currency exchange effects**. This is why we also state any changes in sales in Euro, the reporting currency, adjusted for currency exchange effects in order to provide information that is relevant to the decision-making process when assessing the revenue position. Currency-adjusted sales volumes are used for comparison purposes and are based on the values that would arise if the foreign currencies included in the consolidated financial statements were not translated at the average rates for the previous reporting year but were instead translated at the corresponding average rates for the current year. As a result, currency-adjusted figures are not to be regarded as a substitute or as superior financial indicators but should instead always be regarded as additional information.

We believe that stating **operating income before special items** allows for a better assessment of the operating performance of the PUMA Group over certain periods of comparison. This means that one-off non-recurring expenses, such as those in connection with restructuring measures or impairment of goodwill, are not taken into account. We believe that this indicator is only of limited value, given that restructuring measures on their own can result in significant cash outflows, for example. However, we believe that this indicator provides useful additional information to investors and Company Management in order to be better able to assess current and future developments in terms of our income.

We use the indicator **free cash flow** in order to determine the change in cash and cash equivalents after deducting all expenses incurred to maintain or expand the organic business of the PUMA Group. Free cash flow is calculated from the cash flow from operating activities and investment activities. We also use the indicator **free cash flow before acquisitions**, which goes beyond free cash flow and includes an adjustment for payments that are associated with acquisitions.

We use the indicator **working capita**l in order to assess the financial position. The term "working capital", which is often referred to in German as "Betriebskapital", is the difference between current assets – including in particular inventories and trade receivables – and current liabilities. Amounts that are received in connection with financing activities and special items are not included here.

Non-financial performance indicators are of only minor importance at PUMA as control variables.

# ECONOMIC REPORT

## General Economic Conditions

The winter forecast published on December 17, 2014 by the Kiel World Economic Institute (IfW) indicates that the global economy strengthened during 2014. After a weak first half-year, the economy gathered momentum at the end of the year, although less than expected at mid-year. With an increase of 3.4%, global gross domestic product is expected to have been slightly stronger than in the previous year (2013: +3.2%). Developments in the advanced economies varied. While the economy in the USA turned in another positive performance in the past year, the Eurozone - and especially the southern crisis countries – remains in a weak economic phase with relatively low growth rates. In Japan, the gross domestic product fell sharply and to a level just barely in positive territory. In most of the developing countries, economic activity increased, although it failed to match the strong growth of previous years, particularly in China; Brazil's economy was also weaker than in the previous year.

With the Winter Olympics in Sochi and the World Cup in Brazil, two major sporting events were held in 2014, each of which had a positive impact on the global sporting goods industry. Accordingly, the market capitalization of the industry rose further. With an increase of 19.3%, the sporting goods industry was once again significantly stronger than the overall market, although not as strong as the previous year.

Last year, PUMA focused strongly on increasing the familiarity of the brand even further. Usain Bolt, the fastest man in the world, thus embodies the mission statement "Forever Faster". The racing stables of the fastest Formula 1 driver in the world are also equipped by PUMA: The Mercedes-Benz team with Lewis Hamilton as Formula 1 world champion and Nico Rosberg at No. 2 as well as the two other PUMA partners in Formula 1, Williams and Scuderia Ferrari. In 2014, PUMA celebrated its ten-year partnership with BMW in Motorsports and will continue to be the official supplier for team clothing and racewear. For the sporting highlight of the year, the 2014 World Cup, PUMA equipped eight national teams with jerseys and introduced the innovative evoPOWER and evoSPEED football shoes. Since then, the brand has expanded its premium position in the football world through its new partnership with Arsenal and a strategic equity investment of 5% in Borussia Dortmund.

# Sales

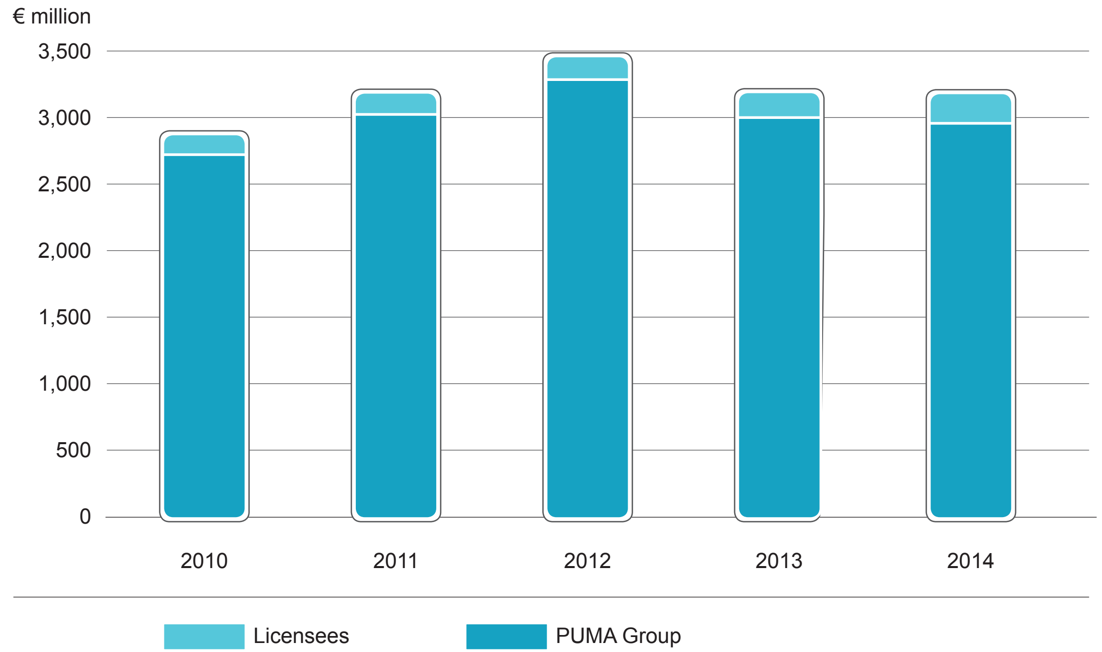
### *Illustration of Sales Development in 2014 Compared to 2013 Outlook*

In the 2013 Annual Report we forecast for 2014 – based on stable exchange rates – that we did not expect a significant increase in sales but an improvement in the quality of sales revenue. The expectation of sales at the previous year's level was highlighted in the interim report for the first quarter of 2014. We then raised our forecast after completing the first nine months of the year and assumed since that point a slight increase in currency-adjusted sales revenue in the low single-digit percentage range. This forecast was fully achieved in 2014. The sales development in 2014 will be described here in more detail.

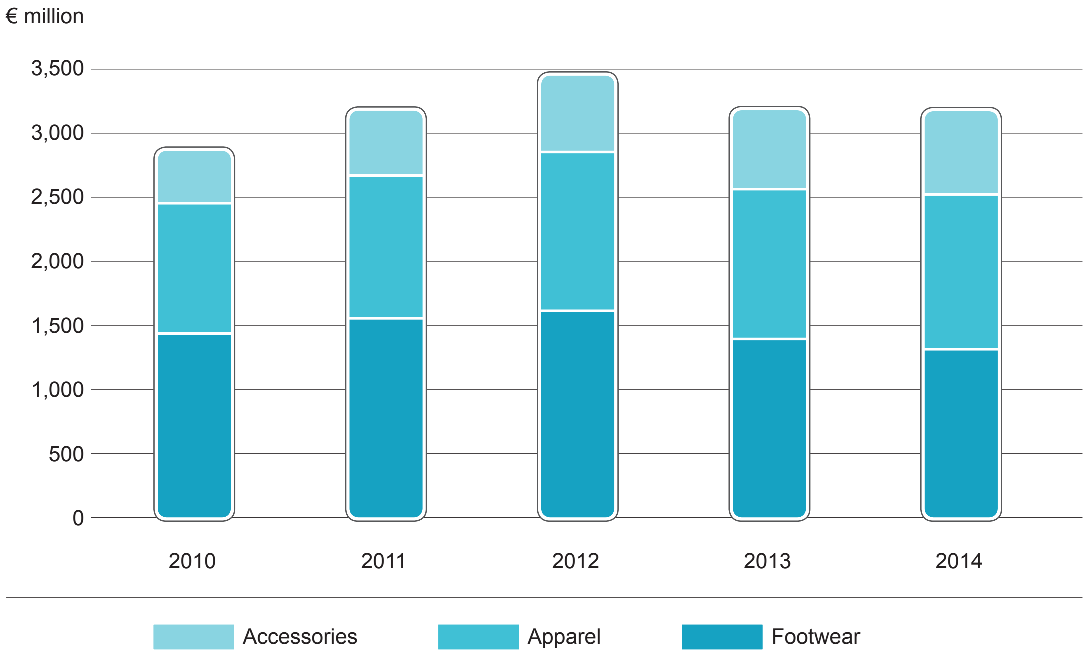
### *Brand Sales*

Worldwide PUMA brand sales - consisting of consolidated and licensed sales - increased by 3.3% currency adjusted in the financial year 2014. In the reporting currency, the Euro, at € 3,171.2 million they remained on a similar level to the previous year (2013: € 3,178.8 million).

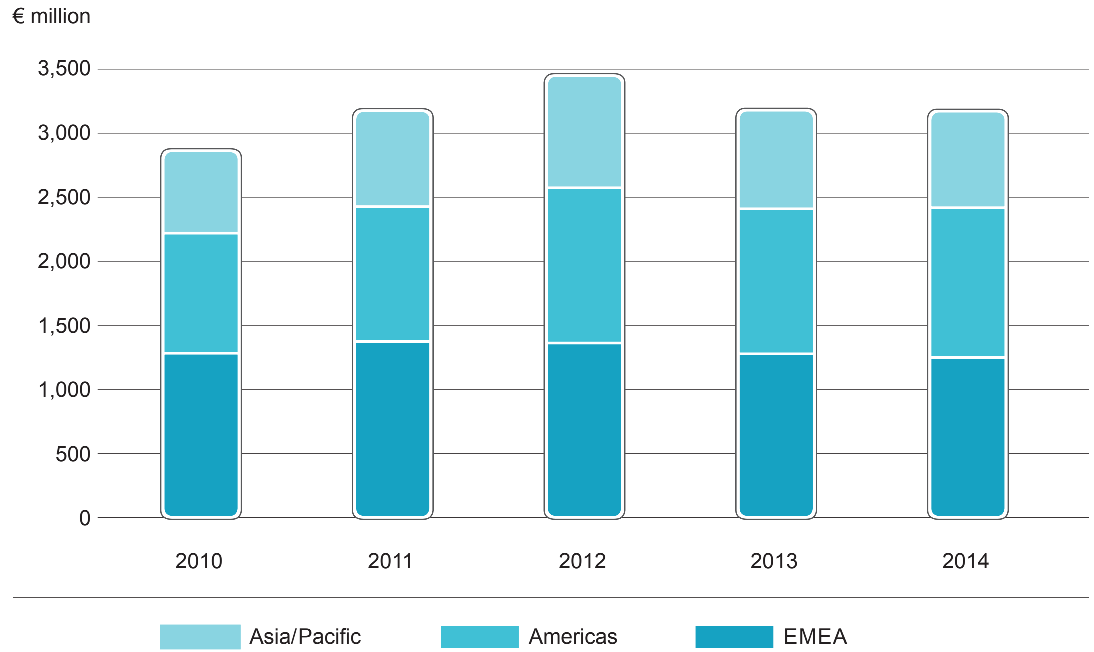
F.4 **Brand Sales**



F.5 **Brand Sales by Product Segment**



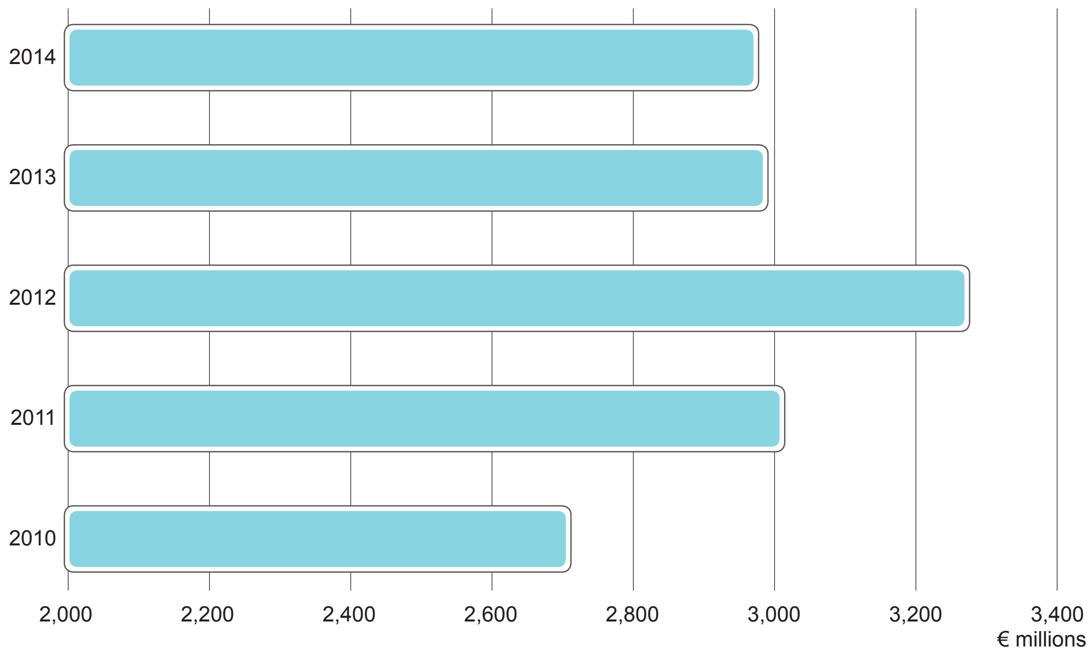

F.6 **Brand Sales by Region**



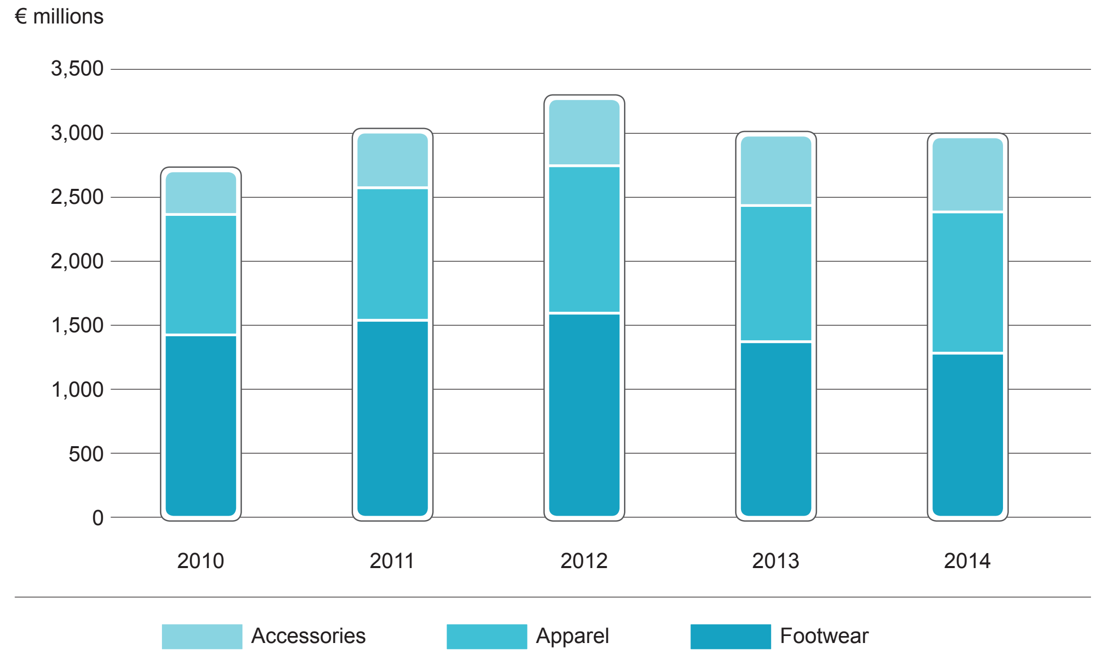

Footwear sales decreased currency-adjusted by 1.7% to € 1,323.5 million. In contrast, apparel sales increased currency-adjusted by 6.8% to € 1,208.8 million. Accessories sales recorded a significant currency-adjusted increase of 7.9% to € 638.9 million.
Footwear accounted for 41.7% (44.1%) of brand sales, apparel for 38.1% (36.8%) and accessories for 20.1% (19.0%).

Brand sales are allocated to regions as follows: **EMEA** 39.4% (40.2%), **Americas** 36.8% (35.6%) and **Asia / Pacific** 23.8% (24.2%).

F.7 **Consolidated Sales**




F.8 **Consolidated Sales by Product Segments**




## *Consolidated net sales*

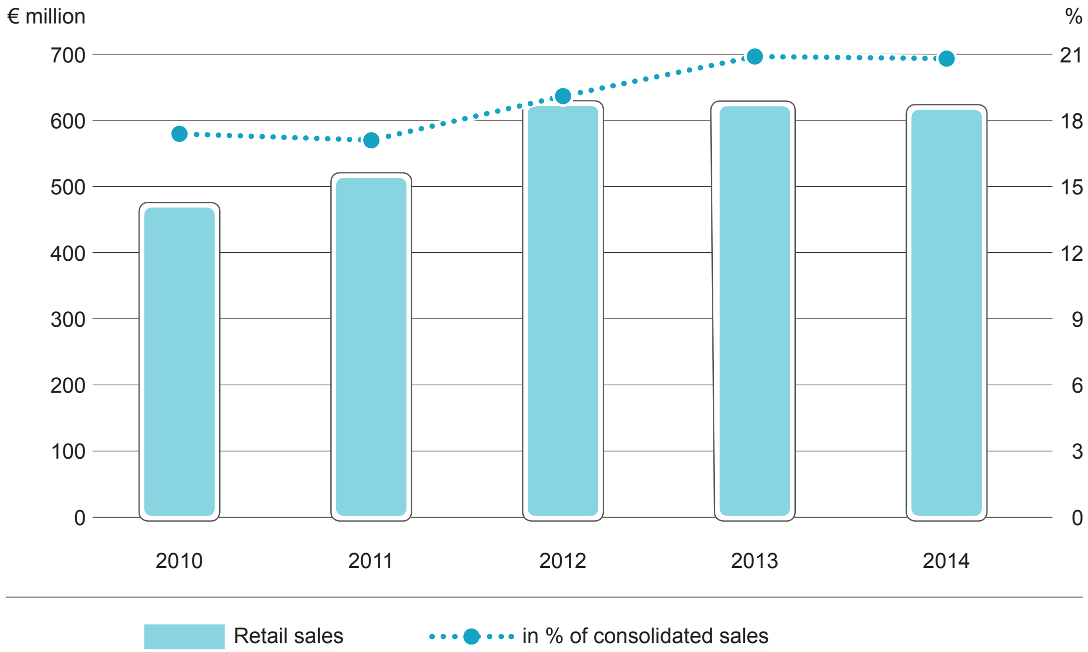
In financial year 2014, PUMA was able to increase consolidated net sales by a currency-adjusted 3.3%. In Euro terms, sales remained approximately at the level of the previous year, as currency effects from various countries had a negative impact on sales. With the sales we achieved, we met our forecast of a slight currency-adjusted increase in sales revenues in the low single digit percentage range for the full year 2014.

Despite a significant strengthening in the area of Teamsport, especially with the PUMA evoSPEED shoe and a significant increase in the fourth quarter, **footwear** sales decreased for the full year currency-adjusted by 2.4% and in Euro terms by 6.5% to € 1,282.7 million. This was mainly due to declining sales in the developed markets of the Motorsports category. As a percentage of consolidated sales, the footwear segment accounted for 43.2%, compared to 46.0% in the previous year.

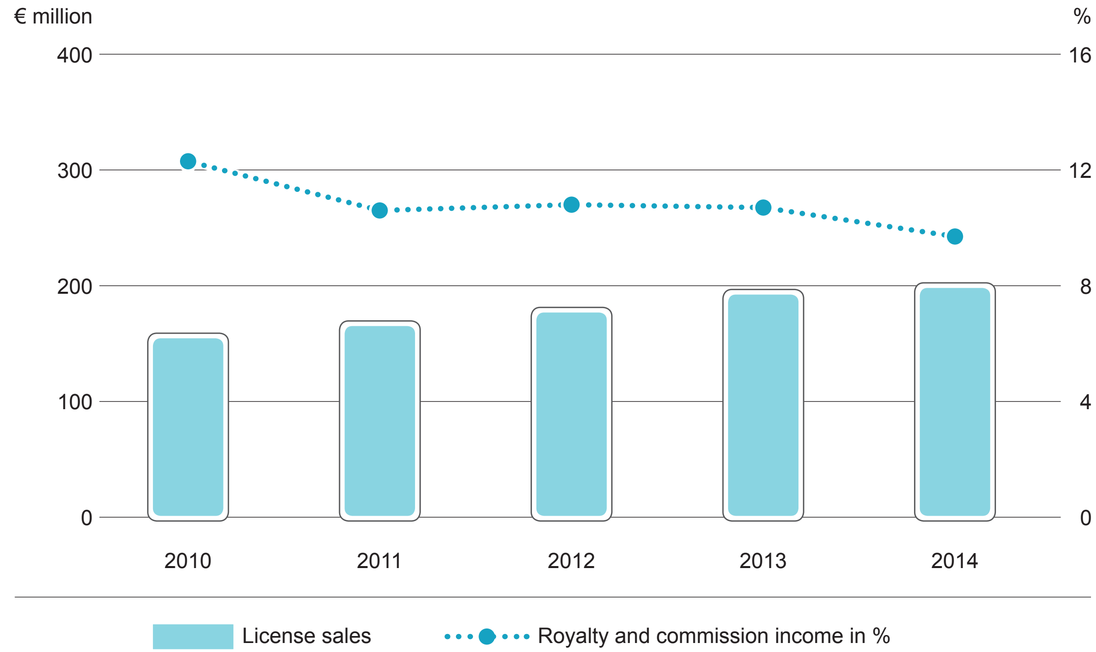
A significant increase in sales was achieved in the **apparel** segment last year. This was partly due to the strong sales of jerseys and memorabilia related to the football World Cup as well as the generally strong demand for Teamsport products, particularly Arsenal, Dortmund and Italy jerseys. As a result, currency-adjusted sales increased by 7.6% and by 3.7% in Euro terms to € 1,103.1 million. This share accounts for 35.6% of consolidated sales compared to 37.1% in the previous year.

Sales in the **accessories** segment developed very favorably during the reporting year. They rose by a currency-adjusted 9.3% and by 6.7% in Euro terms to € 586.3 million. This was due to continued strong demand for PUMA socks and bodywear (Dobotex), which more than offset the declining sales of Golf equipment (Cobra Accessories) due to the weakness in the golfing environment. This share accounted for 19.7% of consolidated sales compared to 18.4% in the previous year.

F.9 **Retail Sales**




F.10 **License Sales / Royalty and Commission Income in %**




### *Retail businesses*

PUMA's own retail businesses include PUMA stores, factory outlets and online sales, which guarantee local availability and a controlled sell-off of PUMA products, as well as the presentation of the brand within appropriate settings. In the past financial year, PUMA was able to further optimize its portfolio of its own retail shops. For example, some retail shops were opened at selected locations, especially in the emerging markets, in order to take advantage of opportunities in the local markets. Sales from the Group's retail activities developed positively currency-adjusted in the past financial year, while they were stable in the reporting currency at € 618 million (2013: € 623.3 million). This amounted to 20.8% of consolidated net sales (2013: 20.9%).

### *Licensing business*

For various product segments, such as fragrances, eyewear, and watches, PUMA issues licenses authorizing independent partners to design, develop and sell these products. Revenue from license agreements also includes some sales licenses for various markets.
License revenues in 2014 increased by 3.0% currency-adjusted. In the reporting currency, the Euro, this corresponds to an increase of 2.9% to € 199.2 million.
Overall, license sales included € 19.4 million of royalty and commission income, compared to € 20.8 million in the previous year. This corresponds to 9.7% (previous year: 10.7%) of license sales.

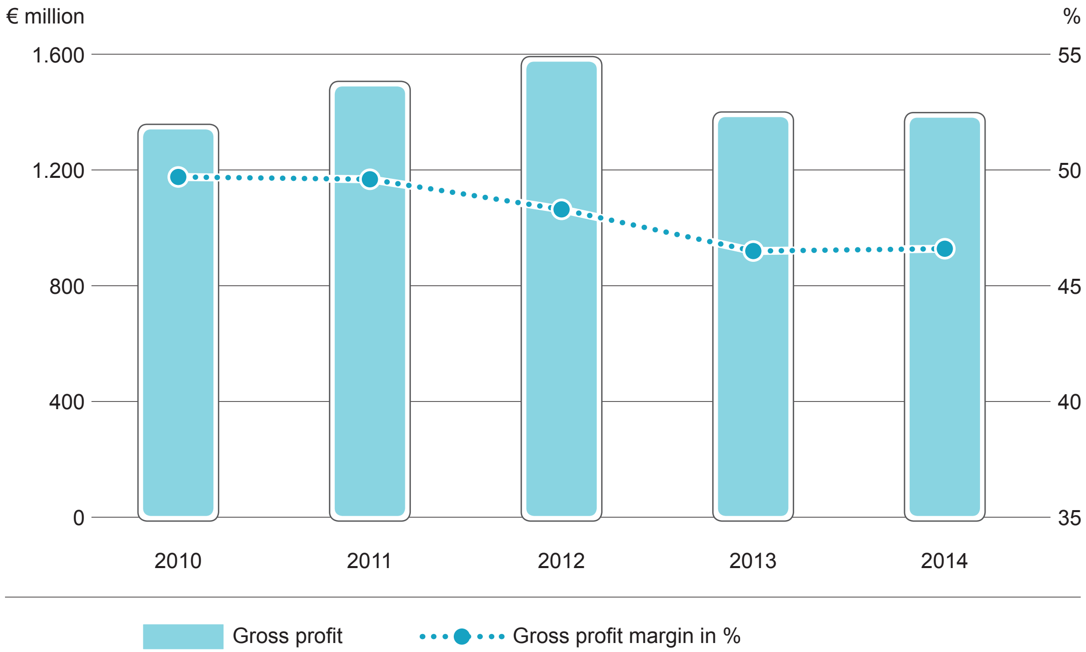
T.1 **Income Statement**

| | 2014 € million | % | 2013 € million | % | + / – % |
|---|---|---|---|---|---|
| **Sales** | **2,972.0** | 100.0% | **2,985.3** | 100.0% | **-0.4%** |
| Cost of sales | -1,586.7 | -53.4% | -1,597.8 | -53.5% | -0.7% |
| **Gross profit** | **1,385.4** | 46.6% | **1,387.5** | 46.5% | **-0.2%** |
| Royalty and commission income | 19.4 | 0.7% | 20.8 | 0.7% | -6.7% |
| Other operating income and expenses | -1,276.8 | -43.0% | -1,216.9 | -40.8% | 4.9% |
| **Operating income before special items** | **128.0** | 4.3% | **191.4** | 6.4% | **-33.1%** |
| Special items | 0.0 | 0.0% | -129.0 | -4.3% | -100% |
| **Operating income (EBIT)** | **128.0** | 4.3% | **62.5** | 2.1% | **104.9%** |
| Financial result / Income from associated companies | -6.2 | -0.2% | -8.7 | -0.3% | -28.8% |
| **Earnings before taxes (EBT)** | **121.8** | 4.1% | **53.7** | 1.8% | **126.6%** |
| Taxes on income | -37.0 | -1.2% | -32.5 | -1.1% | 13.7% |
| Tax rate | -30.4% | | -60.5% | | |
| Net earnings attributable to non-controlling interests | -20.8 | -0.7% | -15.9 | -0.5% | 30.5% |
| **Net earnings** | **64.1** | 2.2% | **5.3** | 0.2% | **1,103.0%** |
| Weighted average shares outstanding (million) | 14,940 | | 14,940 | | 0.0% |
| Weighted average shares outstanding, diluted (million) | 14,940 | | 14,941 | | 0.0% |
| Earnings per share in € | 4.29 | | 0.36 | | 1,103.0% |
| Earnings per share, diluted in € | 4.29 | | 0.36 | | 1,103.1% |

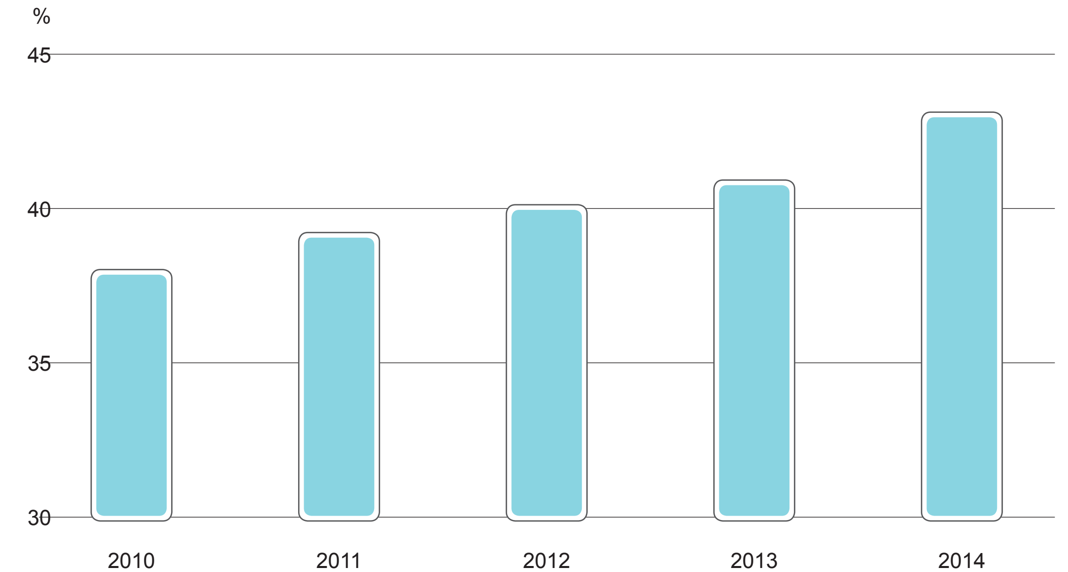
# Results of Operations

To provide a more transparent view of business development, the chart above and the explanations below – unlike the consolidated income statement – show the special items from structural measures relating to the transformation and cost reduction program, selected non-recurring expenses and impairment losses during the financial year on a separate line, because the operating income before special items provides a more accurate picture of the Company's profitability.

F.11 **Gross Profit/Gross Profit Margin**




F.12 **Operating Expenses as a % of Consolidated Sales**




### Discussion of the 2014 Earnings Trend Compared to the 2013 Outlook

In the Outlook contained in the 2013 Annual Report, we projected a slight increase in the gross profit margin. This forecast assumed moderate increases in input prices, stable currencies, improvements in sourcing and favorable changes in the product mix. Moreover, due to heavy investments in advertising and sports marketing and the resulting increase in operating expenses – despite the continued systematic focus on controlling costs - we also expected operating income (EBIT) before special items of around 5.0% of net sales. In addition, because of the special effects in 2013, consolidated net income improved significantly, with a net profit margin of around 3.0%. In light of the currency fluctuations, which negatively impact earnings, in May 2014 PUMA noted the possibility that this could reduce the operating margin and/or the net profit margin for the entire year by around 50 basis points. Based on the earnings generated by PUMA during the first nine months of the year, in November the Company announced that it would be able to post a slight increase in currency-adjusted sales revenues in the low single-digit percentage range, as well as a stable gross profit margin. At the time, PUMA confirmed its projected EBIT and consolidated net earnings margins (approx. 5% and 3% of net sales respectively) and reiterated that the continued volatile currency movements could have a negative impact of around 50 basis points on the two ratios.

### Gross Profit Margin

At 46.6%, gross profit margin improved slightly from the prior-year figure of 46.5. The positive trends in apparel and accessories more than offset the decline in the footwear segment, whereas the gross profit margin decreased to 42.6% from 43.7% in the previous year. By contrast, it increased from 48.3% to 49.5% in the apparel segment and from 49.8% to 50.0% in accessories. Gross profit declined 0.2% and in absolute terms from € 1,387.5 million to € 1,385.4 million. Among the primary factors contributing to the decline were currency fluctuations that were more severe than initially forecast.

### Other Operating Income and Expenses

Because of increased marketing costs associated with the launch of the Forever Faster brand campaign and the Arsenal partnership, other operating income and expenses saw a moderate increase of 4.9% in financial year 2014 from € 1,216.9 million to € 1,276.8 million. Costs were cut across the Company – except for marketing expenses, which were deliberately raised with a clear objective in mind: repositioning PUMA as the World's Fastest Sports Brand. As a percentage of sales, the expense ratio stood at 43.0%, compared to 40.8% in the previous year.

In terms of sales expenditure, expenditure for marketing/retail purposes increased by 10.2%, from € 544.1 million to € 599.7 million. This increase was primarily attributable to the successful Forever Faster campaign. In Marketing/Retail, the expense ratio increased accordingly, from 18.2% to 20.2% of sales. Other sales expenditures decreased 0.9% to € 398.0 million and the expense ratio decreased slightly from 13.5% to 13.4% of sales. Expenditures for product management and merchandising increased by 5.6% to € 34.8 million, thus slightly increasing the expense ratio from 1.1% to 1.2% of sales. Expenditures for research and development decreased by 3.1% to € 46.3 million and the corresponding expense ratio remained stable at 1.6% of sales.

In 2014, other operating income totaled € 17.3 million (previous year: € 17.7 million). Administrative and general expenses rose slightly from € 208.1 to € 215.4 million. The expense ratio as a percentage of sales, however, increased from 7.0% to 7.2%.

The respective expenses include total depreciation/amortization of € 50.5 million (previous year: € 53.8 million). This represents a 6.2% decrease in depreciation/amortization compared to the previous year.

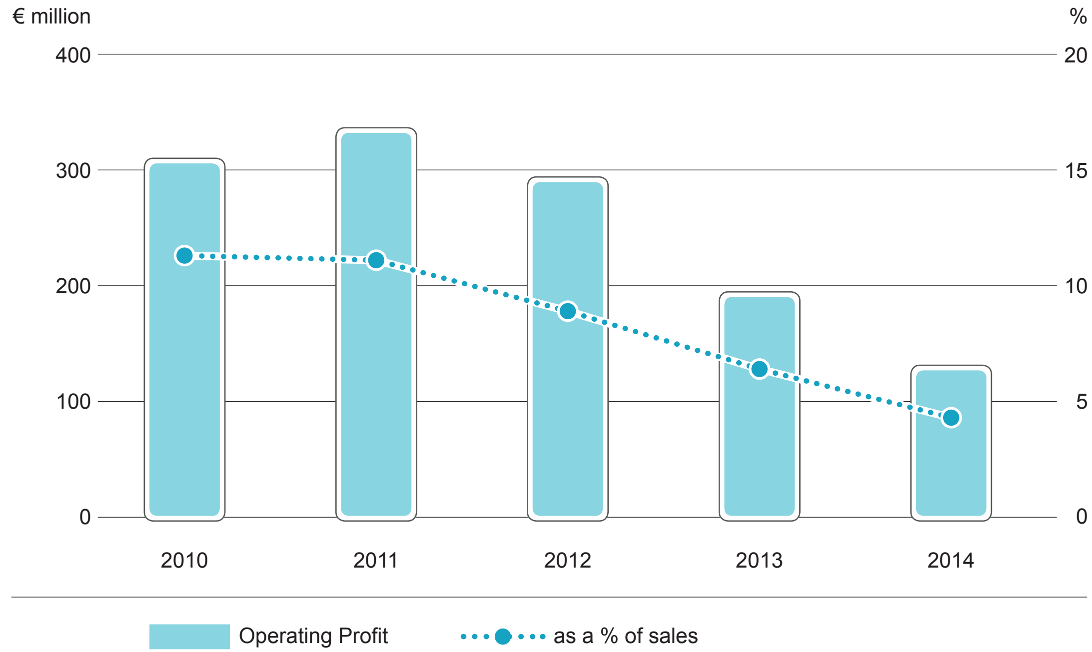
### Operating Income (EBIT) before Special Items

As expected, operating income before special items fell from € 191.4 million in the previous year to € 128.0 million. As a percentage of sales, this represents an operating margin of 4.3%, compared to 6.4% in 2013. The projected operating margin of 5% (less the expected 50-basis-point decline due to continued currency fluctuations) was therefore achieved.

### Special Items

Overall, no special items had a negative impact on operating income (EBIT) in 2014. Nevertheless, in financial year 2014 PUMA allocated various issues to special items because the resulting income and expenses were unrelated to PUMA's ongoing operating activities. This primarily involves reversals of restructuring provisions that are offset by adjustments to goodwill. While € 129.0 million of special items were reported the previous year, these items cancelled each other out completely during the past financial year; as a result, there were no charges against operating income (EBIT) for special items overall in 2014.

F.13 **Operational Result – EBIT before Special Items**




### Operating Income (EBIT)

Because the special items offset each other in 2014, operating income was higher (€ 128.0 in 2014, compared to € 62.5 million in 2013). As a percentage of sales, this is equivalent to an improvement in the operating margin from 2.1% to 4.3%.

### Financial Result

The financial result improved from € -8.7 million in 2013 to € -6.2 million, including a welcome decrease in expenses related to currency-conversion differences of €1.5 million (previous year: € 8.4 million). Due to low interest rates, this was offset by the decrease in interest income to € 4.8 million (previous year: € 6.2 million). The financial result also includes total interest expense of € 9.8 million (previous year: € 6.7 million) and income from the associated company, Wilderness Holdings Ltd, which was unchanged from the previous year (€1.3 million).

### Earnings before Tax (EBT)

Earnings before taxes increased from € 53.7 million to € 121.8 million; in percentage terms, EBT rose from 1.8% to 4.1% of sales. This significant increase is attributable to the low basis for comparison due to the previous year's special items. The tax expense totaled € 37.0 million (2013: € 32.5 million). Accordingly, the tax rate moved toward a standardized level for PUMA and stood at 30.4%. It was considerably higher the previous year – at 60.5% - due to the tax effects of the non-deductible impairment losses.

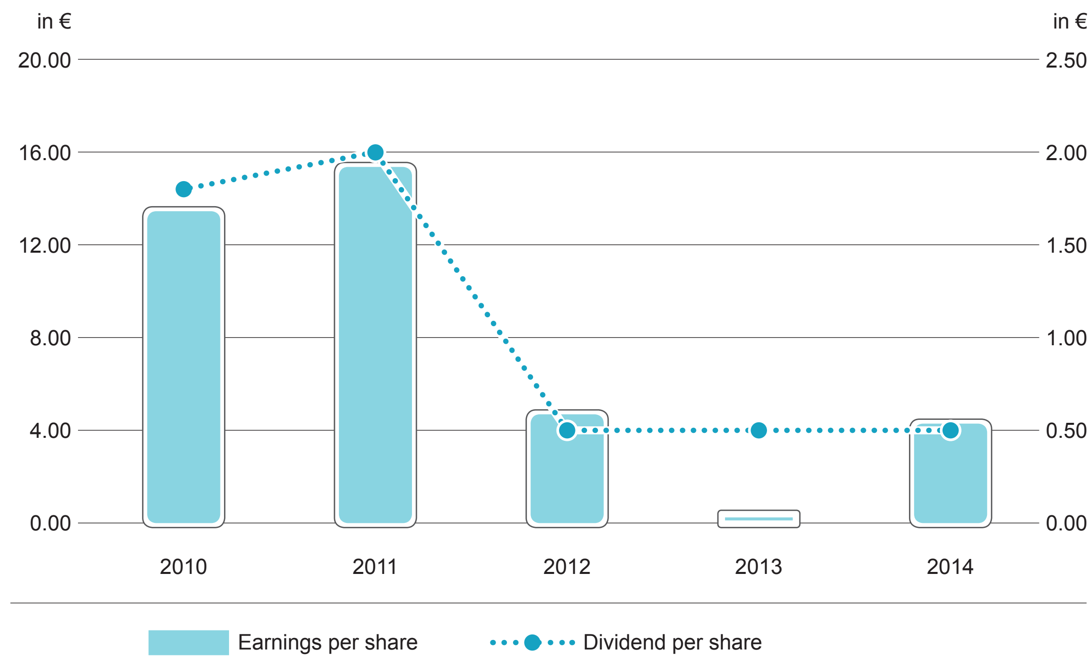
### Net Earnings Attributable to Non-controlling Interests

Net earnings attributable to non-controlling interests increased from € 15.9 million to € 20.8 million and referred to PUMA Wheat and PUMA Janed, which distribute accessories in the American market.

### Net Earnings

As forecast at the beginning of the past financial year, PUMA was able to post a significant improvement in consolidated net income. Net earnings jumped from € 5.3 million to € 64.1 million, impressively demonstrating the initial successes from the turnaround initiated in 2014. Also as forecast, the net profit margin increased to 2.2% from 0.2% the previous year. Earnings per share as well as diluted earnings per share rose to € 4.29, compared to € 0.36 the previous year.

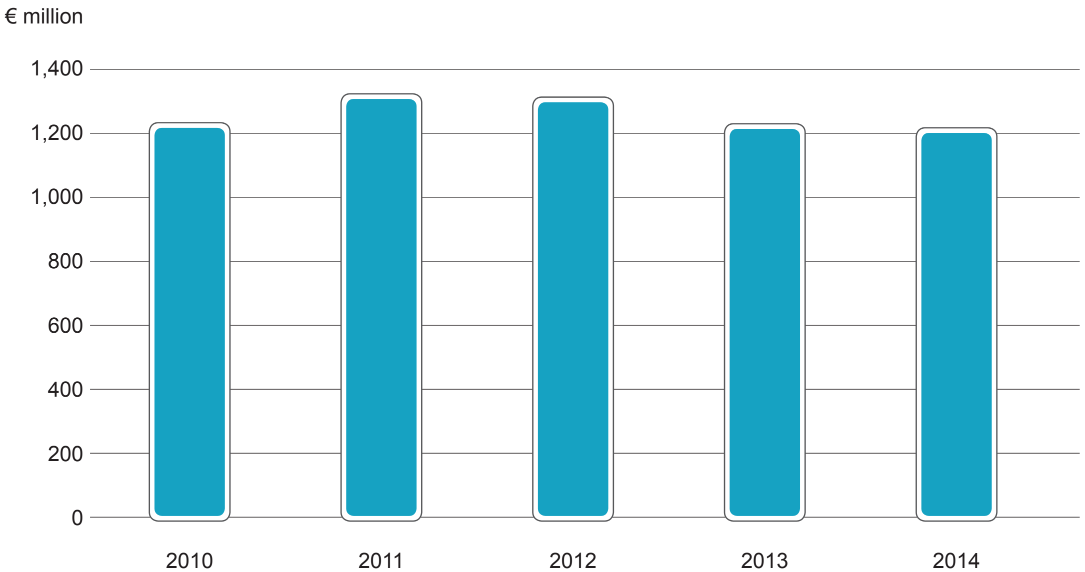
F.14 Earnings/Dividend per Share



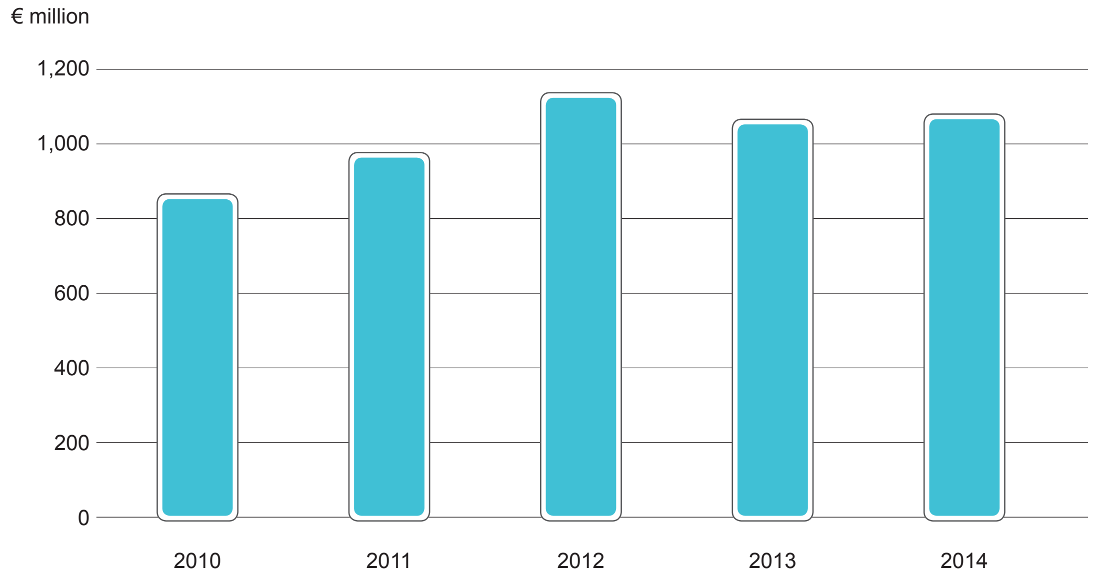

## Dividends

The Managing Directors will recommend to the Administrative Board at the Annual General Meeting on May 6, 2015 that a dividend of € 0.50 per share be distributed from PUMA SE's retained earnings for financial year 2014 (previous year: € 0.50). As a percentage of consolidated sales, the payout ratio amounts to 11.7%, compared to 140.3% in the previous year. The high payout ratio in 2013 was due to the special items. The dividends will be distributed the day after the Annual General Meeting at which the resolution on the distribution is adopted

F.15 **EMEA Sales**




F.16 **Americas Sales**




## Regional Development

Despite continuing economic difficulties in some of the countries, currency-adjusted sales in the **EMEA** region rose by 1.3% to € 1,205.8 million. Positive momentum was contributed, in particular, by improved business trends in Great Britain, Eastern Europe and the Middle East. In the reporting currency, the Euro, sales declined by 1.0%. The EMEA region accounted for 40.6% of consolidated sales, compared to 40.8% in 2013.

Currency-adjusted sales in the footwear segment decreased by 6.3%, while currency-adjusted apparel sales increased by 6.9%. Currency-adjusted accessories sales rose by 7.1%.

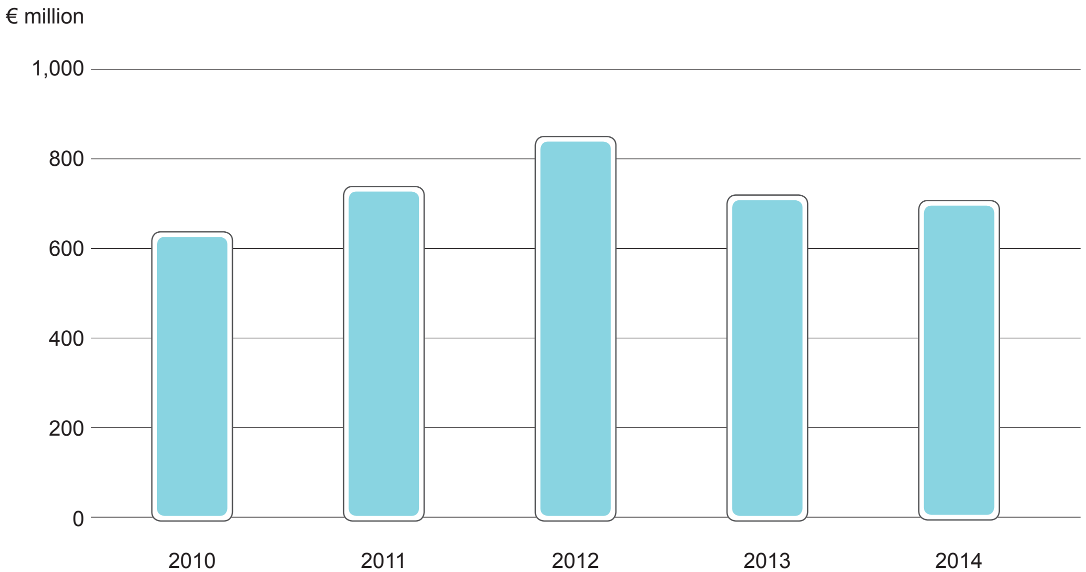
The gross profit margin increased to 49.6 %, compared to 46.0 % in 2013.

In the **Americas**, currency-adjusted sales rose by 6.7% to € 1,069.9 million, with sales growth coming from both North and Latin America. In the Euro reporting currency, sales rose 1.3%, due in particular to volatile currency movements in Argentina resulting from the economic situation there. The Americas region accounted for 36.0% of consolidated sales, compared to 35.4% in 2013.

Currency-adjusted footwear sales rose slightly, by 0.1%. At the same time, the apparel and accessories segments reported significant increases in sales, with apparel increasing by 14.3% and accessories by 14.0%. The latter is primarily attributable to the good performance by the companies PUMA Wheat (Accessories) and PUMA Janed (socks and bodywear).

The gross profit margin for the Americas stood at 42.9 %, compared to 45.2 % in the previous year.

F.17 **Asia/Pacific Sales**



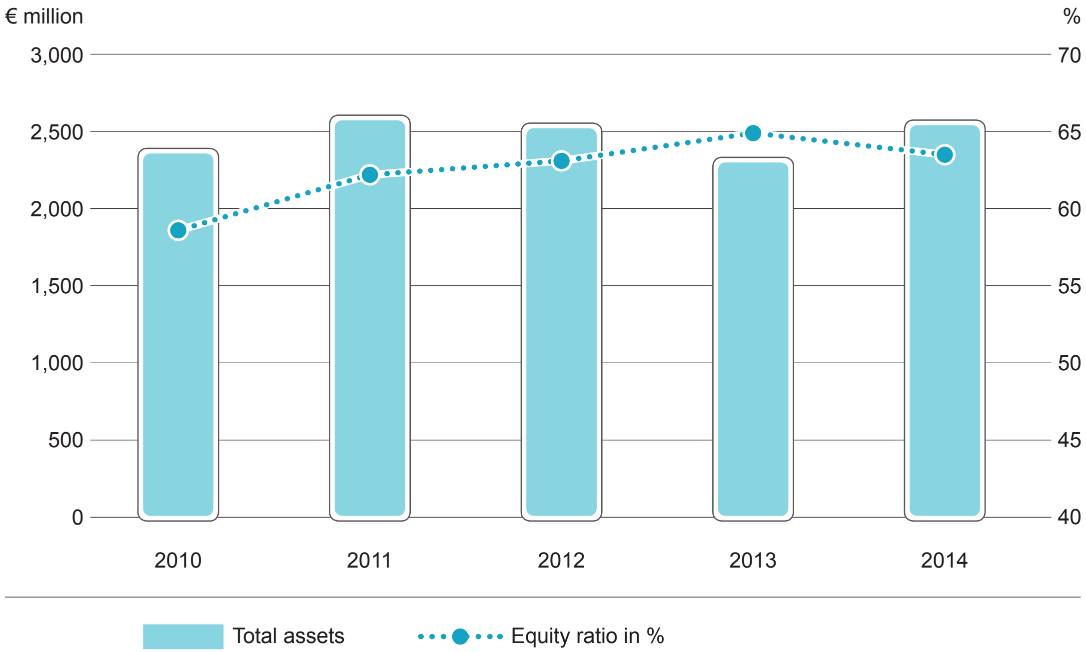

Currency-adjusted sales in the **Asia / Pacific** region rose by 1.9% to € 696.3 million. A positive trend could be seen throughout virtually the entire region, with the exception of Japan, where the economic situation stood in the way of positive sales performance. In the reporting currency, the Euro, sales were down 2.1% compared to the previous year. This represented 23.4% of consolidated sales, compared with 23.8% in 2013.
Currency-adjusted footwear sales were unchanged from the previous year, while apparel rose by 2.7 % and accessories by 5.3%.
The gross profit margin decreased from 49.1% to 47.1%.

# Net Assets and Financial Position

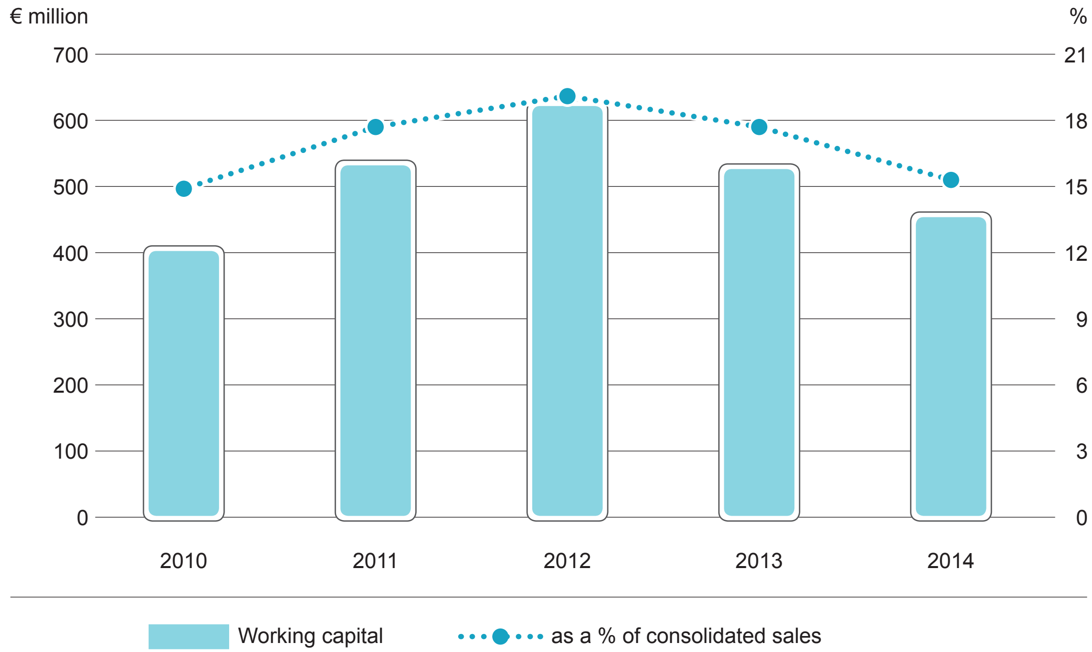
T.2 **Balance Sheet**

| | Dec. 31 2014 € million | % | Dec. 31 2013 € million | % | + / – % |
|---|---|---|---|---|---|
| Cash and cash equivalents | 401.5 | 15.7% | 390.1 | 16.9% | 2.9% |
| Inventories | 571.5 | 22.4% | 521.3 | 22.6% | 9.6% |
| Trade receivables | 449.2 | 17.6% | 423.4 | 18.3% | 6.1% |
| Other current assets (Working Capital) | 202.4 | 7.9% | 167.8 | 7.3% | 20.6% |
| Other current assets | 58.0 | 2.3% | 11.6 | 0.5% | 400.9% |
| **Current assets** | **1,682.5** | 66.0% | **1,514.2** | 65.6% | 11.1% |
| Deferred taxes | 178.8 | 7.0% | 164.2 | 7.1% | 8.9% |
| Other non-current assets | 688.7 | 27.0% | 630.1 | 27.3% | 9.3% |
| **Non-current assets** | **867.5** | 34.0% | **794.3** | 34.4% | 9.2% |
| **Total assets** | **2,549.9** | 100.0% | **2.308.5** | 100.0% | 10.5% |
| Current financial liabilities | 19.8 | 0.8% | 25.1 | 1.1% | -21 .1% |
| Trade liabilities | 515.2 | 20.2% | 373.1 | 16.2% | 38.1% |
| Other current liabilities (Working Capital) | 252.1 | 9.9% | 211.1 | 9.1% | 19.4% |
| Other current liabilities | 35.5 | 1.4% | 81.6 | 3.5% | -56.4% |
| **Current liabilities** | **822.6** | 32.3% | **690.8** | 29.9% | 19.1% |
| Deferred taxes | 54.6 | 2.1% | 50.3 | 2.2% | 8.5% |
| Pension provisions | 26.0 | 1.0% | 28.1 | 1.2% | -7.3% |
| Other non-current liabilities | 28.4 | 1.1% | 42.1 | 1.8% | -32.5% |
| **Non-current liabilities** | **109.0** | 4.3% | **120.4** | 5.2% | -9.5% |
| **Shareholders' equity** | **1,618.3** | 63.5% | **1,497.3** | 64.9% | 8.1% |
| **Total liabilities and shareholders' equity** | **2,549.9** | 100.0% | **2,308.5** | 100.0% | 10.5% |
| **Working Capital** | **455.7** | | **528.4** | | -13.8% |
| - in % of consolidated sales | 15.3% | | 17.7% | | |

F.18 **Total Assets/Equity Ratio**




F.19 **Working Capital**




### Equity Ratio

PUMA continues to have an extremely solid capital base. As of 31 December 2014, total assets increased by 10.5% from € 2,308.5 million to € 2,549.9 million. As a result of this increase, the equity ratio decreased slightly from 64.9% in 2013 to 63.5% in 2014. However, in absolute terms, shareholders' equity increased by a substantial 8.1%, from € 1,497.3 to € 1,618.3 million.

### Working Capital

During the past financial year, PUMA continued to work to optimize its working capital. During the reporting year, working capital showed a 13.8% improvement, from € 528.4 million to € 455.7 million. As a percentage of sales, working capital decreased from 17.7% to 15.3%. However, inventories increased from € 521.3 million to € 571.5 million. Trade receivables also rose 6.1% to € 449.2 million because of higher sales in the fourth quarter. The main reason for the decrease in working capital was the increase, as of the balance-sheet date, of 38.1% in trade payables, from € 373.1 million to € 515.2 million. This was related to the increase in inventories and the timing of payments.

### Other Assets

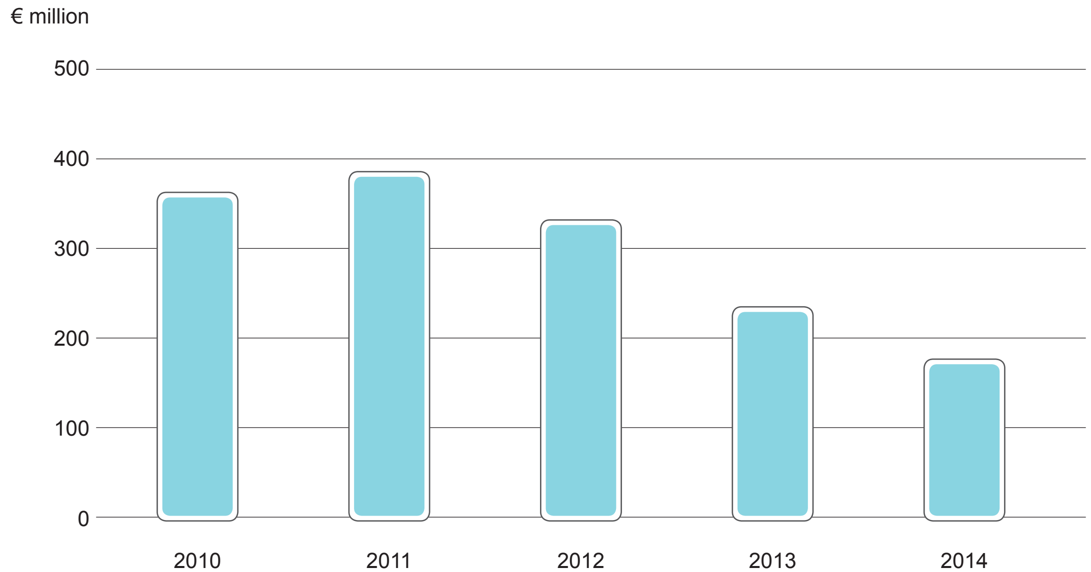
Other current assets, which include the market value of financial derivatives, increased by a significant € 11.6 million compared to the previous year's to € 58.0 million. Other non-current assets, consisting mainly of intangible assets and property, plant and equipment, rose 9.3% to € 668.7 million due to the long-term strategic investment in Borussia Dortmund and investments in property, plant and equipment. Compared to 2013, other current liabilities dropped by 56.4% to € 35.5 million, primarily due to the utilization of the restructuring provisions.

# Cash Flow

T.3 **Cash Flow Statement**

| | 2014 € million | 2013 € million | + / – % |
|---|---|---|---|
| Earnings before tax (EBT) | 121.8 | 53.7 | 126.6% |
| Financial result and expenses and income not in the income statement | 50.4 | 176.9 | -71.5% |
| **Gross cash flow** | **172.2** | **230.6** | **-25.4%** |
| Change in current assets, net | 16.8 | -45.0 | -137.2% |
| Taxes and interest payments | -62.6 | -76.3 | -18.0% |
| **Net cash from operating activities** | **126.4** | **109.3** | **15.6%** |
| Payment for acquisition of shareholdings | -23.8 | -20.6 | 15.6% |
| Payment for investing in fixed assets | -72.6 | -55.7 | 30.3% |
| Other investing activities | 9.4 | -3.8 | -346.3% |
| **Net cash used in investing activities** | **-87.0** | **-80.1** | **8.6%** |
| **Free cash flow** | **39.3** | **29.2** | 34.7% |
| **Free cash flow (before acquisitions)** | **63.1** | **49.8** | 26.8% |
| - in % of consolidated sales | 2.1% | 1.7% | |
| **Net cash used in financing activities** | **-36.2** | **-24.8** | **45.7%** |
| Effect on exchange rates on cash | 8.2 | -21.6 | -138.0% |
| Change in cash and cash equivalents | 11.4 | -17.2 | -166.3% |
| Cash and cash equivalents at beginning of the financial year | 390.1 | 407.3 | -4.2% |
| **Cash and cash equivalents at year-end** | **401.5** | **390.1** | **2.9%** |

F.20 **Gross Cash Flow**

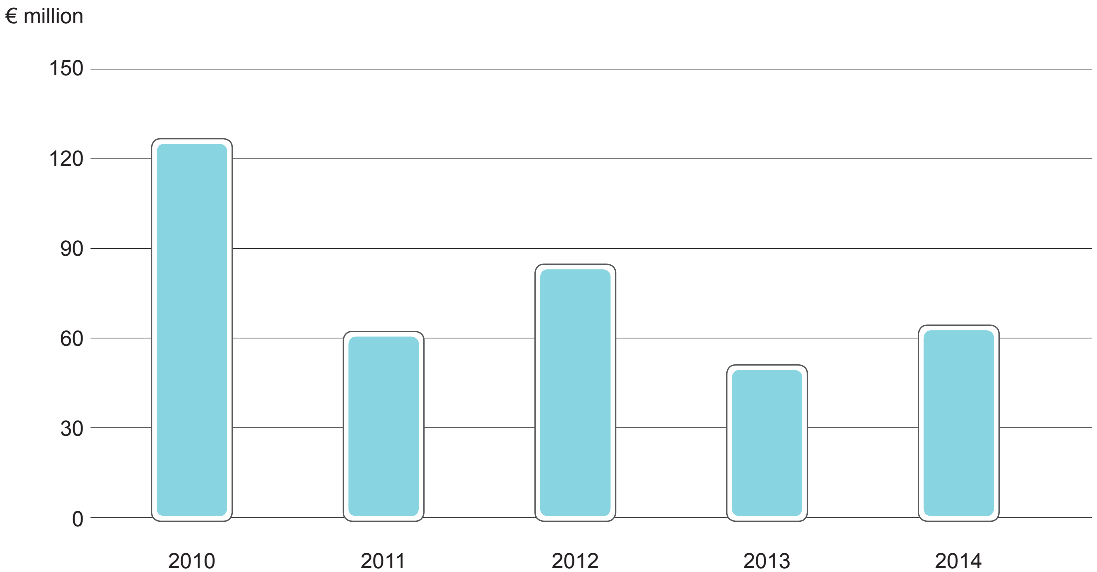



During financial year 2014, cash flow from operating activities increased significantly, from € 109.3 million to € 126.4 million. On the one hand, this was attributable to the improvement in net working capital*, which resulted in cash flow of € 16.8 million in 2014, compared to a cash outflow of € 45.0 million the previous year. On the other hand, the cash outflow for taxes and interest payments decreased to € 62.6 million, compared to € 76.3 million the previous year.

Cash used in investment activities increased slightly, from € 80.1 million to € 87.0 million. This increase resulted from the purchase of shares in Borussia Dortmund and from higher investments in fixed assets, in particular selective openings of new retail stores in growth markets. As a result, ongoing investments in fixed assets increased from € 55.7 million in 2013 to € 72.6 million in 2014. This not only involves opening new retail stores but also renovating selected retail stores and investing in factory and office equipment and in IT.

* Net working capital includes normal working capital line items plus current assets and liabilities which are not normally part of the working capital calculation.

F.21 **Free Cash Flow (before Acquisitions)**




Without considering payments for acquisitions of equity stakes, the net result of cash in- and outflows from ongoing operating and investment activities is the “free cash flow”, which increased significantly from € 49.8 million to € 63.1 million. Here, the improved working capital position played a significant role. As a percentage of sales, free cash flow before acquisitions was 2.1%, compared to 1.7% in 2013.

Cash used in financing activities mainly includes € 7.5 million in dividend payments to shareholders of PUMA SE (previous year: € 7.5 million) and dividend payments to non-controlling interests, as well as the repayment of current financial liabilities.

Cash and cash equivalents increased from € 390.1 million at the beginning of the year to € 401.5 million at the end of the year. The PUMA Group also had credit facilities totaling € 343.2 million as of December 31, 2014 (previous year: € 347.0 million). Unutilized credit lines totaled € 324.4 million on the reporting date, compared to € 324.9 million the previous year.

# COMPENSATION REPORT

### Managing Directors

The compensation of the Managing Directors, which is determined by the Administrative Board, consists of non-performance-based and performance-based components. The non-performance-based components consist of a fixed salary and non-cash compensation, whereas the performance-based components consist of bonuses and components with a long-term incentive effect. Along with job assignments and performance of each individual Managing Director, the criteria for calculating the total remuneration are the economic situation, long-term strategic planning and related targets, the long-term durability of targeted results and the Company‘s long-term prospects.

A fixed salary is paid out monthly as non-performance-based basic compensation. In addition, the Managing Directors receive non-cash compensation, such as company cars and the payment of old age pension and social security premiums. In principle, these benefits are granted to all Managing Directors in an equal manner and are included in the non-performance-based compensation.

The bonus component of performance-related compensation is mainly based on the PUMA Group's operating income (EBIT) and free cash flow and is staggered according to the degree to which targets are met. In addition, qualitative individual goals are set. The parties also agree on an upper limit.

In financial year 2013, a new compensation program adopted at the first Administrative Board meeting in 2014 was introduced in order to provide long-term incentives to Managing Directors. Corresponding to the vesting period, pro-rata provisions totaling € 0.4 million were set up for the 2014 program, based on commitments made to the Managing Directors in their employment contracts. Under the new performance-based program, 70% of the compensation will be based on the medium-term performance of PUMA SE's share and 30% will be based on the medium-term performance of Kering SA's share in relation to benchmark companies. Further information on the program can be found in Section 19 of the Notes to the Consolidated Financial Statements.

The fixed compensation for the five Managing Directors amounted to € 2.5 million in the financial year (previous year: € 1.9 million) and variable bonuses came to € 2.4 million (previous year: € 0.9 million). Non-cash compensation totaled € 0.2 million (previous year: € 0.1 million).

The compensation program with long-term incentive components results in the allocation of expenses to the vesting period, the expenses arising from options issued in previous years totaled € 0.3 million (previous year: € 3.1 million). As a result of two Managing Directors leaving the Company, provisions of € 0.2 were reversed.

During the reporting year, a total amount of € 4.1 million was spent on compensation and related payments promised to Managing Directors leaving the company.

The Managing Directors receive pension benefits, for which the Company took out a pension liability insurance policy. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. During the financial year, € 0.5 million was allocated for Managing Directors (previous year: € 0.3 million). The present value of the pension benefits granted to Managing Directors in the amount of € 1.3 million as of December 31, 2014 (previous year: € 0.3 million) was offset against the pledged asset value of the pension liability insurance policy, which was of an equal amount.

Pension obligations to former members of the Board of Management and Managing Directors amounted to € 12.5 million (previous year: € 12.5 million) and are accordingly recognized as liabilities under pension provisions, unless they are offset against asset values of an equal amount. Pensions paid totaled € 0.2 million (previous year: € 0.2 million).

A long-term incentive program, Game Changer 2017, was introduced for senior management and strategically important employees that will allow this group of employees to participate in PUMA SE's earnings over the medium term. This program will replace the previous stock-option plan and will focus on earnings criteria, operating income (EBIT), working capital and the gross profit margin over a three-year period. An amount of € 0.9 million has been set aside for this program. Please see Section 19 of the notes to the consolidated financial statements for more information on this program.

### Administrative Board

In accordance with the Articles of Association, the Administrative Board has at least three members; it currently consists of eight members. The compensation of the Administrative Board is comprised of a fixed and a performance-based component. The total fixed compensation amounted to € 0.3 million (previous year: € 0.3 million).

In accordance with the Articles of Association, each member of the Administrative Board receives fixed annual compensation in the amount of € 25,000. Fixed remuneration is increased by an additional fixed annual amount of € 25,000 for the Chairman of the Administrative Board, € 12,500 for the Vice Chairman of the Administrative Board, € 10,000 for the Chairman of a committee (with the exception of the Nominating Committee) and € 5,000 for each member of a committee (with the exception of the Nominating Committee).

In addition, each Administrative Board member receives performance-based compensation equal to € 20.00 for each € 0.01 by which the earnings per share figure exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000 per year. The Chairman of the Administrative Board receives twice this amount (maximum € 20,000) and the Vice Chairman receives one and a half times this amount (maximum € 15,000) in compensation. Since earnings per share are below the minimum amount in the financial year, no performance-based compensation will be paid.

# RISK AND OPPORTUNITY MANAGEMENT

Due to the global nature of its business activities, PUMA is constantly exposed to risks that must be monitored and limited. But where there are risks there are also opportunities, and it is important to identify, evaluate and continually monitor these by implementing effective risk and opportunity management policies.

The risk-management guidelines and organization at PUMA provide for methodical and systematic procedures. The direct responsibility for identifying and monitoring risks is assigned to functional employees or employees responsible for implementing processes. They provide information about major changes in the risk portfolio in the form of periodic and ad-hoc reports.

To do so, risk managers use a Group-wide uniform risk management. This makes it possible to quickly and flexibly identify risks and forward them to the Risk & Compliance Committee (hereinafter referred to as “RCC”). The RCC consists of a fixed group of managing executives from various corporate divisions. The position of RCC Chairman is filled by a Managing Director. The RCC Chairman reports the results from the RCC meetings to the other Managing Directors as well as to the Administrative Board. The RCC also regularly carries out a documented risk assessment as a critical review of the existing risk portfolio and to identify any possible changes.

PUMA’s Group-wide internal audits and its comprehensive reporting and controlling system are also essential components of its risk management approach. PUMA’s reporting and controlling system is based on monthly financial reporting as well as the review and plausibility reports on reported information issued by Controlling.

Managers analyze opportunities and risks in annual planning discussions around the world, setting targets and defining courses of action based on the results. The comprehensive reporting system continuously monitors and generates reports on compliance with the set targets. This enables PUMA to promptly identify any deviations or negative developments and to initiate any necessary countermeasures in a timely manner.

## Risk and Opportunity Categories

### Macroeconomic Developments
As an international company, PUMA is directly exposed to global macroeconomic developments. Developments in the broader economy can have a direct impact on consumer behavior. For example, political crises, changes to the legal framework and social influences may have a direct positive or negative effect on consumer behavior.
PUMA counters these risks through geographic diversification and a balanced product portfolio that leaves its own creative mark intended to set the Company apart from the competition in a positive manner.

### Brand Image
Brand image is extremely important for PUMA: it can have a positive impact on consumer behavior but also a negative one to the detriment of the brand.
PUMA established a new mission statement in 2013 ("To be the Fastest Sports Brand in the world") in order to ensure PUMA's sporting roots are emphasized even further in the future and to sharpen its perception as a sports brand. The new brand promise "Forever Faster" and the associated long-term brand campaign aim to revitalize the PUMA brand and to ensure it is kept in the forefront of consumers' minds.

### Counterfeit Products
Counterfeit products can cause considerable damage to consumer confidence in the brand and lead to a negative brand image for PUMA. For this reason, PUMA has made fighting brand piracy a top priority. PUMA's intellectual property team does more than just protect a strong global intellectual property portfolio of trademarks, designs and patents. PUMA also works closely with customs and other law-enforcement authorities around the world and provides input regarding the implementation of effective laws to protect intellectual property.

### Reporting in the Media
A negative media report about PUMA, such as a product recall, infringement of data protection laws or disciplinary proceedings, can also do significant damage to the brand and ultimately result in the loss of sales and profit, regardless of whether these events actually happened or were just assumed by

the media. PUMA protects itself against this risk through careful public relations work, which is managed from the Group's headquarters in Herzogenaurach, Germany.

### Human Resources

Creative potential and the commitment and performance of employees are important pillars for the success of any business and the source of significant opportunities as well. PUMA encourages independent thinking and acting, which is key in a trust-based corporate culture with a flat hierarchy.

PUMA's human resources strategy seeks to ensure the long-term sustainability of this successful philosophy. To achieve this goal, a control process is in place to detect and assess human-resource risks. Accordingly, special attention has been paid to managing talent, identifying key positions and high-potential individuals, and optimizing talent placement and succession planning. PUMA has instituted additional national and global rules and guidelines to ensure compliance with legal provisions.

PUMA will continue to make targeted investments in the human-resource needs of particular functions or regions in order to meet the future requirement of its corporate strategy.

### Sourcing

Most products are produced in the emerging markets of Asia. Production in these countries is associated with various risks. For instance, certain risks may result from factors such as fluctuations in exchange rates, changes in taxes and customs duties, trade restrictions, natural disasters and political instability. Risks may also result from an over-dependence on individual manufacturers.

The portfolio is regularly reviewed and adjusted to avoid creating a dependence on individual suppliers and sourcing markets. In order to ensure that the necessary future production capacity will be available, framework agreements are generally concluded for extended periods.

The main task of the PUMA.Safe team is to support the optimal integration of environmental protection and social responsibility into PUMA's core business areas and to reconcile these two pillars of sustainable development with financial performance.

### Legal Risks

As an international company, the PUMA Group is exposed to various legal risks. These include contractual risks or risks that a third party could assert claims and litigation for infringement of its trademark rights, patent rights or other rights. The continuous monitoring of our contractual obligations and the integration of internal and external legal experts in contractual matters should ensure that any legal risks are avoided.

### Product and Market Environment

Recognizing and taking advantage of relevant consumer trends early on is key to countering the risk posed by market-specific product influences, in particular the risk of substitutability in the competitive sport and lifestyle market. Only those companies that identify these trends at an early stage will be able to gain an edge over their competitors.

PUMA's targeted investments in product design and development ensures that the characteristic PUMA design of the entire product range is consistent with the overall brand strategy, thereby creating a unique level of brand recognition.

PUMA also makes use of various distribution channels in order to minimize dependence on any single channel. The expansion of the Company's own retail outlets is intended to ensure that PUMA products are presented in an exclusive brand environment preferred by PUMA.

### Retail

Distribution through its own retail stores is linked to various risks for PUMA, including investments in expansion and equipping stores, higher fixed cost compared to distribution through wholesalers as well as lease agreements with long-term lease obligations, all of which can have a negative impact on profitability if business declines. On the other hand, extending the value chain can deliver higher gross margins and provide better control over distribution. In addition, PUMA-owned retail stores can deliver PUMA brand experience directly to the end customer.

To avoid risks and take advantage of opportunities, PUMA performs in-depth location and profitability analyses before making the investment decision. The Company's strong controlling and key performance indicator system enables it to detect negative trends early on and take the countermeasures required to manage individual stores accordingly.

### Organizational Challenges

PUMA's decentralized organization supports the Company's global orientation and must therefore be supported by an integrated IT, logistics and personnel infrastructure. For this reason, the company's business processes must be continually optimized and adapted.

To accomplish this objective, PUMA continued to optimize its organizational structure and internal processes in 2014. One key project in this effort is the implementation of an optimized sourcing organization.

### Currency Risks

As an international company, PUMA is subject to currency risks resulting from the disparity between the respective amounts of currency used on the purchasing and sales sides and from exchange-rate fluctuations.

PUMA's biggest procurement market is Asia, where most payments are settled in USD, while sales are mostly invoiced in other currencies. PUMA manages currency risk in accordance with internal guidelines. Currency forward contracts are used to hedge existing and future financial liabilities denominated in foreign currencies.

To hedge signed or pending contracts against currency risk, PUMA only concludes forward currency contracts on customary market terms with reputable international financial institutions and Kering Finance SNC. As of the end of 2014, the net requirements for the 2015 planning period were adequately hedged against currency effects.

Foreign exchange risks may also arise from intra-group loans granted for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting intra-group loans denominated in foreign currencies into the functional currencies of the Group companies.

In order to disclose market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.

Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and is monetary in nature. Differences resulting from the conversion of the individual financial statements to the Group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.

Currency sensitivity analyses are based on the following assumptions:

Material primary monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities from finance leases, non-interest-bearing liabilities) are either denominated directly in the functional currency or transformed into the functional currency through the use of forward exchange transactions.

Forward exchange transactions used to hedge against payment fluctuations caused by exchange rates are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these transactions have an effect on the hedge reserve in equity and the fair value of these hedging transactions.

If as of December 31, 2014, the USD had appreciated (devalued) against all other currencies by 10%, the hedge reserve in equity and the fair value of the hedging transactions would have been € 59.0 million higher (lower) (December 31, 2013: € 57.2 million higher (lower)).

### Interest-Rate Risks

At PUMA, changes in interest rates do not have a significant impact on interest rate sensitivity and therefore do not require the use of interest rate hedging instruments.

### Counterparty Risks

Because of its business activities, PUMA is exposed to default risk that is managed by continuously monitoring outstanding receivables and recognizing impairment losses, where appropriate.

The default risk is limited by credit insurance and the maximum default risk is reflected by the carrying amounts of the financial assets recognized on the balance sheet.

### Liquidity Risk

A liquidity reserve in the form of cash or cash equivalents as well as confirmed credit lines is maintained in order to ensure the Company's solvency at all times, its financial flexibility and the presence of a strategic liquidity buffer. Confirmed credit lines are made available until further notice or with a maturity period of less than one year.

PUMA continually analyzes short-term capital requirements through rolling cash flow planning at the level of the individual companies in coordination with the central Treasury. Thanks to the solid liquidity of the PUMA Group and a central financing approach, any capital requirements are covered by internal financing, where and whenever possible. The central Treasury conducts medium-term liquidity planning as part of its budget process.

### Risk of Corporate Misconduct

Acts of misconduct such as theft, fraud, breach of trust, embezzlement and corruption, as well as deliberate misrepresentations in financial reporting, may lead to significant monetary and reputational damage. PUMA makes use of various tools to manage these risks. They include the corporate governance system, the internal control system, Group controlling and the internal audit department. The employees of PUMA also have access to an integrity hotline for reporting unethical behavior.

### Summary

PUMA's risk management system allows the Company to fulfill the legal requirements pertaining to corporate control and transparency. The Management believes that, in an overall evaluation of the Company's risk situation, risk is limited and manageable and poses no threat to the continued viability of the PUMA Group.

# Main Features of the Internal Control and Risk Management System as it relates to the Group's Accounting Process

PUMA SE's Managing Directors are responsible for the preparation and accuracy of the Consolidated Financial Statements and the Group Management Report. The Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards that apply in the EU, the requirements of the German Commercial Code (HGB) and the German SE Implementation Act (SEAG). Certain disclosures and amounts are based on current estimates by the Managing Directors.

The Company's Managing Directors are responsible for maintaining and regularly monitoring a suitable internal control and risk management system covering the consolidated financial statements and the disclosures in the Group management report. This control and risk management system is designed to ensure the compliance and reliability of the internal and external accounting records, the presentation and accuracy of the consolidated financial statements and the Group management report and the disclosures contained therein. This is based on a series of process-integrated monitoring steps and encompasses the measures necessary to accomplish these, internal instructions, organizational and authorization guidelines, the PUMA Code of Ethics, a clear separation of functions within the Group and the dual-control principle. The adequacy and operating effectiveness of these measures are regularly reviewed in internal audits.

For monthly financial reporting and consolidation, PUMA has a Group-wide reporting and controlling system that allows it to regularly and promptly detect deviations from projected figures and accounting irregularities and, where necessary, to take countermeasures.

The risk management system can regularly, as well as on an ad-hoc basis, identify events that could affect the Company's economic performance and its accounting process so that it can analyze and evaluate the resulting risks and take the necessary actions to counter them.

In preparing the Consolidated Financial Statements and the Group management report, it is sometimes necessary to make assumptions and estimates that are based on the information available on the balance-sheet date and which will affect the amounts of the assets and liabilities, income and expenses, contingent liabilities and other data that must be reported, as well as how these are classified.

The Administrative Board's Audit Committee meets regularly with the independent, statutory auditors, the Managing Directors and the internal audit department to discuss the results of the statutory audits of the financial statements and the internal audits with respect to the internal control and risk management system as it relates to the accounting process. During the meeting held to discuss the annual financial statements, the statutory auditor reports to the Administrative Board on the results of the audit of the annual financial statements and the Consolidated Financial Statements.

# INFORMATION CONCERNING TAKEOVERS

## Section 315 [4][1] of the German Commercial Code (HGB)

On the balance-sheet date, subscribed capital totaled € 38.6 million and was divided into 15,082,464 no-par-value shares. As of the balance-sheet date, the Company held 142,551 treasury shares.

## Section 315 [4][3] HGB

As of December 31, 2014 there was one shareholding in PUMA SE that exceeded 10% of the voting rights. It was held by Messrs. François-Henri Joseph Pinault and François Jean-Henri Pinault via several companies controlled by them (ranked by size of stake held by Messrs. Pinault: Financière Pinault S.C.A., Artémis S.A., Kering S.A. and SAPARDIS SE). On August 3, 2011, the share of voting rights allotted to Messrs. Pinault and to the aforementioned companies exceeded the 75% threshold and on that date stood at 75.12%. 1.15% of the share of voting rights concerned treasury shares of PUMA SE. The list of shareholdings of Kering S.A. on page 277 in the 2013 annual report shows that Kering S.A. has an 85.81% share of the voting rights in PUMA SE.

## Section 315 [4][6] HGB

Regarding the appointment and dismissal of Managing Directors, reference is made to the applicable statutory requirements of Section 40 of the German SE Implementation Act (SEAG). Moreover, Section 13[1] of PUMA SE's Articles of Association stipulates that the Administrative Board shall appoint one or several Managing Director(s). It may appoint one of these Managing Directors as Chief Executive Officer and one or two as Deputy Chief Executive Officers. Pursuant to Section 13[4] of PUMA SE's Articles of Association, Managing Directors may be dismissed only for good cause, within the meaning of Section 84 [3] of the German Stock Corporation Act (AktG) or if the employment agreement is terminated, in which case a resolution must be adopted by the Administrative Board with a simple majority of the votes cast. Pursuant to Art. 9(1)c(ii) of the SE Regulation (SE-VO), the requirements for changing the Articles of Association are governed by Sections 133 and 179 of the German Stock Corporation Act (AktG). The Administrative Board is authorized to make changes to the Articles of Association that affect only the text (Article 9 (3) of PUMA SE's Articles of Association).

## Section 315 [4][7] HGB

Pursuant to the resolution of the Annual General Meeting dated April 24, 2012, the Administrative Board is authorized to increase the share capital by April 23, 2017 as follows:

1. By issuing up to € 7.5 million worth of up to 2,929,687 new no-par bearer shares on one or more occasions with a pro-rata amount of the share capital of € 2.56 per share in exchange for cash contributions. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). The shareholders are basically entitled to a subscription right. The Ad-

ministrative Board is, however, authorized to exclude the subscription rights of shareholders to avoid fractional shares. The Administrative Board is authorized to determine the additional rights of shares and the conditions of the share issue (Authorized Capital I).

2. By issuing up to € 7.5 million worth of up to 2,929,687 new no-par bearer shares on one or more occasions with a pro-rata amount of the share capital of € 2.56 per share in exchange for cash contributions. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). The Administrative Board is authorized to exclude the subscription rights of shareholders in part or in whole, once or several times
   - to avoid fractional shares;
   - in the event of capital increases against contributions in kind to carry out mergers or for the acquisition of companies, shareholdings in companies or parts of companies;
   - for capital increases against cash contributions, provided the amount of the share capital attributable to the new shares does not exceed ten percent of the share capital and the issue amount for the new shares is not significantly below the market price of already listed, section 186 (3)(4) AktG. The ten percent limit of the share capital is valid for the date of the resolution of the Annual General Meeting on this authorization and on the exercise date of the authorization. The sale of treasury shares, which are sold during the term of Authorized Capital II under exclusion of subscription rights of shareholders in application of section 186 (3)(4) AktG, and the issuance of shares to service options or convertible bonds issued during the term of Authorized Capital II under exclusion of subscription rights of shareholders in application of section 186 (3)(4) AktG, shall be counted toward the ten percent limit of the share capital.

   The Administrative Board is authorized to determine the additional rights of shares and the conditions of the share issue (Authorized Capital II).

Pursuant to the resolution passed by the Annual General Meeting of April 22, 2008, the share capital can be increased by up to € 1.5 million through the issuance of up to 600,000 new shares. The contingent capital increase shall be used exclusively for granting subscription rights (stock options) to former members of the Supervisory Board and the Managing Directors of the Company as well as other executives of the company and subordinate associated companies.
As of December 31, 2014, conditional capital was still available in a total amount of € 1.5 million (previous year: € 1.5 million).
The resolution adopted by the Annual General Meeting on April 20, 2010 authorized the company to purchase its own shares up to a value of ten percent of the share capital until April 19, 2015.
For more details, please refer to the relevant disclosures in the Notes to the Consolidated Financial Statements (Section 18).

# SUPPLEMENTAL REPORT AND OUTLOOK

## Supplemental Report

There were no events after the balance sheet date that had any material impact on the assets, liabilities, financial position or profit or loss of the Group.

On January 14, 2015, our former licensee for children's clothing in the USA, Parigi Group Ltd., filed a lawsuit against PUMA at the United States District Court of the Southern District of New York (USA), after PUMA did not renew the license agreement that expired at the end of 2014. Parigi is in particular asserting a claim for breach of contract and appropriation of trade secrets and is demanding that PUMA be denied the exercise of contractual rights of control (including access to license settlement documents). Contrary to the newspaper reports no specific amount of damages is called for in the complaint. We have analyzed Parigi's claims and consider them to be unfounded. Accordingly, we assume that this will not have an effect on the net assets, financial position and results of operations of the Group.

## Outlook

### Global Economic Situation

In the winter forecast it released on December 17, 2014, the Kiel Institute for the World Economy (IfW) announced that it expects greater momentum for the global economy over the next two years. For example, in 2015 the growth in global output is likely to be 0.3 percentage points higher than last year, which would mean an increase of 3.7%. The higher growth rates will probably come from the advanced economies, where the private sector will benefit from expansive monetary policies, low oil prices and continued deleveraging. U.S. GDP is expected to increase 3.2%, while the Eurozone will see 1.2% growth. According to the IfW, the lower prices already evident in the Eurozone do not mean there is a risk of persistent deflation. To the contrary, developing countries will be strengthened by growing demand in the advanced economies, while expansion rates there should remain low due to existing structural problems.

As far as the exchange-rate trends are concerned, the various approaches to monetary policy by different central banks have resulted in significant volatility in some areas in recent months. The Euro, the Ruble and the Yen have devalued considerably, while the U.S. Dollar and the British Pound have appreciated noticeably. Depending on the economic situation in individual countries, the respective central banks can be expected to take different approaches, sometimes heading in opposite directions.

### Outlook

After the successful launch of PUMA's Forever Faster campaign in autumn 2014, PUMA will continue its marketing investments in order to reposition PUMA as the Fastest Sports Brand of the World. The objective of PUMA's brand repositioning is to increase brand heat and further replace lower tier distribution with higher tier distribution in order to improve sales quality and sell-through.

Together with improvements in the product offering, PUMA expects an increase of its currency-adjusted net sales in the medium single-digit range for the full year 2015, with sales in the first half expected to be flat and growth occurring in the second half. The gross profit margin is anticipated to improve slightly based on lower discounts and a favorable product mix.

For 2015, PUMA is planning further strong investments in the "Forever Faster" marketing campaign as well as in the upgrade of our current IT. We are very confident that our investment in IT will lay the foundation for a lean and efficient company in the future. As a consequence, PUMA's OPEX will increase while management will continue to put a strong emphasis on strict control of other operating costs.

The recent adverse developments of foreign exchange rates, particularly the strengthening of the US-Dollar versus nearly all other currencies, could lead to a significant negative impact on the reported gross profit margin and the overall reported EBIT and net earnings of the PUMA group.

Because of these negative currency developments, PUMA has already taken and will continue to take countermeasures which should support a slight increase in reported EBIT and net earnings.

Last year, PUMA has successfully taken the first steps to re-establish the brand in the market place. 2015 will be the year to further enhance and reinforce this brand positioning and to take a further step in getting PUMA back to a path of profitable and sustainable growth.

### Investments

Investments totaling around €75 million are planned for 2015. The majority of these funds have been allocated to infrastructure investments which are necessary to help drive sustainable growth as well as the expansion of our core markets and selective investments in retail stores.

In addition, there are current purchase-price liabilities from corporate acquisitions that could presumably result in a cash outflow of €0.5 million in 2015.

### Foundation for Long-Term Growth

The Managing Directors and the Administrative Board have established long-term strategic priorities. Action plans are being implemented in a targeted, value-oriented manner. PUMA's management believes that the new "Forever Faster" corporate strategy will lay the foundations for positive long-term development.

# CORPORATE GOVERNANCE REPORT INCLUDING THE STATEMENT ON CORPORATE GOVERNANCE

Effective implementation of the principles of corporate governance is an important aspect of PUMA's corporate policy. Transparent and responsible corporate governance is a key prerequisite for achieving corporate targets and for increasing the Company's value in a sustainable manner. The Administrative Board and the Managing Directors work closely with each other in the interests of the entire Company to ensure that the Company is managed and monitored in an efficient way that will ensure sustainable added value through good corporate governance.

## *Communication of the Statement of the Administrative Board of PUMA SE pursuant to Section 161 AktG on the German Corporate Governance Code*

**November 2014 Statement of Compliance:**

Pursuant to Art. 9 (1) c (ii) of the SE Regulation (SE-VO) and Section 22 (6) of the German SE Implementation Act (SEAG), in conjunction with Section 161 AktG, PUMA SE's Administrative Board declares that PUMA SE has been and is in compliance with recommendations issued by the "Government Commission on the German Corporate Governance Code" in the code version dated May 13, 2013, valid since June 10, 2013, (the "Code") and in the code version dated June 24, 2014, valid since September 30, 2014, (the "Code") since the last Statement of Compliance of November 2013 in consideration of the particulars of PUMA SE's single-tier system described under item 1 with the exceptions mentioned under item 2, and where it is not in compliance, explains why not.

1. **Particulars of the Single-Tier Corporate Governance System**

   According to Articles. 43 – 45 SE-VO, in conjunction with Sections 20 et seqq. SEAG, under the single-tier system, management of the SE is the responsibility of a single company organ, the Administrative Board (see Para. 7 of the Code's Preamble). The Administrative Board manages the Company, determines the Company's basic business strategies and monitors the implementation of said strategies by the Managing Directors. The Managing Directors manage the Company's business, represent the Company in and out of court and are bound by instructions from the Administrative Board.

   Basically, PUMA SE takes those parts of the Code that apply to the Supervisory Board and applies them to its Administrative Board and takes those parts of the Code that apply to the Board of Management and applies them to its Managing Directors. The following exceptions apply with respect to the legal framework for the single-tier system:

- In derogation of No. 2.2.1 p.1 of the Code, the Administrative Board must submit the annual financial statements and the consolidated financial statements to the Annual General Meeting (Section 48 (2) p. 2 SEAG).

- In derogation of Nos. 2.3.1(1) and 3.7(3) of the Code, the Administrative Board is responsible for convening the Annual General Meeting (Sections 48 and 22(2) SEAG).

- The duties of the Board of Management listed in Sections 4.1.1 (Corporate Governance) and 4.1.2 in conjunction with 3.2 half-sentence 1 (Development of the Company's Strategic Orientation) of the Code are the responsibility of the Administrative Board (Section 22(1) SEAG).

- The powers of the Board of Management governed by Sections 2.3.2(2) (Proxy Bound by Instructions), 3.7(1) (Statement on a Takeover Bid) and 3.7(2) (Conduct during a Takeover Bid), as well as 3.10 (Corporate Governance Report), 4.1.3 (Compliance) and 4.1.4 (Risk Management and Controlling) of the Code are the responsibility of PUMA SE's Administrative Board (Section 22(6) SEAG).

- In derogation of Nos. 5.1.2(2)(1 and 2) of the Code, Managing Directors, unlike members of the Board of Management, are not subject to a fixed, maximum term of appointment (Section 40(1)(1) SEAG).

- In derogation of Nos. 5.4.2(2) and 5.4.4 of the Code, members of the Administrative Board may be appointed as Managing Directors, provided that the majority of the Administrative Board continues to consist of non-Managing Board Members (Section 40(1)(2) SEAG).

**2. Exceptions to the Code's Recommendations**

- In derogation of No. 3.8(3) of the Code, members of the Administrative Board are provided with D&O insurance with no deductible. The Administrative Board feels that it can dispense with a deductible for members of the Administrative Board, because the D&O insurance is group insurance for people in Germany and abroad, and a deductible is fairly unusual abroad.

- In derogation of No. 4.2.3(2)(6) of the Code, the compensation of the Managing Directors does not show the maximum amount limits in total or their variable compensation components. The employment contracts of the Managing Directors were concluded in accordance with the current version of the Code and are deemed to be proper and correct by PUMA SE.

- In derogation of No. 4.2.3(5) of the Code, no limits on severance payments for premature termination as a Managing Director due to a change of control have been agreed to, because an agreement drawn up in advance would not be able to take into account the specific situation that gave rise to a premature termination or the other circumstances of the individual case of termination.

- In derogation of No. 5.1.2(2)(3) of the Code, no age limit has been established for the Managing Directors. An age limit for the Managing Directors is not considered appropriate as the ability to run the company successfully generally does not expire when a certain age is reached.

- In accordance with the authorization by the Annual General Meeting on May 7, 2013, pursuant to Section 286(5) HGB, the Company shall not publish the amounts of compensation for individual Managing Directors until the authorization expires (Sections 4.2.4 and 4.2.5 of the Code). The Managing Directors shall adhere to the authorization when they prepare the annual financial statements. Based on the authorization of the Annual General Meeting, and in derogation of No. 4.2.5 (3) of the Code, the information stated in this Section regarding the compensation of the Managing Directors is not included in the Compensation Report.

- In derogation of No. 5.4.6(2)(2) of the Code, members of the Administrative Board receive performance-based compensation that is not linked to the sustainable success of the Company. The compensation was authorized by the Annual General Meeting on April 14, 2011; it is stipulated in the Articles of Association and is deemed to be proper and correct by PUMA SE.

- Deviating from Sec. 5.4.6(3) of the Code, the compensation of the Administrative Board members is not shown individually. In the opinion of PUMA SE, this additional information is not relevant to the capital market, as the respective remuneration regulations are public domain in the Articles of Association.

Herzogenaurach, November 2014
PUMA SE
On behalf of the Administrative Board

Jean-François Palus

The Statement of Compliance is available at any time on the Company's website at
**http://about.puma.com/de/investor-relations/corporate-governance/declaration-of-compliance/.**

### Relevant Disclosures of Corporate Governance Practices that are applied beyond the Regulatory Requirements

In order to ensure that the Company's value will increase in a sustainable way, guidelines have been developed on environmental management and compliance with workplace and social standards, which are summarized in PUMAVision (see http://about.puma.com under "SUSTAINABILITY". The PUMA Code of Ethics and PUMA Code of Conduct (see http://about.puma.com under „SUSTAINABILITY") prescribe ethical standards and environmental standards with which both employees in the entire PUMA Group and suppliers are required to comply.

Compliance with laws and internal regulations and values are of key importance for PUMA's corporate governance. For this reason, a new PUMA Code of Ethics (http://about.puma.com/de/nachhaltigkeit/standards/coe) was developed in 2014 and rolled out company-wide. The communication of the PUMA Code of Ethics was made by the CEO of PUMA SE. To further reduce the risk of misconduct, the Code of Ethics is accompanied by guidelines governing selected risk areas in detail.

All PUMA employees were expected to complete an Ethics e-learning training. In addition, beginning in 2014, risk-based classroom training sessions in the areas of corruption and antitrust were conducted.

The establishment and monitoring of the Group's compliance structure is carried out by the PUMA SE Risk & Compliance Committee. This consists of a specified group of executives, including PUMA's CEO and CFO. The regular meetings of the Committee include the analysis of compliance risks and the establishment and approval of appropriate measures (guidelines, training courses, etc.). The Audit Committee of the Administrative Board of PUMA SE is informed regularly as to the status of the compliance structure implementation.

The employees of PUMA have access to a Group-wide integrity hotline for reporting unethical, unlawful and criminal activity.

### Description of the Working Practices of the Administrative Board and the Managing Directors and the Composition and Working Practices of their Committees

PUMA SE has a **single-tier** management and control structure. According to Articles 43 – 45 SE-VO, in conjunction with Sections 20 et seqq. SEAG, under the single-tier system, management of the SE is the responsibility of a single body, the Administrative Board. The Managing Directors manage the Company's daily business. Another corporate body is the Annual General Meeting.

The **Administrative Board** of PUMA SE manages the Company, determines the Company's basic business strategies and monitors the implementation of said strategies by the Managing Directors. It appoints and dismisses the Managing Directors, decides on the compensation system and establishes the compensation. In accordance with the Articles of Association, the Administrative Board consists of at least three members. At least one independent member of the Administrative Board must have expertise in the areas of finance, accounting or auditing. The members of the Administrative Board are appointed by the Annual General Meeting, a third of them pursuant to the German Codetermination Act based on binding nominations by employee representatives. The members of the Administrative Board are appointed for a period up to the close of the Annual General Meeting that adopts the resolution approving the actions of the Board for the fourth financial year after the term of office began (the financial year in which the term of office begins is not counted) and no later than six years after the respective Administrative Board member was appointed. Administrative Board members may be reappointed.

Through October 31, 2014, there were nine members of the Administrative Board and eight members thereafter. Details of the members of the Administrative Board can be found in the Notes to the Consolidated Financial Statements (Chapter).

Meetings of the Administrative Board must be held at least every three months. Meetings must also be held if required for the Company's well-being or if a member of the Administrative Board demands that a meeting be convened. The Administrative Board held four regular meetings in 2014.

The Administrative Board has established five committees to perform its duties and receives regular reports on their work. The principles of cooperation of the Administrative Board of PUMA SE and the duties of the committees are set out in the Rules of Procedure for the Administrative Board, which can be viewed at http://about.PUMA.com under "Corporate Governance".

The Executive Committee consists of three members, including the Chairman of the Administrative Board. He is responsible for organizing meetings of the Administrative Board and for making decisions when instructed by the Administrative Board to do so on its behalf.

The Personnel Committee consists of three members. The Personnel Committee is responsible for entering into and making changes to Managing Directors' employment contracts and for establishing policies for Human Resources and personnel development. The entire Administrative Board decides on issues involving the Managing Directors' compensation based on recommendations from the Personnel Committee.

The Audit Committee consists of three members. The Chairman of the Audit Committee must be an independent shareholder representative and must have expertise in the fields of accounting and auditing in accordance with Section 100(5) AktG. In particular, the Audit Committee is responsible for accounting issues and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, internal audits, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement. The recommendation of the Administrative Board on the selection of the statutory auditors must be based on a corresponding recommendation by the Audit Committee. Once the Annual General Meeting has appointed the statutory auditors, and the Administrative Board has issued the audit assignment, the Audit Committee shall work with the statutory auditors to specify the scope of the audit and the audit areas of focus. The statutory auditors shall attend the meeting convened by the Audit Committee to review the annual financial statements and the consolidated financial statements and shall report on the key findings of their audit. They shall also inform the Committee about other services they have provided in addition to auditing services and shall confirm their independence. Each month, the Audit Committee shall receive financial data on the PUMA Group, which will allow the tracking of developments in net assets, financial position, results of operations and the order books on a continual basis. The Audit Committee shall also deal with issues relating to the balance sheet and income statement and shall discuss these with Management. In addition, when the internal audit projects are completed, the Audit Committee shall receive the audit reports, which must also include any actions taken.

The Sustainability Committee consists of three members and is responsible for promoting business sustainability as well as awareness of the need to act fairly, honestly, positively and creatively in every decision made and every action taken.

The Nominating Committee has three members, who may only be representatives of the shareholders on the Administrative Board. The Nominating Committee proposes suitable shareholder candidates to the Administrative Board for its voting recommendations to the Annual General Meeting.

The current composition of the committees can be found in the Notes to the Consolidated Financial Statements (last Chapter).

The **Managing Directors** manage the Company's business with the goal of creating sustainable value with shared responsibility. They implement the guidelines and targets issued by the Administrative Board. The Board currently consists of three members and has a chairman. The Managing Directors inform the Administrative Board regularly, comprehensively, and in a timely manner regarding all company-related issues with respect to planning, business development, the risk situation, risk management and compliance. They provide details on and reasons for deviations of business performance from established plans and objectives.

The Managing Directors are required to disclose conflicts of interest to the Administrative Board immediately and inform the other Managing Directors about any such conflicts. They are permitted to carry out additional activities, especially Supervisory Board or similar mandates outside the PUMA Group only with the prior approval of the Administrative Board. In the past year, Managing Directors of PUMA SE had no conflicts of interest.

The principles of cooperation of the Managing Directors of PUMA SE are laid down in the Rules of Procedure for the Managing Directors, which can be viewed at http://about.PUMA.com under „Corporate Governance".

### *Taking Diversity and our International Culture into Account*

The Administrative Board of PUMA SE must consider the recommendations of the German Corporate Governance Code, according to which the Company's international operations and diversity, among other things, must be taken into account when determining the composition of the Administrative Board and Managing Directors. In particular, they must ensure that a reasonable percentage of women will be placed in such positions. The members of the Administrative Board have strong international backgrounds. Some of them have many years of international ties all over the world and have amassed extensive international experience through various assignments abroad. The Administrative Board has established the goal of ensuring that future members of the Board will also have international backgrounds by requiring that proposed candidates to the Administrative Board must also have a strong international background and the relevant networks, international experience and orientation. It also aims to increase the proportion of women on the Administrative Board. According to Section 1(4) of the Rules of Procedure for the Administrative Board, Administrative Board members may, in principle, not be over 70 years of age. The Administrative Board prevents potential conflicts of interests of its members by regularly monitoring and critically scrutinizing its members' other activities.

In the future, the inclusion of women among the Managing Directors shall be guaranteed in the event of a new appointment, in particular by giving special consideration to women from among several equally qualified applicants. If a position must be filled by outside candidates, special care should be taken to consider properly qualified female candidates. The same applies when filling management positions. When filling positions, the Managing Directors shall act to ensure diversity and shall endeavor to ensure that women comprise a reasonable percentage of the candidates considered. Today, there are several women in various management positions. In order to include even more women in management positions in the future, PUMA SE is using part-time and half-day models, as well as flexible working hours and the provision of more childcare places to promote a better balance between work and family life.

Members of PUMA SE's Administrative Board, its Managing Directors and senior staff have the opportunity to attend appropriate training and continuing education programs.

### Directors' Dealings

In the reporting year, the Managing Directors and the members of the Administrative Board have acquired no PUMA shares. No sales were reported to us.

## Declaration by the Legal Representatives

Regarding the Affirmation pursuant to Section 315 (1)(6) of the German Commercial Code (HGB) (Responsibility Statement/Bilanzeid), please refer to the Notes.

Herzogenaurach, February 10, 2015

### The Managing Directors

GULDEN LÄMMERMANN SØRENSEN

# CONSOLIDATED FINANCIAL STATEMENTS




**Klaus Kutschera (37), IFRS Specialist, with PUMA since 2010.**

*"For me, 'Forever Faster' means being determined and motivated in my daily work and always seeking for improvements."*

T.1

## Consolidated Statement of Financial Position

| | Notes | 31.12.2014 € million | 31.12.2013 € million |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | 3 | 401.5 | 390.1 |
| Inventories | 4 | 571.5 | 521.3 |
| Trade receivables | 5 | 449.2 | 423.4 |
| Income tax receivables | 22 | 75.0 | 70.8 |
| Other current financial assets | 6 | 93.6 | 38.4 |
| Other current assets | 7 | 91.8 | 70.1 |
| **Current assets** | | **1,682.5** | **1,514.2** |
| Deferred taxes | 8 | 178.8 | 164.2 |
| Property, plant and equipment | 9 | 224.0 | 212.8 |
| Intangible assets | 10 | 391.4 | 374.1 |
| Investments in associates | 11 | 15.2 | 13.9 |
| Other non-current financial assets | 12 | 34.6 | 15.2 |
| Other non-current assets | 12 | 23.4 | 14.1 |
| **Non-current assets** | | **867.5** | **794.3** |
| **Total assets** | | **2,549.9** | **2,308.5** |

| | Notes | 31.12.2014 € million | 31.12.2013 € million |
|---|---|---|---|
| **LIABILITIES AND SHAREHOLDERS‘ EQUITY** | | | |
| Current financial liabilities | 13 | 19.8 | 25.1 |
| Trade payables | 13 | 515.2 | 373.1 |
| Income taxes | 22 | 58.8 | 45.6 |
| Other current provisions | 16 | 69.5 | 105.4 |
| Liabilities from acquisitions | 17 | 0.5 | 0.5 |
| Other current financial liabilities | 13 | 51.0 | 56.2 |
| Other current liabilities | 13 | 107.8 | 85.0 |
| **Current liabilities** | | **822.6** | **690.8** |
| Deferred taxes | 8 | 54.6 | 50.3 |
| Pension provisions | 15 | 26.0 | 28.1 |
| Other non-current provisions | 16 | 23.1 | 33.3 |
| Non-current financial liabilities | 13 | 0.0 | 3.9 |
| Liabilities from acquisitions | 17 | 2.5 | 2.1 |
| Other non-current financial liabilities | 13 | 0.3 | 0.2 |
| Other non-current liabilities | 13 | 2.5 | 2.5 |
| **Non-current liabilities** | | **109.0** | **120.4** |
| Subscribed capital | 18 | 38.6 | 38.6 |
| Group reserves | 18 | 176.0 | 119.0 |
| Retained earnings | 18 | 1.412.0 | 1.355.4 |
| Treasury stock | 18 | -31.4 | -31.4 |
| **Equity attributable to the shareholders of the parent** | | **1,595.2** | **1,481.6** |
| Non-controlling interest | 18 | 23.1 | 15.7 |
| **Shareholders' equity** | 18 | **1,618.3** | **1,497.3** |
| **Total liabilities and shareholders‘ equity** | | **2,549.9** | **2,308.5** |

T.2 **Consolidated Income Statement**

| | Notes | 2014 € million | 2013 € million |
|---|---|---|---|
| **Sales** | 25 | **2,972.0** | **2,985.3** |
| Cost of sales | 25 | -1,586.7 | -1,597.8 |
| **Gross profit** | 25 | **1,385.4** | **1,387.5** |
| | | | |
| Royalty and commission income | | 19.4 | 20.8 |
| Other operating income and expenses | 20 | -1,276.8 | -1,345.8 |
| **Operating income (EBIT)** | | **128.0** | **62.5** |
| | | | |
| Result from associated companies | 21 | 1.3 | 1.3 |
| Financial income | 21 | 4.8 | 6.2 |
| Financial expenses | 21 | -12.3 | -16.2 |
| **Financial result** | | **-6.2** | **-8.7** |
| | | | |
| **Earnings before taxes (EBT)** | | **121.8** | **53.7** |
| Taxes on income | 22 | -37.0 | -32.5 |
| **Consolidated net earnings for the year** | | **84.8** | **21.2** |
| attributable to: Non-controlling interest | 18 | -20.8 | -15.9 |
| attributable to: **Equity holders of the parent (net earnings)** | | **64.1** | **5.3** |
| | | | |
| Earnings per share (€) | 23 | 4.29 | 0.36 |
| Earnings per share (€) - diluted | 23 | 4.29 | 0.36 |
| Weighted average shares outstanding | 23 | 14.940 | 14.940 |
| Weighted average shares outstanding, diluted | 23 | 14.940 | 14.941 |

T.3 Consolidated Statement of Comprehensive Income

| | After tax 2014 € million | Tax impact 2014 € million | Before tax 2014 € million | After tax 2013 € million | Tax impact 2013 € million | Before tax 2013 € million |
|---|---|---|---|---|---|---|
| **Net earnings before attribution** | **84.8** | | **84.8** | **21.2** | | **21.2** |
| Currency changes | 29.5 | 0.7 | 28.7 | -113.3 | -2.6 | -110.6 |
| Cashflow hedge | | | | | | |
| Release to the income statement | 3.2 | -0.1 | 3.3 | 6.4 | -0.1 | 6.5 |
| Market value for cashflow hedges | 34.6 | -13.5 | 48.1 | -3.2 | 0.1 | -3.3 |
| Net result of available-for-sale financial assets | -2.6 | 1.0 | -3.5 | 0.0 | 0.0 | 0.0 |
| Share in the other comprehensive income of at equity accounted investments | 0.1 | 0.0 | 0.1 | 0.1 | 0.0 | 0.1 |
| **Items expected to be reclassified to the income statement in the future** | **64.8** | **-11.9** | **76.7** | **-109.9** | **-2.7** | **-107.3** |
| Remeasurements of the net defined benefit liability | -3.1 | 0.9 | -4.0 | 0.8 | -0.3 | **1.1** |
| **Items not expected to be reclassified to the income statement in the future** | **-3.1** | **0.9** | **-4.0** | **0.8** | **-0.3** | **1.1** |
| **Other result** | **61.7** | **-11.0** | **72.7** | **-109.1** | **-2.9** | **-106.1** |
| **Comprehensive income** | **146.6** | **-11.0** | **157.5** | **-87.9** | **-2.9** | **-84.9** |
| attributable to: Non-controlling interest | 23.3 | | 23.3 | 15.2 | | 15.2 |
| attributable to::Equity holder of the parent | 123.2 | -11.0 | 134.2 | -103.1 | -2.9 | -100.2 |

T.4

## Consolidated Statement of Cash Flows

| | Notes | 2014 € million | 2013 € Million |
|---|---|---|---|
| **Operating activities** | | | |
| Earnings before tax (EBT) | | 121.8 | 53.7 |
| Adjustments for: | | | |
| Depreciation | 9, 10 | 50.5 | 53.8 |
| Non-realized currency gains/losses, net | | -1.2 | -1.7 |
| Result from associated companies | 13 | -1.3 | -1.3 |
| Financial income | 21 | -4.8 | -6.2 |
| Financial expenses | 21 | 10.8 | 7.8 |
| Changes from the sale of fixed assets | | 0.6 | 0.5 |
| Changes to pension accruals | 15 | -7.1 | -1.9 |
| Other non cash effected expenses/income | | 3.0 | 125.8 |
| **Gross Cashflow** | 26 | **172.2** | **230.6** |
| | | | |
| Changes in receivables and other current assets | 5, 6, 7 | -45.3 | 32.9 |
| Changes in inventories | 4 | -35.9 | -9.0 |
| Changes in trade payables and other current liabilities | 13 | 98.0 | -68.9 |
| Cash inflow from operating activities | | 188.9 | 185.6 |
| Interest paid | 21 | -9.4 | -6.6 |
| Income taxes paid | | -53.2 | -69.7 |
| **Net cash from operating activities** | 26 | **126.4** | **109.3** |

| | Notes | 2014 € million | 2013 € million |
|---|---|---|---|
| **Investing activities** | | | |
| Payment for acquisitions | 17 | -2.4 | -20.6 |
| Payments to acquire long term shareholdings | 12 | -21.4 | 0,0 |
| Purchase of property and equipment | 9, 10 | -72.6 | -55.7 |
| Proceeds from sale of property and equipment | | 12.6 | 2.0 |
| Payment for other non-current assets | 12 | -8.0 | -12.0 |
| Interest received | 21 | 4.8 | 6.2 |
| **Cash outflow from investing activities** | | **-87.0** | **-80.1** |
| **Financing activities** | | | |
| Changes in non-current liabilities | 13 | 0.2 | 0.0 |
| Raising/ (-) Repayment of current financial liabilities | 13 | -10.2 | -12.8 |
| Raising of non-current financial liabilities | 13 | 0.0 | 3.9 |
| Dividend payments to equity holders of the parent | 18 | -7.5 | -7.5 |
| Dividend payments to non-controlling interests | 18 | -16.2 | -8.5 |
| Payments to acquire non-controlling interests | 18 | -2.6 | 0.0 |
| **Cash outflow from financing activities** | 26 | **-36.2** | **-24.8** |
| Exchange rate-related changes in cashflow | | 8.2 | -21.6 |
| **Change in cash and cash equivalents** | | **11.4** | **-17.2** |
| Cash and cash equivalents at beginning of the financial year | | 390.1 | 407.3 |
| **Cash and cash equivalents at the end of the financial year** | 3, 26 | **401.5** | **390.1** |

T.5

## Statement of Changes in Equity € million

| | | Reserves | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Subscribed capital | Capital reserve | Revenue reserves | Difference from currency conversion | Cash flow hedges | At equity accounted investments | Retained earnings | Treasury stock | Equity before non-controlling interests | Non-controlling interests | Total equity |
| **December 31, 2012** | **38.6** | **189.8** | **65.1** | **-24.9** | **-6.4** | **0.2** | **1,357.6** | **-31.6** | **1,588.5** | **8.9** | **1,597.4** |
| Net Earnings | | | | | | | **5.3** | | **5.3** | 15.9 | 21.2 |
| Net income directly recognized in equity | | | 0.8 | -112.6 | 3.2 | 0.1 | | | **-108.4** | -0.7 | -109.1 |
| Total comprehensive income | | | 0.8 | -112.6 | 3.2 | 0.1 | **5.3** | | **-103.1** | 15.2 | -87.9 |
| Dividends paid to equity holders of the parent company / non-controlling interests | | | | | | | **-7.5** | | **-7.5** | -8.5 | -16.0 |
| Valuation from option programs | | 3.7 | | | | | | | **3.7** | | 3.7 |
| Conversion of options | | -0.1 | | | | | | 0.1 | **0.0** | | 0.0 |
| **December 31, 2013** | **38.6** | **193.3** | **66.0** | **-137.5** | **-3.2** | **0.3** | **1,355.4** | **-31.4** | **1,481.6** | **15.7** | **1,497.3** |
| Net Earnings | | | | | | | **64.1** | | **64.1** | 20.8 | 84.8 |
| Net income directly recognized in equity | | | -5.6 | 26.9 | 37.7 | 0.1 | | | **59.2** | 2.6 | 61.7 |
| Total comprehensive income | | | -5.6 | 26.9 | 37.7 | 0.1 | **64.1** | | **123.2** | 23.3 | 146.6 |
| Dividends paid to equity holders of the parent company / non-controlling interests | | | | | | | **-7.5** | | **-7.5** | -16.2 | -23.6 |
| Valuation from option programs | | 0.3 | | | | | | | **0.3** | | 0.3 |
| Acquisition of non-controlling interests | | | -2.5 | | | | | | **-2.5** | -0.1 | -2.6 |
| Changes in the group of consolidated companies | | | | | | | | | | 0.4 | **0.4** |
| **December 31, 2014** | **38.6** | **193.7** | **57.9** | **-110.6** | **34.6** | **0.5** | **1,412.0** | **-31.4** | **1,595.2** | **23.1** | **1,618.3** |

T.6

## Changes in Fixed Assets 2013

| | Purchase costs | | | | | Accumulated depreciation | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance Jan 1, 2013 € million | Currency changes and other changes | Additions/ retransfers | Disposals | Balance Dec 31, 2013 € million | Balance Jan 1, 2013 € million | Currency changes and other changes | Additions/ retransfers[1] | Disposals | Balance Dec 31, 2013 € million | Balance Dec 31, 2013 € million | Balance Dec 31, 2012 € million |
| **PROPERTY, PLANT AND EQUIPMENT** | | | | | | | | | | | | |
| Land, land rights and buildings including buildings on third party land | 172.1 | -2.7 | 0.9 | -2.2 | 168.1 | -45.9 | 0.8 | -10.2 | 1.8 | -53.5 | 114.6 | 126.2 |
| Technical equipment and machines | 11.1 | -1.9 | 1.0 | -1.3 | 8.9 | -5.4 | 0.9 | -1.4 | 1.3 | -4.6 | 4.3 | 5.7 |
| Other equipment, factory and office equipment | 310.2 | -21.2 | 32.0 | -41.5 | 279.5 | -218.1 | 15.4 | -33.8 | 39.7 | -196.8 | 82.7 | 92.1 |
| Payments on account and assets under construction | 2.8 | -2.5 | 11.0 | -0.1 | 11.2 | | | | | | 11.2 | 2.8 |
| | **496.2** | **-28.3** | **44.9** | **-45.1** | **467.7** | **-269.4** | **17.1** | **-45.4** | **42.8** | **-254.9** | **212.8** | **226.8** |
| **INTANGIBLE ASSETS** | | | | | | | | | | | | |
| Goodwill | 309.6 | -16.8 | 0.4 | -0.6 | 292.6 | -20.2 | 0.5 | -29.9 | | -49.6 | 243.0 | 289.4 |
| Intangible fixed assets with an indefinite useful life | 125.4 | -4.7 | | | 120.7 | 0.0 | | -17.6 | | -17.6 | 103.1 | 125.4 |
| Other intangible fixed assets | 122.2 | 0.1 | 10.8 | -22.3 | 110.8 | -73.6 | -1.7 | -29.6 | 22.1 | -82.8 | 28.0 | 48.6 |
| | **557.2** | **-21.4** | **11.2** | **-22.9** | **524.1** | **-93.8** | **-1.2** | **-77.1** | **22.1** | **-150.0** | **374.1** | **463.4** |

1) including impairment for fixed assets (€ 3.9 million) and intangible assets (€ 64.9 million), see chapters 9 and 10

T.6

## Changes in Fixed Assets 2014

| | Purchase costs | | | | | Accumulated depreciation | | | | | Carrying amounts | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Balance Jan 1, 2014 € million | Currency changes and other changes | Additions/ retransfers | Disposals | Balance Dec 31, 2014 € million | Balance Jan 1, 2014 € million | Currency changes and other changes | Additions/ retransfers[1] | Disposals | Balance Dec 31, 2014 € million | Balance Dec 31, 2014 € million | Balance Dec 31, 2013 € million |
| **PROPERTY. PLANT AND EQUIPMENT** | | | | | | | | | | | | |
| Land. land rights and buildings including buildings on third party land | 168.1 | 6.1 | 1.9 | -15.8 | 160.3 | -53.5 | -1.8 | -5.9 | 6.8 | -54.4 | 105.9 | 114.6 |
| Technical equipment and machines | 8.9 | 4.7 | 4.3 | -2.0 | 15.9 | -4.6 | | -1.5 | 1.9 | -4.2 | 11.7 | 4.3 |
| Other equipment. factory and office equipment | 279.5 | 10.1 | 42.3 | -28.4 | 303.5 | -196.8 | -5.4 | -32.4 | 26.2 | -208.4 | 95.1 | 82.7 |
| Payments on account and assets under construction | 11.2 | -9.4 | 9.8 | -0.3 | 11.3 | | | | | | 11.3 | 11.2 |
| | **467.7** | **11.5** | **58.3** | **-46.5** | **491.0** | **-254.9** | **-7.2** | **-39.8** | **34.9** | **-267.0** | **224.0** | **212.8** |
| **INTANGIBLE ASSETS** | | | | | | | | | | | | |
| Goodwill | 292.6 | 3.5 | 2.2 | | 298.3 | -49.6 | | -7.0 | | -56.6 | 241.7 | 243.0 |
| Intangible fixed assets with an indefinite useful life | 120.7 | 14.1 | | | 134.8 | -17.6 | | | | -17.6 | 117.2 | 103.1 |
| Other intangible fixed assets | 110.8 | -11.5 | 14.3 | -3.1 | 110.5 | -82.8 | 12.9 | -11.0 | 2.9 | -78.0 | 32.5 | 28.0 |
| | **524.1** | **6.1** | **16.5** | **-3.1** | **543.6** | **-150.0** | **12.9** | **-18.0** | **2.9** | **-152.2** | **391.4** | **374.1** |

1) including impairment for fixed assets (€ 0.3 million) and intangible assets (€ 7.0 million), see chapters 9 and 10

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. General

Under the “PUMA” brand name, PUMA SE and its subsidiaries are engaged in the development and sale of a broad range of sports and sports lifestyle products, including footwear, apparel and accessories. The company is a European stock corporation (Societas Europaea/SE) and its registered office is at PUMA WAY 1, 91074 Herzogenaurach, Germany. The competent registry court is in Fürth (Bavaria).

The consolidated financial statements of PUMA SE and its subsidiaries (hereinafter referred to as the “Group” or “PUMA”) were prepared in accordance with the International Financial Reporting Standards (IFRS) accounting standards issued by the International Accounting Standards Board (IASB), as they are to be applied in the EU, and the supplementary accounting principles to be applied in accordance with Section 315a (1) of the German Commercial Code (Handelsgesetzbuch, HGB). All IASB standards and interpretations, as they are to be applied in the EU, which are mandatory for financial years as of January 1, 2014 have been applied.

The following new and amended standards and interpretations have been used for the first time in the current financial year:

T.7

| Standard | Title |
|---|---|
| First time adoption in the current financial year | |
| Amendment IAS 27 | Separate financial statements |
| Amendment IAS 28 | Investments in associates |
| Amendment IAS 32 | Financial instruments: presentation - offsetting |
| IAS 36 | Recoverable amount disclosures for non-financial assets |
| IAS 39 | Novation of derivatives and continuation of hedge accounting |
| IFRS 10 | Consolidated financial statements |
| IFRS 10, IFRS 12, IAS 27 | Investment entities |
| IFRS 11 | Joint agreements |
| IFRS 12 | Disclosure of interests in other entities |

The provisions of IFRS 10 Consolidated Financial Statements and IFRS 12 Disclosure of Interests in Other Entities are of particular importance to the Group:

IFRS 10 governs the preparation and presentation of consolidated financial statements, replacing the corresponding provisions of IAS 27 and SIC-12. The standard mandates a uniform control model applicable to all forms of companies which forms the basis for defining the full scope of consolidation. Control only exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. The first-time adoption of IFRS 10 is retrospective in accordance with the transitional provisions.

IFRS 12 governs the rules for disclosures relating to investments in subsidiaries and associates, and to joint agreements and structured entities.

With the exception of IFRS 12, the standards and interpretations used for the first time as of January 1, 2014 did not have any effect on the consolidated financial statements. The initial application of IFRS 12, however, required more extensive disclosures in the consolidated financial statements.

The following standards and interpretations have been released, but will only take effect in later reporting periods and have not been applied earlier by the Group:

T.8

| Standard | Title | First-time adoption* | Planned adoption |
|---|---|---|---|
| **Endorsed** | | | |
| IFRIC 21 | Levies | 01.01.15 | 01.01.15 |
| Amendment IAS 19 | Defined benefit plans: employee contributions | 01.01.15 | 01.01.15 |
| AIP 2010 - 2012 | Improvements to IFRS | 01.01.15 | 01.01.15 |
| AIP 2011 - 2013 | Improvements to IFRS | 01.01.15 | 01.01.15 |
| **Endorsement pending** | | | |
| IFRS 9 | Financial instruments | 01.01.18 | 01.01.18 |
| IFRS 14 | Regulatory deferral accounts | 01.01.16 | 01.01.16 |
| IFRS 15 | Revenue from contracts with customers | 01.01.17 | 01.01.17 |
| Amendment IFRS 10, IFRS 12 and IAS 28 | Investment entities: consolidation exception | 01.01.16 | 01.01.16 |
| Amendment IFRS 10 and IAS 28 | Sale or contribution of assets | 01.01.16 | 01.01.16 |
| Amendment IFRS 11 | Acquisition of interests in joint operations | 01.01.16 | 01.01.16 |
| Amendment IAS 1 | Disclosure initiative | 01.01.16 | 01.01.16 |
| Amendment IAS 16 and IAS 38 | Depreciation & Amortisation | 01.01.16 | 01.01.16 |
| Amendment IAS 16 and IAS 41 | Bearer Plants | 01.01.16 | 01.01.16 |
| Amendment IAS 27 | Equity method in separate financial statements | 01.01.16 | 01.01.16 |
| AIP 2012 - 2014 | Improvements to IFRS | 01.01.16 | 01.01.16 |

* Adjusted by EU endorsement, if applicable

No assessment can yet be undertaken with respect to the first-time application of IFRS 9, as detailed analyses are still being presently conducted. The company does not anticipate that the remaining standards mentioned above will have a significant impact on accounting.
The preparation of the consolidated financial statements was based on historical acquisition and manufacturing costs, with the exception of the profit or loss assessment of financial assets and liabilities at fair value.
The items contained in the financial statements of the individual Group companies are valued based on the currency that corresponds to the currency of the primary economic environment in which the company operates. The consolidated financial statements are prepared in Euros (EUR or €). Amounts shown in millions of Euros with one decimal place may lead to rounding differences, since the calculation of individual items is based on figures presented in thousands.
The cost of sales method is used for the income statement.

## 2. Significant Consolidation, Accounting and Valuation Principles

***CONSOLIDATION PRINCIPLES*** The consolidated financial statements were prepared as of December 31, 2014, the reporting date of the annual financial statements of the PUMA SE parent company, on the basis of uniform accounting and valuation principles according to IFRS, as applied in the EU.
Subsidiaries are those companies in which the Group has existing rights that give it the ability to direct their main activities. The main activities are the activities that have a material impact on the profitability of the company. Control thus only exists if the Group is exposed to variable returns from the relationship with a company and its power over the relevant activities gives it the opportunity to influence these returns. As a rule, the possibility of control is based on a direct or indirect majority of the voting rights by PUMA. Subsidiaries are consolidated from the date on which the possibility of control exists. They are no longer consolidated when this possibility no longer exists.
The capital consolidation of the subsidiaries acquired after January 1, 2005 is based on the acquisition method. Upon initial consolidation, the assets, debts and contingent liabilities that can be identified as part of a business combination are stated at their fair value as of the acquisition date, regardless of the non-controlling interests (previously referred to as minority interests). At the time of the acquisition, there is a separately exercisable right to vote on whether the interests of the non-controlling shareholders are valued at fair value or at proportional net asset value.
The surplus of the acquisition costs arising from the purchase that exceeds the Group's share in the net assets stated at fair value is recognized as goodwill. If the acquisition costs are lower than the amount of the net assets stated at fair value, the difference is recognized directly in the income statement.
Pursuant to the contractual arrangement with the joint venture partners, PUMA is the beneficial owner of some controlling interests. The companies are fully included in the consolidated financial statements and, therefore, non-controlling interests are not disclosed. The present value of the capital shares attributable to the non-controlling shareholders and the present value of the residual purchase prices expected due to corporate performance are included in the capital consolidation as acquisition costs for the holdings. If there are any subsequent deviations, for acquisitions before January 1, 2010 these lead to a subsequent adjustment of the acquisition costs not affecting income. For business combinations from January 1, 2010, the costs that can be directly allocated to the acquisition as well as subsequent deviations in the present value of expected residual purchase prices are recognized in the income statement pursuant to the application of the amended IFRS 3.
With respect to the remaining controlling interests, losses attributable to non-controlling interests are allocated to the latter even if this results in a negative balance in non-controlling interests.
Receivables within the Group are offset against internal liabilities. As a general rule, any set-off differences arising from exchange rate fluctuations are recognized in the income statement to the extent that they accrued during the reporting period. If receivables and liabilities are long-term and capital-replacing in nature, the currency difference is recognized directly in equity and in Other Income.
In the course of the expense and income consolidation, inter-company sales and intra-group income are offset against the expenses attributable to them. Interim profits not yet realized within the Group and intra-group investment incomes are eliminated by crediting them in the income statement.

***GROUP OF CONSOLIDATED COMPANIES*** In addition to PUMA SE, all subsidiaries in which PUMA SE, directly or indirectly, has existing rights that give it the ability to direct their main activities are fully consolidated in the consolidated financial statements. Currently the possibility of control for all Group companies is based on a direct or indirect majority of the voting rights. Associated companies are accounted for in the Group using the equity method.

The changes in the number of Group companies (including the parent company PUMA SE) were as follows:

T.9

| | |
|---|---|
| **As of 12/31/2013** | **113** |
| Formation of companies 2014 | 6 |
| Disposal of companies 2014 | 2 |
| **As of 12/31/2014** | **117** |

The following changes occurred within the group of consolidated companies in financial year 2014:
The group of consolidated companies was further extended by the formation of the companies PUMA International Trading GmbH, PUMA Europe GmbH, PUMA Kids Apparel North America LLC, PUMA International Trading Services Limited, PT PUMA Cat Indonesia and PUMA Sports South East Asia Pte. Ltd.
Disposals in the group of consolidated companies concern the companies PUMA Bulgaria EOOD and 2Expressions Merchandise Svenska AB. The disposal of PUMA Bulgaria EOOD resulted in a loss of € 0.4 million, which is included in the consolidated income statement under Other Operating Income and Expenses.
These changes in the group of consolidated companies did not have a significant effect on the net assets, financial position and results of operations.

PUMA Vertrieb GmbH, PUMA Mostro GmbH, PUMA Sprint GmbH, PUMA International Trading GmbH and PUMA Europe GmbH have made use of the exemption under Section 264 (3) of the HGB.

T.10 *The Group companies are allocated to regions as follows[13]: as of Dec 31st 2014*

| No. | Companies/Legal Entities | Country | Capital | Shareholder | Share in capital |
|---|---|---|---|---|---|
| | **Parent Company** | | | | |
| 1. | PUMA SE | Germany | Herzogenaurach | | |
| | **EMEA** | | | | |
| 2. | Austria PUMA Dassler Ges. m.b.H. | Austria | Salzburg | direct | 100% |
| 3. | Dobotex Austria GmbH | Austria | Salzburg | indirect | 100% |
| 4. | Wilderness Holdings Ltd. | Botswana | Maun | direct | 20,1% |
| 5. | PUMA Sport Hrvatska d.o.o. | Croatia | Zagreb | indirect | 100% |
| 6. | PUMA Czech Republic s.r.o. | Czech Republic | Prag | indirect | 100% |
| 7. | PUMA Denmark A/S | Denmark | Skanderborg | indirect | 100% |
| 8. | PUMA Estonia OU | Estonia | Talin | indirect | 100% |
| 9. | PUMA Finland Oy | Finland | Espoo | indirect | 100% |
| 10. | Tretorn Finland Oy | Finland | Espoo | indirect | 100% |
| 11. | Brandon Oy | Finland | Helsinki | indirect | 100% |
| 12. | PUMA FRANCE SAS | France | Illkirch | indirect | 100% |
| 13. | PUMA Speedcat SAS | France | Illkirch | indirect | 100% |
| 14. | Dobotex France SAS | France | Paris | indirect | 100% |
| 15. | PUMA International Trading GmbH | Germany | Herzogenaurach | direct | 100% |
| 16. | PUMA Europe GmbH | Germany | Herzogenaurach | direct | 100% |
| 17. | PUMA Vertrieb GmbH | Germany | Herzogenaurach | direct | 100% |
| 18. | PUMA Sprint GmbH | Germany | Herzogenaurach | direct | 100% |
| 19. | PUMA Mostro GmbH | Germany | Herzogenaurach | indirect | 100% |
| 20. | Brandon Germany GmbH | Germany | Herzogenaurach | indirect | 100% |
| 21. | Dobotex Deutschland GmbH | Germany | Düsseldorf | indirect | 100% |
| 22. | PUMA UNITED KINGDOM LTD | Great Britain | Leatherhead | indirect | 100% |
| 23. | PUMA Premier Ltd | Great Britain | Leatherhead | indirect | 100% |
| 24. | Dobotex UK Ltd | Great Britain | Manchester | indirect | 100% |
| 25. | Brandon Merchandising UK Ltd. | Great Britain | London | indirect | 100% |
| 26. | Sport Equipm. Hellas S. A. of Footwear, Apparel and Sportswear | Greece | Athens | direct | 100%[1] |
| 27. | PUMA Cyprus Ltd. | Cyprus | Nicosia | direct | 100%[1] |
| 28. | PUMA Hungary Kft. | Hungary | Budapest | indirect | 100% |
| 29. | Tretorn R&D Ltd. | Ireland | Dublin | indirect | 100% |
| 30. | PUMA Italia S.r.l. | Italy | Milano | indirect | 100% |

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| | | | | | |
|---|---|---|---|---|---|
| 31. | Dobotex Italia S.r.l. | Italy | Milano | indirect | 100% |
| 32. | PUMA Sport Israel Ltd. | Israel | Hertzeliya | indirect | 100% |
| 33. | PUMA Baltic UAB | Lithuania | Vilnius | indirect | 100% |
| 34. | PUMA Malta Ltd | Malta | St.Julians | indirect | 100% |
| 35. | PUMA Blue Sea Ltd | Malta | St.Julians | indirect | 100% |
| 36. | PUMA Racing Ltd | Malta | St.Julians | indirect | 100% |
| 37. | PUMA Benelux B.V. | Netherlands | Leusden | direct | 100% |
| 38. | PUMA International Sports Marketing BV | Netherlands | Leusden | direct | 100% |
| 39. | Dobotex International BV | Netherlands | Tilburg | direct | 100% |
| 40. | Dobotex BV | Netherlands | s-Hertogenbosch | indirect | 100% |
| 41. | Dobo Logic BV | Netherlands | Tilburg | indirect | 100% |
| 42. | Dobotex Licensing Holding BV | Netherlands | s-Hertogenbosch | indirect | 100% |
| 43. | PUMA Norway AS | Norway | Oslo | indirect | 100% |
| 44. | Tretorn Norway AS | Norway | Oslo | indirect | 100% |
| 45. | PUMA Polska Spolka z o.o. | Poland | Warsaw | indirect | 100% |
| 46. | PUMA Sport Romania s.r.l. | Romania | Bucharest | indirect | 100% |
| 47. | PUMA–RUS GmbH | Russia | Moscow | indirect | 100% |
| 48. | PUMA Serbia DOO | Serbia | Belgrade | indirect | 100% |
| 49. | PUMA Slovakia s.r.o. | Slovakia | Bratsilava | indirect | 100% |
| 50. | PUMA Sports Distributors (Pty) Limited | South Africa | Cape Town | indirect | 100% |
| 51. | PUMA Sports S.A. | South Africa | Cape Town | indirect | 100% |
| 52. | PUMA Iberia S.L.U | Spain | Barcelona | direct | 100% |
| 53. | Dobotex Spain S.L. | Spain | Barcelona | indirect | 100% |
| 54. | Brandon Company AB | Sweden | Gothenburg | direct | 100% |
| 55. | Brandon AB | Sweden | Gothenburg | indirect | 100% |
| 56. | Hunt Sport AB | Sweden | Helsingborg | indirect | 100% |
| 57. | Tretorn AB | Sweden | Helsingborg | direct | 100% |
| 58. | PUMA Nordic AB | Sweden | Helsingborg | indirect | 100% |
| 59. | Tretorn Sweden AB | Sweden | Helsingborg | indirect | 100% |
| 60. | Mount PUMA AG (Schweiz) | Switzerland | Oensingen | direct | 100% |
| 61. | PUMA Retail AG | Switzerland | Oensingen | indirect | 100% |
| 62. | PUMA Schweiz AG | Switzerland | Oensingen | indirect | 100% |
| 63. | Dobotex Switzerland AG | Switzerland | Oensingen | indirect | 100% |
| 64. | PUMA Spor Giyim Sananyi ve Ticaret A.S. | Turkey | Istanbul | indirect | 100% |
| 65. | PUMA Ukraine Ltd. | Ucraine | Kiew | indirect | 100% |
| 66. | PUMA Middle East FZ LLC | United Arab Emirates | Dubai | indirect | 100% |
| 67. | PUMA UAE LLC | United Arab Emirates | Dubai | indirect | 100%[1)] |

| | Americas[14] | | | | |
|---|---|---|---|---|---|
| 68. | Unisol S.A. | Argentina | Buenos Aires | direct | 100% |
| 69. | PUMA Sports Ltda. | Brazil | Sao Paulo | indirect | 100% |
| 70. | PUMA Canada, Inc. | Canada | Montreal | indirect | 100% |
| 71. | PUMA CHILE S.A. | Chile | Santiago | direct | 100% |
| 72. | PUMA SERVICIOS SPA | Chile | Santiago | indirect | 100% |
| 73. | PUMA Mexico Sport S.A. de C.V. | Mexico | Mexico City | direct | 100% |
| 74. | Servicios Profesionales RDS S.A. de C.V. | Mexico | Mexico City | indirect | 100% |
| 75. | Importaciones RDS S.A. de C.V. | Mexico | Mexico City | direct | 100% |
| 76. | Dobotex de Mexico SA de C.V. | Mexico | Mexico City | indirect | 100% |
| 77. | Distribuidora Deportiva PUMA S.A.C. | Peru | Lima | indirect | 100% |
| 78. | Distribuidora Deportiva PUMA Tacna S.A.C | Peru | Tacna | indirect | 100% |
| 79. | PUMA Retail Peru S.A.C | Peru | Lima | indirect | 100% |
| 80. | PUMA Sports LA S.A. | Uruguay | Montevideo | direct | 100% |
| 81. | PUMA Suede Holding, Inc. | USA | Westford | indirect | 100% |
| 82. | PUMA North America, Inc. | USA | Westford | indirect | 100% |
| 83. | Brandon USA, Inc. | USA | Chicago | indirect | 100% |
| 84. | Cobra Golf Inc. | USA | Carlsbad | indirect | 100% |
| 85. | PUMA Wheat Accessories, Ltd | USA | San Diego | indirect | 85% |
| 86. | Janed, LLC | USA | New York | indirect | 51% |
| 87. | PUMA Kids Apparel North America, LLC | USA | New York | indirect | 51% |

| | Asia/Pacific[14] | | | | |
|---|---|---|---|---|---|
| 88. | PUMA Australia Pty. Ltd. | Australia | Moorabbin | indirect | 100% |
| 89. | White Diamond Australia Pty. Ltd. | Australia | Moorabbin | indirect | 100% |
| 90. | White Diamond Properties | Australia | Moorabbin | indirect | 100% |
| 91. | Kalola Pty Ltd. | Australia | Moorabbin | indirect | 100% |
| 92. | Liberty China Holding Ltd | British Virgin Islands | | indirect | 100% |
| 93. | Brandon Trading Ltd. | China | Shanghai | indirect | 100% |
| 94. | PUMA China Ltd | China | Shanghai | indirect | 100% |
| 95. | Dobotex China Ltd. | China | Shanghai | indirect | 100% |
| 96. | Guangzhou World Cat Information Consulting Services Co., Ltd | China | Guangzhou | indirect | 100% |
| 97. | World Cat Ltd. | Hongkong | | direct | 100% |
| 98. | Development Services Ltd. | Hongkong | | direct | 100% |
| 99. | PUMA International Trading Services Limited | Hongkong | | direct | 100% |
| 100. | PUMA Asia Pacific Ltd. | Hongkong | | direct | 100% |

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| | | | | | |
|---|---|---|---|---|---|
| 101. | PUMA Hong Kong Ltd | Hongkong | | indirect | 100% |
| 102. | Dobotex Ltd. | Hongkong | | indirect | 100% |
| 103. | Brandon Hong Kong Ltd. | Hongkong | | indirect | 100% |
| 104. | PUMA Sports India Pvt Ltd. | India | Bangalore | indirect | 100% |
| 105. | PUMA India Retail Pvt Ltd. | India | Bangalore | indirect | 100%[1] |
| 106. | World Cat Sourcing India Ltd. | India | Bangalore | indirect | 100% |
| 107. | PT Puma Cat Indonesia | Indonesia | Jakarta | indirect | 100% |
| 108. | PUMA JAPAN K.K. | Japan | Tokio | indirect | 100% |
| 109. | PUMA Korea Ltd. | Korea | Seoul | direct | 100% |
| 110. | Dobotex Korea Ltd. | Korea | Seoul | indirect | 100% |
| 111. | PUMA Sports Goods Sdn. Bhd. | Malaysia | Kuala Lumpur | direct | 100% |
| 112. | PUMA New Zealand LTD | New Zealand | Auckland | indirect | 100% |
| 113. | PUMA Sports Singapore Pte. Ltd. | Singapore | | direct | 100% |
| 114. | PUMA Sports South East Asia Pte. Ltd | Singapore | | direct | 100% |
| 115. | PUMA Taiwan Sports Ltd. | Taiwan | Taipei | indirect | 100%[1] |
| 116. | World Cat Vietnam Co. Ltd. | Vietnam | Long An Province | indirect | 100% |
| 117. | World Cat Vietnam Sourcing & Development Services Co. Ltd. | Vietnam | Ho Chi Minh City | indirect | 100% |

1) subsidiaries which are assigned to be economically 100% PUMA Group

**CURRENCY CONVERSION** As a general rule, monetary items in foreign currencies are converted in the individual financial statements of the Group companies at the exchange rate valid on the balance sheet date. Any resulting currency gains and losses are immediately recognized in the income statement. Non-monetary items are converted at historical acquisition and manufacturing costs.
The assets and liabilities of foreign subsidiaries, the functional currency of which is not the Euro, have been converted to Euros at the average exchange rates valid on the balance sheet date. Expenses and income have been converted at the annual average exchange rates. Any differences resulting from the currency conversion of net assets relative to exchange rates that had changed in comparison with the previous year were adjusted against equity.

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The significant conversion rates per Euro are as follows:

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| Currency | 2014 Reporting date exchange rate | 2014 Average exchange rate | 2013 Reporting date exchange rate | 2013 Average exchange rate |
|---|---|---|---|---|
| USD | 1.2141 | 1.3285 | 1.3791 | 1.3281 |
| HKD | 9.4170 | 10.3025 | 10.6933 | 10.3013 |
| JPY | 145.2300 | 140.3061 | 144.7200 | 129.6000 |
| GBP | 0.7789 | 0.8061 | 0.8337 | 0.8491 |
| CHF | 1.2024 | 1.2146 | 1.2276 | 1.2310 |

**DERIVATIVE FINANCIAL INSTRUMENTS/HEDGE ACCOUNTING** Derivative financial instruments are recognized at fair value at the time a contract is entered into and thereafter. At the time when a hedging instrument is acquired, PUMA classifies the derivative as a hedge for a planned transaction (cash flow hedge).
At the time when the transaction is concluded, the hedging relationship between the hedging instrument and the underlying transaction as well as the purpose of risk management and the underlying strategy are documented. In addition, assessments as to whether the derivatives used in the hedge accounting compensate effectively for a change in the fair value or the cash flow of the underlying transaction are documented at the beginning of and continuously after the hedging relationship.
Changes in the market value of derivatives that are intended and suitable for cash flow hedges and that prove to be effective are adjusted against equity, taking into account deferred taxes. If there is no complete effectiveness, the ineffective part is recognized in the income statement. The amounts recognized in equity are recognized in the income statement during the same period in which the hedged planned transaction affects the income statement. If, however, a hedged future transaction results in the recognition of a non-financial asset or a liability, gains or losses previously recorded in equity are included in the initial valuation of the acquisition costs of the respective asset or liability. The fair values of the derivative instruments used to hedge planned transactions are shown under "Other current financial assets" or "Other current financial liabilities."

**LEASING** Leases are to be classified either as finance leases or operating leases. Leases where the Company, in its capacity as the lessee, is responsible for all significant opportunities and risks that arise from the use of the lease object are treated as finance leases. All other leases are classified as operating leases. The lease payments from operating leases are recorded as an expense over the term of the contract.

***CASH AND CASH EQUIVALENT*** Cash and cash equivalents include cash and bank balances. To the extent that bank deposits are not immediately required to finance current assets, they are invested as risk-free fixed-term deposits, presently for a term of up to three months. The total amount of cash and cash equivalents is consistent with the cash and cash equivalents stated in the cash flow statement.

***INVENTORIES*** Inventories are valued at acquisition or manufacturing costs, or at the lower net realizable values derived from the selling price on the balance sheet date. As a general rule, the acquisition cost of the merchandise is determined using the average cost method. Value adjustments are adequately recorded, depending on age, seasonality and realizable market prices, in a manner that is standard throughout the Group.

***RECEIVABLES AND OTHER ASSETS*** Receivables and other assets are initially stated at fair value, taking into account transaction costs, and subsequently valued at amortized acquisition cost after deduction of value adjustments. All identifiable risks with respect to value adjustments are sufficiently accounted for in the form of individual risk assessments based on historical values.
Adjustments are conducted in principle if, after recognition of the financial asset, there are objective indications for an adjustment that has an effect on the expected future cash flow from that financial instrument. Significant financial difficulties of a debtor, an increased probability that a creditor becomes insolvent or enters into a clean-up procedure, or a breach of contract, e.g., a cancellation or delay in interest payments or repayments, all count as indicators for an existing adjustment. The amount of the adjustment loss corresponds to the difference between the carrying amount and the cash value of the expected cash flows.
The non-current assets contain loans and other assets. Non-taxable non-current assets are discounted in principle at cash value if the resulting effect is significant.

***NON-CURRENT INVESTMENTS*** The investments reported under non-current financial assets belong to the category “available for sale”. This category includes financial instruments that are not loans and receivables or held-to-maturity investments and that are not stated at fair value. The categories “held-to-maturity investments” and “financial assets stated at fair value in the income statement” do not apply within the PUMA Group.

All purchases and sales of non-current investments are recognized on the date of the trade. The initial recognition of non-current investments takes place at fair value plus transaction costs. They are also recognized in subsequent periods at fair value, if this can be reliably determined. Unrealized gains and losses are stated in comprehensive income, taking into account deferred taxes. When non-current investments are sold, the gain or loss is recognized in the income statement.
If there is material objective evidence of the impairment of non-current investments, these assets are written down against income. For equity investments categorized as available for sale, material objective evidence of impairment exists when there is a significant or prolonged decline in the fair value of the assets below their acquisition cost. The same applies if there is no longer an active market for listed shares.

***PROPERTY, PLANT AND EQUIPMENT*** Property, plant and equipment are stated at acquisition cost, net of accumulated depreciation. The depreciation period depends on the expected useful life of the respective item. The straight-line method of depreciation is applied. The useful life depends on the type of assets involved. Buildings are subject to a useful life of between ten and fifty years, and a useful life of between three to ten years is assumed for moveable assets.
Repair and maintenance costs are recorded as an expense as of the date on which they were incurred. Substantial improvements and upgrades are capitalized to the extent that the criteria for capitalization of an asset item apply.
As a general rule, lease objects, the contractual basis of which is to be classified as a finance lease, are shown under property, plant and equipment; initially they are accounted for at fair value or the lower present value of the minimum lease payments, and net of accumulated depreciation in subsequent accounting periods.

***GOODWILL*** Goodwill resulting from a business acquisition is calculated based on the difference between the purchase price and the fair value of the acquired asset and liability items. Goodwill from acquisitions is largely attributable to the intangible infrastructure acquired and the associated opportunity to make a positive contribution to corporate value.
Goodwill amounts are allocated to the Group’s cash-generating units that are expected to benefit from the synergy effects resulting from the business combination.
An impairment test of goodwill per cash-generating unit (usually the countries) is performed once a year, as well as whenever there are indicators of impairment, and can result in an impairment loss. There is no reversal of an impairment loss for goodwill.

***OTHER INTANGIBLE ASSETS*** Acquired intangible assets largely consist of concessions, intellectual property rights and similar rights. These are valued at acquisition cost, net of cumulative amortization. The useful life of intangible assets is between three and ten years. The item also includes acquired trademark rights, which were assumed to have an indefinite useful life in light of the history of the brand and due to the fact that the brand is continued by PUMA.

***IMPAIRMENT OF ASSETS*** Intangible assets with an indefinite or indeterminate useful life are not subject to scheduled depreciation, but are subject to an annual impairment test. Property, plant and equipment and other intangible assets with finite useful lives are tested for impairment if there is any indication of impairment in the value of the asset concerned. In order to determine whether there is a requirement to recognize the impairment of an asset, the recoverable amount of the respective asset (the higher amount of the fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as an impairment loss. The test for impairment is performed, if possible, at the level of the respective individual asset, otherwise at the level of the cash-generating unit. Goodwill, on the other hand, is tested for impairment only at the cash-generating unit level. If it is determined within the scope of the impairment test that an asset needs to be written down, then the goodwill, if any, of the cash-generating unit is written down initially and, in a second step, the remaining amount is distributed proportionately over the remaining assets. If the reason for the recognized impairment no longer applies, a reversal of impairment loss is recognized to the maximum amount of the written-down acquisition cost. There is no reversal of an impairment loss for goodwill.
Impairment tests are performed using the discounted cash flow method. To determine the fair value less costs to sell and value in use, the expected cash flows are based on corporate planning data. Expected cash flows are discounted using an interest rate in line with market conditions.

***HOLDINGS IN ASSOCIATED COMPANIES*** Associated companies represent shareholdings over which PUMA has a significant influence, but which do not qualify as subsidiaries or joint ventures. Significant influence is generally assumed when PUMA holds, directly or indirectly, at least 20 percent, but less than 50 percent, of the voting rights.
Holdings in associated companies are accounted for using the equity method. Here, the shares are initially recognized at their acquisition cost and are subsequently adjusted for the prorata changes in the company's net assets that are attributable to PUMA. Any recognized goodwill is shown in the carrying amount of the associated company.
Within the scope of the impairment test, the carrying amount of a company valued at equity is compared with its recoverable amount provided that there is an indication that the asset has decreased in value. If the recoverable amount is lower than the carrying amount, the difference is recognized as an impairment loss. If the reasons for the previously recognized impairment no longer apply, a write-up is recognized in the income statement.

***FINANCIAL DEBT, OTHER FINANCIAL LIABILITIES AND OTHER LIABILITIES*** As a general rule, these items are recognized at their acquisition cost, taking into account transaction costs, and subsequently recognized at amortized acquisition cost. Non-interest or low-interest-bearing liabilities with a term of at least one year are recognized at present value, taking into account an interest rate in line with market conditions, and are compounded until their maturity at their repayment amount. Liabilities from finance lease agreements are recognized as of the beginning of the lease transaction at the amount of the present value of the minimum lease amount, or at the lower fair value, and are adjusted by the repayment amount of the lease installments.
As a general rule, current financial liabilities also include the proportion of long-term loans that have a maximum residual term of up to one year.

***PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS*** In addition to defined benefit plans, some companies provide defined contribution plans, which do not result in any further obligation other than the payment of current contributions. The pension provision for defined benefit plans is generally calculated using the projected unit credit method. This method takes into account not only pension benefits and pension rights accrued as of the reporting date, but also expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future cash flows based on a discount rate by reference to high quality corporate bonds. The currency and estimated term of the corporate bonds are consistent with the currency and estimated term of the obligations. Some of the plans are funded. The fair value of plan assets is then deducted from the defined benefit obligation in order to determine the net defined benefit liability.
Remeasurements, resulting from actuarial gains and losses, changes in the asset ceiling and return on plan assets (without interest on the net liability) are shown in Other Comprehensive Income. The remeasurements shown in Other Comprehensive Income are part of the retained earnings. Past service costs are included in the pension expense when they occur.

***OTHER PROVISIONS*** Provisions are recognized if the Group, as a result of a past event, has a current obligation and this obligation is likely to result in an outflow of resources with economic benefits, the amount of which can be reliably estimated. The provisions are recognized at their settlement value as determined on the basis of the best possible assess-

ment and are not offset by income. Provisions are discounted if the resulting effect is significant.
Provisions for the expected expenses from warranty obligations pursuant to the respective national sales contract laws are recognized at the time of sale of the relevant products, according to the best estimate in relation to the expenditure needed in order to fulfill the Group's obligation.
Provisions are also recognized to account for onerous contracts. An onerous contract is assumed to exist where the unavoidable costs of fulfilling the contract exceed the economic benefit arising from this contract.
Provisions for restructuring measures are also recognized if a detailed, formal restructuring plan has been produced that has created a justified expectation that the restructuring measures will be carried out by those concerned due to its implementation starting or its major components having been announced.

***TREASURY STOCK*** Treasury stock is deducted from equity at its market price as of the date of acquisition, plus incidental acquisition costs. Pursuant to the authorization of the Annual General Meeting, treasury stock can be repurchased for any authorized purpose, including the flexible management of the Company's capital requirements.

***EQUITY COMPENSATION PLANS/MANAGEMENT INCENTIVE PROGRAM*** In accordance with IFRS 2, stock-based compensation systems are recognized at fair value and recorded under personnel costs. PUMA has stock-based compensation systems in the form of stock options (SOP) involving compensation in shares and in the form of virtual shares with cash compensation.
The expenses associated with the SOP are determined from the fair value of the options as of the grant date, without taking into account the impact of non-market-oriented exercise hurdles (e.g., forfeited options if the eligible employee leaves the Company prematurely). The expense is recorded by distributing it as personnel costs over the vesting period until the options are vested and is recognized as a capital reserve. Non-market-oriented exercise hurdles are adjusted in accordance with current expectations and the assessment of expected exercisable options is reviewed on each balance sheet date. The resulting gains and losses are recognized in the income statement and recorded through a corresponding adjustment in equity over the remaining period up to the vesting date.
For share-based remunerations with cash compensation, a liability is recognized for the services received and measured with its fair value upon addition. Until the debt is cleared, its fair value is recalculated on every balance sheet date and on the settlement date and all changes to the fair value are recognized in the income statement.

***RECOGNITION OF SALES REVENUES*** Revenues from the sale of products (sales revenues) are recognized at the time of the transfer of the significant opportunities and risks associated with the ownership of the goods and products sold to the buyer if it is likely that the Group will derive the economic benefit from the sale. The amount of the recognized sales revenues is based on the fair value of the consideration received or to be received, taking into account returns, discounts and rebates.

***ROYALTY AND COMMISSION INCOME*** Income from royalties is recognized in the income statement in accordance with the invoices to be submitted by the license holders. In certain cases, values must be estimated in order to permit accounting on an accrual basis. Commission income is invoiced to the extent that the underlying purchase transaction is deemed realized.

***ADVERTISING AND PROMOTIONAL EXPENSES*** Advertising expenses are recognized in the income statement as of the date of their accrual. As a general rule, promotional expenses stretching over several years are recognized as an expense over the contractual term on an accrual basis. Any expenditure surplus resulting from this allocation of expenses after the balance sheet date is recognized in the form of an impairment of assets or a provision for anticipated losses in the respective annual financial statements..

***PRODUCT DEVELOPMENT*** PUMA continuously develops new products in order to meet market requirements and market changes. Intangible assets are not capitalized since the criteria set forth in IAS 38 are not satisfied.

***FINANCIAL RESULT*** The financial results include the results from associated companies as well as interest income from financial investments and interest expense from loans. Financial results also include interest expense from discounted non-current liabilities and pension provisions that are associated with acquisitions of business enterprises or arise from the valuation of pension commitments.
Exchange rate effects that can be directly allocated to an underlying transaction are shown in the respective income statement item.

***INCOME TAXES*** Current income taxes are determined in accordance with the tax regulations of the respective countries where the individual Group companies conduct their operations.

***DEFERRED TAXES*** Deferred taxes resulting from temporary valuation differences between the IFRS and tax balance sheets of individual Group companies and from consolidation

procedures are charged to each taxable entity and shown either as deferred tax assets or deferred tax liabilities. Deferred tax assets may also include claims for tax reductions that result from the expected utilization of existing losses carried forward to subsequent years and which are sufficiently certain to materialize. Deferred tax assets or liabilities may also result from accounting treatments that do not affect net income. Deferred taxes are calculated on the basis of the tax rates that apply to the reversal in the individual countries and that are in force or adopted as of the balance sheet date.
Deferred tax assets are shown only to the extent that the respective tax advantage is likely to materialize. Value adjustments are recognized on the basis of the past earnings situation and the business expectations for the foreseeable future, if this criterion is not fulfilled.

***ASSUMPTIONS AND ESTIMATES*** The preparation of the consolidated financial statements requires some assumptions and estimates that have an impact on the amount and disclosure of the recognized assets and liabilities, income and expenses, as well as contingent liabilities. The assumptions and estimates are based on premises, which in turn are based on currently available information. In individual cases, the actual values may deviate from the assumptions and estimates made. Consequently, future periods involve a risk of adjustment to the carrying amount of the assets and liabilities concerned. If the actual trend is different to the expected trend, the premises and, if necessary, the carrying amounts of the assets and liabilities involved are adjusted in the income statement.
All assumptions and estimates are continuously reassessed. They are based on historical experiences and other factors, including expectations regarding future global and industry-related trends that appear reasonable under the current circumstances. Assumptions and estimates particularly arise in relation to the valuation of goodwill, pension obligations, derivative financial instruments and deferred taxes. The most significant forward-looking assumptions and sources of estimation uncertainty as of the reporting date concerning the above-mentioned items are discussed below.

*GOODWILL* A review of the impairment of goodwill is based on the calculation of the value in use. In order to calculate the value in use, the Group must estimate the future cash flows from those cash-generating units to which the goodwill is allocated. To this end, the data used were from the relevant three-year plan, which is based on forecasts of the overall economic development and the resulting industry-specific consumer behavior. Another key assumption concerns the determination of an appropriate interest rate for discounting the cash flows to present value (discounted cash flow method). See paragraph 10 for further information, in particular regarding the assumptions used for the calculation.

*PENSION OBLIGATIONS* Pension obligations are determined using an actuarial calculation. This calculation is contingent on a large number of factors that are based on assumptions and estimates regarding the discount rate, the expected return on plan assets, future wage and salary increases, mortality and future pension increases. Due to the long-term nature of the commitments made, the assumptions are subject to significant uncertainties. Any change in these assumptions has an impact on the carrying amount of the pension obligations. The Group determines at the end of each year the discount rate applied to determine the present value of future payments. This discount rate is based on the interest rates of corporate bonds with the highest credit rating that are denominated in the currency in which the benefits are paid and the maturity of which corresponds to that of the pension obligations. See paragraph 15 for further information, in particular regarding the parameters used for the calculation.

*DEFERRED TAXES* The recognition of deferred taxes, in particular with respect to tax losses carried forward, requires that estimates and assumptions be made concerning future tax planning strategies as well as the expected date of initial recognition and the amount of future taxable income. The taxable income from the relevant corporate plan is derived for this judgment. This takes into account the past financial position and the business development expected in the future. Active deferred tax assets on losses carried forward are recorded for companies incurring a loss only if it is highly likely that future positive income will be achieved that can be offset against these tax losses carried forward. Please see paragraph 8 for further information and detailed assumptions.

*DERIVATIVE FINANCIAL INSTRUMENTS* The assumptions used for the valuation of derivative financial instruments are based on the prevailing market conditions as of the balance sheet date and thus reflect the fair value. See paragraph 24 for further information.

## 3. Cash and Cash Equivalents

As of December 31, 2014, the Group had € 401.5 million (previous year: € 390.1 million) in cash and cash equivalents. The average effective interest rate of financial investments was 1.2 % (previous year: 1.6 %). There are no restrictions on disposition.

## 4. Inventories

Inventories are allocated to the following main groups:

T.12

| | 2014 € million | 2013 € million |
|---|---|---|
| Raw materials, consumables and supplies | 17.6 | 13.3 |
| Finished goods and merchandise/inventory | | |
| Footwear | 166.1 | 164.4 |
| Apparel | 153.5 | 145.5 |
| Accessories/Other | 88.1 | 85.5 |
| Goods in transit | 146.2 | 112.6 |
| **Total** | **571.5** | **521.3** |

The table shows the carrying amount of the inventories net of value adjustments. Of the value adjustments of € 62.5 million (previous year: € 71.1 million), approx. 69 % (previous year approx. 69 %) were recognized as expense under cost of sales in the 2014 financial year. The amount of inventories recorded as an expense during the period mainly includes the cost of sales shown in the consolidated income statement.

## 5.Trade Receivables

This item consists of:

T.13

| | 2014 € million | 2013 € million |
|---|---|---|
| Trade receivables, gross | 488.6 | 477.3 |
| Less value adjustments | -39.4 | -53.9 |
| **Trade receivables, net** | **449.2** | **423.4** |

Allowances for trade receivables changed as follows:

T.14

| | 2014 € million | 2013 € million |
|---|---|---|
| **Status of value adjustments as of January 1** | **53.9** | **57.1** |
| Exchange rate differences | 0.2 | -1.1 |
| Allocations | 10.9 | 13.3 |
| Utilization | -19.6 | -9.6 |
| Reversals | -6.0 | -5.8 |
| **Status of value adjustments as of December 31** | **39.4** | **53.9** |

The age structure of the trade receivables is as follows:

T.15

| | Gross values 2014 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | of which not written down | | | | | | of which written down |
| | | Not due | 0–30 days | 31–60 days | 61–90 days | 91–180 days | over 180 days | |
| € million | 488.6 | 312.4 | 39.8 | 15.0 | 6.9 | 5.5 | 1.2 | 107.8 |

T.16

| | Gross values 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total | of which not written down | | | | | | of which written down |
| | | Not due | 0–30 days | 31–60 days | 61–90 days | 91–180 days | over 180 days | |
| € million | 477.3 | 299.2 | 38.1 | 14.0 | 5.9 | 6.1 | 2.2 | 111.8 |

With respect to trade receivables that were not written down, PUMA assumes that the debtors will satisfy their payment obligations.

## 6. Other Current Financial Assets

This item consists of:

T.17

| | 2014 € million | 2013 € million |
|---|---|---|
| Fair value of derivative financial instruments | 58.0 | 11.6 |
| Other financial assets | 35.6 | 26.8 |
| **Total** | **93.6** | **38.4** |

The amount shown is due within one year. The fair value corresponds to the carrying amount.

## 7. Other Current Assets

This item consists of:

T.18

| | 2014 € million | 2013 € million |
|---|---|---|
| Prepaid expense relating to the subsequent period | 35.9 | 30.0 |
| Other receivables | 55.9 | 40.1 |
| **Total** | **91.8** | **70.1** |

The amount shown is due within one year. The fair value corresponds to the carrying amount.

Other receivables mainly include VAT receivables amounting to € 24.8 million (previous year: € 19.5 million).

## 8.Deferred Taxes

Deferred taxes relate to the items shown below:

T.19

| | 2014 € million | 2013 € million |
|---|---|---|
| Tax losses carried forward | 98.4 | 71.5 |
| Non-current assets | 28.4 | 22.5 |
| Current assets | 24.9 | 28.3 |
| Provisions and other liabilities | 67.8 | 52.2 |
| **Deferred tax assets (before netting)** | **219.5** | **174.5** |
| Non-current assets | 74.8 | 53.8 |
| Current assets | 20.1 | 5.9 |
| Provisions and other liabilities | 0.3 | 0.9 |
| **Deferred tax liabilities (before netting)** | **95.2** | **60.6** |
| **Deferred tax assets, net** | **124.3** | **113.9** |

Of the deferred tax assets, € 75.3 million (previous year: € 77.3 million) and, of the deferred tax liabilities, € 20.4 million (previous year: € 5.8 million) are current.

As of December 31, 2014, tax losses carried forward amounted to a total of € 566.2 million (previous year: € 455.8 million). This results in a deferred tax asset of € 160.8 million (previous year: € 127.4 million). Deferred tax receivables were recognized for these items in the amount at which the associated tax advantages are likely to be realized in the form of future taxable profits. Accordingly, deferred tax receivables for tax losses of € 62.4 million (previous year: € 55.9 million) have not been recognized; these are non-forfeitable. In addition, no deferred taxes were recognized for deductible temporary differences amounting to € 6.8 million (previous year: € 11.1 million).

Deferred tax liabilities for withholding taxes from possible dividends on retained earnings of subsidiaries that serve to cover the financing needs of the respective company were not recognized, since it is most likely that such temporary differences will not be cleared in the near future.

Deferred tax assets and liabilities are netted if they relate to a taxable entity and can in fact be netted. Accordingly, they are shown in the balance sheet as follows:

T.20

| | 2014 € million | 2013 € million |
|---|---|---|
| Deferred tax assets | 178.8 | 164.2 |
| Deferred tax liabilities | 54.5 | 50.3 |
| **Deferred tax assets, net** | **124.3** | **113.9** |

The changes in deferred tax assets were as follows:

T.21

| | 2014 € million | 2013 € million |
|---|---|---|
| Deferred tax assets, previous year | 164.2 | 152.0 |
| Recognition in the income statement | 19.9 | 20.4 |
| Adjustment against Other Comprehensive Income | -5.3 | -8.2 |
| **Deferred tax assets** | **178.8** | **164.2** |

The changes in deferred tax liabilities were as follows:

T.22

| | 2014 € million | 2013 € million |
|---|---|---|
| Deferred tax liabilities, previous year | 50.3 | 54.1 |
| Recognition in the income statement | -1.4 | 1.5 |
| Adjustment against Other Comprehensive Income | 5.6 | -5.3 |
| **Deferred tax liabilities** | **54.5** | **50.3** |

## 9. Property, Plant and Equipment

Property, plant and equipment at their carrying amounts consist of:

T.23

| | 2014 € million | 2013 € million |
|---|---|---|
| Land and buildings, including buildings on third-party land | 105.9 | 114.6 |
| Technical equipment and machinery | 11.7 | 4.3 |
| Other equipment, factory and office equipment | 95.1 | 82.7 |
| Assets under construction | 11.3 | 11.2 |
| **Total** | **224.0** | **212.8** |

The carrying amount of property, plant and equipment is derived from the acquisition costs. Cumulative depreciation of property, plant and equipment amounted to € 267.0 million (previous year: € 254.9 million).
Property, plant and equipment include lease assets (finance lease) of € 0.6 million (previous year: € 0.3 million).
The changes in property, plant and equipment in the 2014 financial year are shown in “Changes in fixed assets”. Impairment expenses that exceed current depreciation during the reporting year are included to the value of € 0.3 million (previous year: € 3.9 million).

## 10. Intangible Assets

This item mainly includes goodwill, intangible assets with indefinite or indeterminate useful lives and assets associated with the Company’s own retail activities.
Goodwill and intangible assets with indefinite or indeterminate useful lives are not subject to scheduled amortization. An impairment test was performed in the past financial year using the discounted cash flow method. This was based on data from the respective three-year plan. The recoverable amount was determined on the basis of the value in use. This resulted in an impairment loss for three cash-generating units.
The cash-generating unit ‘Turkey’ includes total goodwill before impairment of € 1.5 million (previous year: € 1.4 million). This is allocated to the EMEA segment. Based on an adjustment in expected income, an impairment loss of € 1.5 million resulted when calculating the recoverable amount. Beyond that, no further impairments were required. The recoverable amount (€ 3.2 million) was determined by calculating value in use, using a discount rate of

14.5 % p.a. (previous year: 13.7 % p.a.) and a growth rate of 3 % (previous year: 3 %). The impairment is included in the item “Other operating income and expenses” in the consolidated income statement.
The cash-generating unit “Brandon” includes goodwill before impairment of € 1.3 million (previous year: € 1.4 million). The cash-generating unit corresponds to a business unit at PUMA, which was allocated to the Central Unit segment. Based on an adjustment in expected income, an impairment loss of € 1.3 million resulted when calculating the recoverable amount. The recoverable amount (€ 15.7 million) was determined by calculating value in use, using a discount rate of 7.2 % p.a. (previous year: 7.5 % p.a.) and a growth rate of 2 % (previous year: 2 %). The impairment is included in the item “Other operating income and expenses” in the consolidated income statement.
The cash-generating unit “CPG – Cobra PUMA Golf” includes goodwill before impairment of € 4.2 million (previous year: € 2.4 million). The cash-generating unit corresponds to a business unit at PUMA, which was allocated to the Central Unit segment. Based on an adjustment in expected income, an impairment loss of € 4.2 million resulted when calculating the recoverable amount. The recoverable amount (€ 162.6 million) was determined by calculating value in use, using a discount rate of 7.2 % p.a. (previous year: 7.6 % p.a.) and a growth rate of 3 % (previous year: 3 %). The impairment is included in the item “Other operating income and expenses” in the consolidated income statement.
The cash-generating unit ‘CPG – Cobra PUMA Golf’ includes intangible assets in association with the Cobra brand, with an indefinite useful life of € 117.2 million (previous year: € 103.1 million). The intangible assets are significant in comparison to the overall carrying amount of the intangible assets with an indefinite useful life. The recoverable amount was determined by calculating value in use, using a discount rate of 7.2 % p.a. (previous year: 7.6 % p.a.) and a growth rate of 3 % (previous year: 3 %). In addition, the recoverable amount of the Cobra brand (Level 3) was determined on the basis of the “relief from royalty” method. This calculation assumed a royalty rate of 8%, a 3% growth rate and a discount rate of 7.2 % p.a.
The changes in intangible assets in the 2014 financial year are shown in “Changes in fixed assets”. Other intangible assets include advance payments of € 5.6 million (previous year: € 4.4 million). Impairment expenses that exceed current depreciation during the reporting year are included to the value of € 7.0 million (previous year: € 64.9 million).

Goodwill is allocated to the Group’s identifiable cash-generating units (CGUs) according to the country where the activity is carried out. Summarized by regions, goodwill is allocated as follows:

T.24

| | 2014 € million | 2013 € million |
|---|---|---|
| EMEA (including Dobotex, Brandon and Tretorn) | 150.3 | 153.0 |
| Americas (including Cobra PUMA Golf) | 39.6 | 39.5 |
| Asia/Pacific | 51.8 | 50.5 |
| **Total** | **241.7** | **243.0** |

Assumptions used in conducting the impairment test in 2014:

T.25

| | Tax rate (range) | WACC before tax (range) | WACC after tax (range) |
|---|---|---|---|
| EEA | 24.5%-26.3% | 8.7%-9.6% | 7.1%-7.7% |
| EEMEA | 20.0%-28.0% | 17.2%-20.3% | 12.8%-14.5% |
| **EMEA** | **20.0%-28.0%** | **8.7%-20.3%** | **7.1%-14.5%** |
| North America | 28.3%-37.0% | 8.0%-9.0% | 7.2% |
| Latin America | 18.5%-35.0% | 10.4%-37.0% | 9.0%-24.3% |
| **Americas** | **18.5%-37.0%** | **8.0%-37.0%** | **7.2%-24.3%** |
| **Asia/Pacific** | **17.0%-30.0%** | **9.0%-11.5%** | **7.9%-9.0%** |

A growth rate of 3 % is generally assumed, and a growth rate of under 3 % has only been used in exceptional cases where this is justified.
The cash-generating unit “Dobotex” includes goodwill of € 139.4 million (previous year: € 139.4 million), which is significant in comparison to the overall carrying amount of the goodwill. The cash-generating unit corresponds to a business unit at PUMA that was allocated to the Central Unit segment. The recoverable amount was determined by calculating value in use, using a discount rate of 7.1 % p.a. (previous year: 7.5 % p.a.) and a growth rate of 2 % (previous year: 2 %).

Sensitivity analyses related to the performed impairment tests indicate that neither a 1% increase in the discount rate nor a one-percentage point decrease of the growth rate result in an impairment of goodwill or of intangible assets with an indefinite useful life. Accordingly, the sensitivity analysis with a one-percentage point increase in the discount rate and the sensitivity analysis with a one-percentage point reduction of the growth rate do not show any indication of impairment.
The following table contains the assumptions for the performance of the impairment test in the previous year:

T.26

| | Tax rate (range) | WACC before tax (range) | WACC after tax (range) |
|---|---|---|---|
| EEA | 24.5%-30.0% | 9.2%-13.6% | 7.4%-10.5% |
| EEMEA | 20.0%-28.0% | 16.5%-17.1% | 12.8%-13.7% |
| **EMEA** | **20.0%-30.0%** | **9.2%-17.1%** | **7.4%-13.7%** |
| North America | 28.3%-37.0% | 8.3%-9.4% | 7.5%-7.6% |
| Latin America | 18.5%-35.0% | 11.0%-39.6% | 9.6%-25.8% |
| **Americas** | **18.5%-37.0%** | **8.3%-39.6%** | **7.5%-25.8%** |
| **Asia/Pacific** | **17.0%-30.0%** | **10.0%-12.9%** | **8.5%-9.6%** |

A growth rate of 3 % is generally assumed, and a growth rate of under 3 % has only been used in exceptional cases where this is justified.

## 11. Holdings in Associated Companies

The 20.1 % interest in Wilderness Holdings Ltd. is shown under Holdings in associated companies. The carrying amount of the shares as of December 31, 2014 is € 15.2 million (previous year: € 13.9 million).
The following overview shows the aggregated benchmark data of the associated companies recognized at equity. The values represent the values based on the entire company and do not relate to the shares attributable to the PUMA Group.

T.27

| | 2014 € million | 2013 € million |
|---|---|---|
| Gains relating to continuing operations | 6.3 | 6.6 |
| Other result | 0.0 | 0.1 |
| Comprehensive income | 6.3 | 6.7 |

PUMA's share of the net earnings of Wilderness Holdings Ltd. amounts to € 1.3 million (previous year: € 1.3 million).
The balance sheet date of Wilderness Holdings Ltd. is February 28, 2015. The information stated above relates to the company's financial information as of December 31.

## 12. Other Non-Current Assets

Other non-current financial and non-financial assets consist of:

T.28

| | 2014 € million | 2013 € million |
|---|---|---|
| Non-current investments | 17.9 | 0.0 |
| Other loans | 0.0 | 0.1 |
| Other financial assets | 16.7 | 15.1 |
| **Total of other non-current financial assets** | **34.6** | **15.2** |
| Other non-current non-financial assets | 23.4 | 14.1 |
| **Other non-current assets, total** | **58.0** | **29.3** |

The non-current investments relate to the 5 % share of Borussia Dortmund GmbH & Co. KGaA (BVB) acquired in 2014.
Other financial assets mainly include rental deposits of € 14.2 million (previous year: € 12.7 million). The other non-current non-financial assets mainly include deferrals in connection with promotional and advertising agreements.

In the 2014 financial year, there were no indicators of impairment of other non-current assets.

### *13. Liabilities*

The residual terms of the liabilities are as follows:

T.29

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | | Residual term of | | | | Residual term of | | |
| | **Total € million** | up to 1 year € million | 1 to 5 years € million | over 5 years € million | **Total € million** | up to 1 year € million | 1 to 5 years € million | over 5 years € million |
| **Financial liabilities** | **19.8** | 19.8 | | | **29.0** | 25.1 | 3.9 | |
| **Trade payables** | **515.2** | 515.2 | | | **373.1** | 373.1 | | |
| **Liabilities from acquisitions of business enterprises** | **3.0** | 0.5 | 2.5 | | **2.6** | 0.5 | 2.1 | |
| **Other liabilities** | | | | | | | | |
| Liabilities from other taxes | **31.9** | 31.9 | | | **25.4** | 25.4 | | |
| Liabilities relating to social security | **5.6** | 5.6 | | | **5.3** | 5.3 | | |
| Payables to employees | **57.7** | 57.7 | | | **44.8** | 44.8 | | |
| Liabilities from market valuation of forward exchange transactions | **8.3** | 8.3 | | | **14.5** | 14.5 | | |
| Liabilities from leases | **0.4** | 0.4 | | | **0.1** | 0.1 | | |
| Other liabilities | **57.5** | 54.8 | 2.7 | | **53.8** | 51.0 | 2.8 | |
| **Total** | **699.4** | 694.2 | 5.2 | 0.0 | **548.5** | 539.8 | 8.7 | 0.0 |

PUMA has confirmed credit facilities totaling € 343.2 million (previous year: € 347.0 million). Of the financial liabilities of € 19.8 million (previous year: € 29.0 million), of which € 1.0 million (previous year: € 6.9 million) were claimed from credit facilities only granted until further notice. The unused credit facilities as of December 31, 2014 amounted to € 324.4 million, compared to € 324.9 million the previous year.

The effective interest rate of the financial liabilities ranged between 0.5 % and 14.2 % (previous year: 0.5 % and 13.0 %).

The table below shows the cash flows of the original financial liabilities and of the derivative financial instruments with a positive and negative fair value:

Liabilities to banks can be repaid at any time.

T.30 *Cash Flows from Non-Derivative and Derivative Financial Liabilities*

| | Carrying amount | Cash flow for 2015 | | Cash flow for 2016 | | Cash flow for 2017 et seq. | |
|---|---|---|---|---|---|---|---|
| | 2014 € million | Interest € million | Repayment € million | Interest € million | Repayment € million | Interest € million | Repayment € million |
| **Non-derivative financial liabilities** | | | | | | | |
| Financial liabilities | 19.8 | | 19.8 | | | | |
| Trade payables | 515.2 | | 515.2 | | | | |
| Liabilities from finance leases | 0.4 | | 0.4 | | | | |
| Purchase price liabilities | 3.0 | | 0.5 | | 2.5 | | |
| Other liabilities | 42.6 | | 42.6 | | | | |
| **Derivative financial liabilities and assets** | | | | | | | |
| Currency forward contracts with cash flow hedges – inflow | | | 862.4 | | 54.3 | | |
| Currency forward contracts with cash flow hedges – outflow | | | 815.1 | | 54.3 | | |

The following values were determined in the previous year:

T.31 *Cash Flows from Non-Derivative and Derivative Financial Liabilities*

| | Carrying amount | Cash flow for 2014 | | Cash flow for 2015 | | Cash flow for 2016 et seq. | |
|---|---|---|---|---|---|---|---|
| | 2013 € million | Interest € million | Repayment € million | Interest € million | Repayment € million | Interest € million | Repayment € million |
| **Non-derivative financial liabilities** | | | | | | | |
| Financial liabilities | 29.0 | 0.2 | 25.1 | 0.1 | 3.9 | | |
| Trade payables | 373.1 | | 373.1 | | | | |
| Liabilities from finance leases | 0.1 | | 0.1 | | | | |
| Purchase price liabilities | 2.6 | | 0.5 | | 2.1 | | |
| Other liabilities | 41.8 | | 41.8 | | | | |
| **Derivative financial liabilities and assets** | | | | | | | |
| Currency forward contracts with cash flow hedges – inflow | | | 581.8 | | | | |
| Currency forward contracts with cash flow hedges – outflow | | | 608.3 | | | | |

## 14. Additional Disclosures on Financial Instruments

T.32

| | Measurement categories under IAS 39 | Carrying Amount 2014 € million | Fair Value 2014 € million | Carrying Amount 2013 € million | Fair Value 2013 € million |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and cash equivalents | [1])LAR | 401.5 | 401.5 | 390.1 | 390.1 |
| Trade receivables | LAR | 449.2 | 449.2 | 423.4 | 423.4 |
| Other current financial assets | LAR | 35.6 | 35.6 | 26.8 | 26.8 |
| Derivatives with hedging relationship (fair value) | n.a. | 57.6 | 57.6 | 11.5 | 11.5 |
| Derivatives without hedging relationship (fair value) | n.a. | 0.4 | 0.4 | 0.1 | 0.1 |
| Loans | LAR | 0.0 | 0.0 | 0.1 | 0.1 |
| Other non-current fin. assets | LAR | 16.7 | 16.7 | 13.7 | 13.7 |
| Non-current investments | [3] AfS | 17.9 | 17.9 | 0.0 | 0.0 |
| **Liabilities** | | | | | |
| Financial liabilities | [2] OL | 19.8 | 19.8 | 29.0 | 29.0 |
| Trade payables | OL | 515.2 | 515.2 | 373.1 | 373.1 |
| Purchase price liabilities | OL | 3.0 | 3.0 | 2.6 | 2.6 |
| Liabilities from leases | n.a. | 0.4 | 0.4 | 0.1 | 0.1 |
| Other financial liabilities | OL | 42.6 | 42.6 | 41.8 | 41.8 |
| Derivatives with hedging relationship (fair value) | n.a. | 8.3 | 8.3 | 13.7 | 13.7 |
| Derivatives without hedging relationship (fair value) | n.a. | 0.0 | 0.0 | 0.8 | 0.8 |
| **Total LAR** | | **903.0** | **903.0** | **854.1** | **854.1** |
| **Total OL** | | **580.6** | **580.6** | **446.5** | **446.5** |
| **Total AfS** | | **17.9** | **17.9** | **0.0** | **0.0** |

[1] LAR: Loans and Receivables; [2] OL: Other Liabilities; [3] AfS: Available for Sale

Financial instruments that are valued at fair value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.
Level 2: Use of input factors that do not involve the quoted prices stated under Level 1, but can be observed for the asset or liability either directly (i.e., as price) or indirectly (i.e., derivation of prices).
Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market data.

The fair values of the financial assets in the "available-for-sale" category (AfS) were determined on the basis of Level 1. The market values of derivative assets or liabilities were determined on the basis of Level 2.
Cash and cash equivalents, trade receivables and other assets have a short residual maturity. Accordingly, as of the reporting date, the carrying amount corresponds to fair value.
Receivables are stated at nominal value, taking into account deductions for default risk.
Accordingly, as of the reporting date, the carrying amount of loans receivable corresponds to fair value.
The fair value of other financial assets corresponds to their carrying amounts, taking into account prevailing market interest rates. Other financial assets include € 16.2 million (previous year: € 15.3 million) that was pledged as rental deposits at usual market rates.
Liabilities to banks can be terminated at any time and, thus, have a short maturity. Accordingly, as of the reporting date, the carrying amount corresponds to fair value.
Trade payables have a short residual maturity. The recognized values approximate fair value.
Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to prorated payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment. As of the end of the financial year, the market interest rate only affects one company and is 2.3 % (previous year: 2.3 %).
The fair values of other financial liabilities are determined based on the present values, taking into account the prevailing interest rate parameters.
The fair value of derivatives with hedging relationships as of the balance sheet date is determined taking into account the prevailing market parameters. The discounted result of the comparison of the forward price on the reporting date with the forward price on the valuation date is included in the valuation.

Net income by valuation categories:

T.33

| | 2014<br>€ million | 2013<br>€ million |
|---|---|---|
| Loans and receivables (LAR) | 6.7 | -8.0 |
| Other liabilities (OL) | -17.6 | -8.1 |
| Derivatives without hedging relationship | 1.2 | 1.4 |
| Non-current financial assets (AfS) | -3.5 | 0.0 |
| **Total** | **-13.2** | **-14.7** |

The net income was determined by taking into account interest rates, currency exchange effects, impairment losses, and gains and losses from sales.
General administrative expenses include write-downs of receivables.

## *15. Pension Provisions*

Pension liabilities result from statutory or contractual benefits, which are granted in case of invalidity, death or when a certain retirement age has been reached. Pension liabilities in the PUMA Group are either resulting from benefit based or contribution based plans and comprise pensions payable now or in the future. Pension plans are financed internally or via external pension funds.
The risks associated with the pension plans are typical risks of defined benefit plans – mainly possible changes in the discount rate and, to a minor degree, inflation rates and longevity. In order to limit the risks of changed capital market conditions and demographic changes the pension plans in the countries with the main liabilities, Germany and the UK were closed to new hires a few years ago or are fully insured.

T.34

| | Germany<br>€ milion | UK<br>€ milion | Other Companies<br>€ milion | PUMA Group<br>€ milion |
|---|---|---|---|---|
| **Present Value of Pension Claims 12/31/2014** | | | | |
| Salary-based obligations | | | | |
| Annuity | 0.0 | 35.2 | 7.6 | 42.8 |
| Lump sum payment | 0.0 | 0.0 | 4.6 | 4.6 |
| Non-salary-based obligations | | | | |
| Annuity | 17.3 | 0.0 | 0.0 | 17.3 |
| Lump sum payment | 6.2 | 0.0 | 0.0 | 6.2 |

The following values were determined in the previous year:

T.35

| | Germany<br>€ milion | UK<br>€ milion | Other Companies<br>€ milion | PUMA Group<br>€ milion |
|---|---|---|---|---|
| **Present Value of Pension Claims 12/31/2013** | | | | |
| Salary-based obligations | | | | |
| Annuity | 0.0 | 30.0 | 8.8 | 38.8 |
| Lump sum payment | 0.0 | 0.0 | 4.0 | 4.0 |
| Non-salary-based obligations | | | | |
| Annuity | 19.9 | 0.0 | 0.0 | 19.9 |
| Lump sum payment | 6.0 | 0.0 | 0.0 | 6.0 |

The main plan rules are described below:
The general pension agreement of PUMA AG provides benefits amounting to € 127.82 per month as a maximum. This plan was closed for new hires from 1996 onwards. For some employees, individual pension agreements apply under which higher fixed pension amounts

are granted. In addition, there are individual contribution based programs (to some extent deferred compensation) which are fully insured. There are no statutory minimum funding requirements. The defined benefit obligation for the German pension arrangements amounts to € 23.5 million or 33.1 % of the total obligation at 2014. The fair value of plan assets for these arrangements amounts to € 11.6 million. The corresponding balance sheet liability amounts to € 11.9 million.

The defined benefit scheme in the United Kingdom is closed to new entrants since 2006. Benefits are provided in the event of disability, death, or upon retirement and are based on salary and length of service with the company. Benefits are paid as annuities or can be converted partly into lump sum payments. The defined benefit obligation for the UK pension scheme amounts to € 35.2 million, or 49.6 % of the total obligation at the end of 2014. The fair value of plan assets for these arrangements amounts to € 30.3 million. The corresponding balance sheet liability amounts to € 4.9 million.

The reconciliation of the defined benefit obligation is set out below:

T.36

| | 2014 € million | 2013 € million |
|---|---|---|
| **Defined benefit obligation January 1** | **68.8** | **69.4** |
| Service Cost | 2.5 | 2.6 |
| Past service cost | 0.2 | -0.7 |
| Gains (-) and losses from plan settlements | -3.1 | 0.0 |
| Interest expense | 2.6 | 2.4 |
| Employee contributions | 0.4 | 0.5 |
| Benefits paid | -7.4 | -3.8 |
| Transfers In / (Out) | -0.1 | -0.2 |
| Actuarial gains (-) and losses | 4.9 | -0.4 |
| Exchange rate changes | 2.1 | -1.1 |
| **Defined benefit obligation December 31** | **70.9** | **68.8** |

The changes in the plan assets are as follows:

T.37

| | 2014 € million | 2013 € million |
|---|---|---|
| **Fair Value of Plan Asset January 1** | **40.7** | **38.7** |
| Interest income on plan assets | 1.6 | 1.5 |
| Actuarial gains and losses (-) | 0.9 | 0.7 |
| Employer contributions | 2.2 | 2.3 |
| Employee contributions | 0.4 | 0.5 |
| Benefits paid | -2.8 | -2.5 |
| Transfers In / (Out) | 0.0 | 0.0 |
| Exchange rate changes | 2.0 | -0.5 |
| **Fair Value of Plan Asset December 31** | **45.0** | **40.7** |

The reconciliation of the pension liability is shown below:

T.38

| | 2014 € million | 2013 € million |
|---|---|---|
| Defined benefit obligation | 70.9 | 68.8 |
| Fair value of plan assets | -45.0 | -40.7 |
| **Funded Status** | **25.9** | **28.1** |
| Effect of asset ceiling | 0.0 | 0.0 |
| **Balance Sheet Liability December 31** | **25.9** | **28.1** |

In 2014, benefits paid amounted to € 7.4 million (previous year: € 3.8 million). Payments in 2015 are expected to amount to € 2.3 million. Of these, € 1.1 million is expected to be paid directly by the employer. In 2014, contributions to external plan assets amounted to € 2.2 million (previous year: € 2.3 million). Contributions in 2015 are expected to amount to € 2.2 million.

The changes in balance sheet liability are as follows:

T.39

| | 2014 € million | 2013 € million |
|---|---|---|
| **Balance Sheet Liability January 1** | **28.1** | **30.7** |
| Pension expense | 0.7 | 3.0 |
| Actuarial gains (-) and losses recorded in Other Comprehensive Income | 4.0 | -1.1 |
| Employer contributions | -2.2 | -2.3 |
| Benefits paid by the employer | -4.8 | -1.5 |
| Transfer In / (Out) | -0.1 | -0.2 |
| Exchange rate changes | 0.1 | -0.6 |
| **Balance Sheet Liability December 31** | **25.9** | **28.1** |
| Thereof pension assets | 0.1 | 0.0 |
| Thereof pension liabilities | 26.0 | 28.1 |

Components of pension expense are as follows:

T.40

| | 2014 € million | 2013 € million |
|---|---|---|
| Service Cost | 2.5 | 2.6 |
| Past service cost | 0.2 | -0.7 |
| Effect of settlements | -3.1 | 0.0 |
| Interest expense on defined benefit obligation | 2.6 | 2.4 |
| Interest income on plan assets | -1.6 | -1.5 |
| Administration costs | 0.1 | 0.1 |
| **Expenses for Defined Benefit Plans** | **0.7** | **2.9** |
| **Employer Contributions for Defined Contribution Plans** | **8.9** | **8.6** |
| **Total Expenses for Defined benefit and Defined Contribution Plans** | **9.6** | **11.5** |
| of which personnel costs | 8.6 | 10.6 |
| of which financial costs | 1.0 | 0.9 |

Actuarial gains and losses recorded in Other Comprehensive Income:

T.41

| | 2014 € million | 2013 € million |
|---|---|---|
| **Remeasurements relating to Defined Benefit Obligation** | **4.9** | **-0.4** |
| Actuarial gains (-) and losses resulting from changes in demographic assumptions | 0.0 | 0.0 |
| Actuarial gains (-) and losses resulting from changes in financial assumptions | 4.9 | 0.6 |
| Actuarial gains (-) and losses due to adjustments based on experience | 0.0 | -1.0 |
| **Remeasurements relating to Plan Assets** | **-0.9** | **-0.7** |
| Effect of asset ceiling | 0.0 | 0.0 |
| **Total Remeasurements (included in Other Comprehensive Income)** | **4.0** | **-1.1** |

Plan asset investment categories:

T.42

| | 2014 € million | 2013 € million |
|---|---|---|
| Cash and cash equivalents | 0.1 | 0.8 |
| Equity instruments | 0.1 | 0.1 |
| Bonds | 11.0 | 9.8 |
| Investment funds | 17.6 | 15.6 |
| Real estate | 3.6 | 3.1 |
| Insurance | 11.7 | 10.6 |
| Other | 0.9 | 0.7 |
| **Total Plan Assets** | **45.0** | **40.7** |

Of which investment categories with a quoted market price:

T.43

| | 2014 € million | 2013 € million |
|---|---|---|
| Cash and cash equivalents | 0.1 | 0.8 |
| Equity instruments | 0.1 | 0.1 |
| Bonds | 11.0 | 9.8 |
| Investment funds | 17.4 | 15.4 |
| Real estate | 3.3 | 2.6 |
| Insurance | 0.0 | 0.0 |
| Other | 0.0 | 0.0 |
| **Plan Assets with a Quoted Market Price** | **31.9** | **28.7** |

As in the previous year, plan assets do not include any Group's own financial instruments or real estate used by Group companies.
The plan assets are used solely to fulfill the pension claims. There are legal funding requirements in some countries; in other countries (for example Germany) there are no rules if and in which extend pension plans have to be funded. In the UK, a board of trustees made up of Company representatives and employees is in charge of asset management. The UK investment strategy is aimed at long-term profits and low volatility.
The following assumptions were used to determine defined benefit obligations and pension expense:

T.44

| | 2014 | 2013 |
|---|---|---|
| Discount rate | 3.16% | 3.78% |
| Future pension increase rate | 2.42% | 2.10% |
| Future salary increase rate | 3.91% | 3.90% |

The assumptions stated above are a weighted average of the assumptions of the individual plans. The discount rate for all Euro zone countries was 2.0 % (previous year 3.25 %).

The following overview shows how the present value of the defined benefit obligation would have been affected by changes to the most significant actuarial assumption.

T.45

| | 2014 € million | 2013 € million |
|---|---|---|
| Effect on present value of defined benefit obligation if | | |
| the discount rate was 50 basis points higher | -6.2 | -5.6 |
| the discount rate was 50 basis points lower | 6.0 | 5.5 |

Changes in salary and pension increase rates do only have a negligible effect on the present value of the defined benefit obligation due to the structure of the benefit plans.
The weighted average duration of pension plans is 20 years.

## 16. Other Provisions

T.46

| | 2013 € million | Currency adjustments, retransfers € million | Addition € million | Utilization € million | Reversal € million | 2014 € million |
|---|---|---|---|---|---|---|
| Provisions for: | | | | | | |
| Warranties | **9.4** | 0.5 | 2.2 | -2.3 | -0.4 | **9.5** |
| Purchasing risks | **5.4** | 0.1 | 6.8 | -4.9 | -0.5 | **6.9** |
| Restructuring | **29.8** | 1.0 | 0.9 | -14.2 | -6.5 | **11.0** |
| Other | **94.1** | 1.4 | 16.0 | -41.7 | -4.5 | **65.2** |
| **Total** | **138.8** | 3.0 | 25.9 | -63.1 | -11.9 | **92.6** |

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that the majority of these expenses will fall due within the first six months of the next financial year. The provision for warranties includes € 3.6 million for non-current provisions (previous year: € 4.6 million).

Purchasing risks relate primarily to materials and molds that are required for the manufacturing of shoes. The provision will probably result in a payment in the following year.
The provision for restructuring includes expenses associated with the package of measures as part of the company-wide transformation and cost reduction program. The provision for restructuring does not include any non-current provisions (previous year: € 7.7 million).
The release of the restructuring provision is related to the € 4.5 million affected restructuring provisions remaining as of September 30, 2014, which were part of the errors totaling € 11.0 million identified by the German Accounting Enforcement Panel (DPR) in their audit of PUMA's consolidated financial statements as of December 31, 2012. These errors related to the planned relocation of inventories, the expected dual-rent payments related to the office relocation currently under negotiation, advisory costs related to the future conduct of the business, and future expenses related to sailing sponsorship contracts. The difference of € 6.5 million between the amount released and the errors identified by the DPR is due to provisions being either used (€ 5.8 million) or released (€ 0.7 million) in prior periods. These misstatements had no material effect on either the financial situation or the earnings position of the PUMA Group in prior years and the current year. We have therefore corrected the misstatements in the current accounts.
Other provisions consist primarily of € 30.0 million for risks associated with legal disputes (previous year: € 32.9 million), provisions for anticipated losses from pending business and other risks. Other provisions include € 19.5 million in non-current provisions (previous year: € 21.0 million).

## 17. Liabilities from the Acquisition of Business Entities

Pursuant to the contracts entered into, purchase price liabilities associated with acquisitions of business enterprises lead to prorated payments. The resulting nominal amounts were discounted at a reasonable market interest rate, depending on the expected date of payment. The purchase price liabilities consist of:

T.47

| | 2014<br>€ million | 2013<br>€ million |
|---|---|---|
| Due within one year | 0.5 | 0.5 |
| Due in more than one year | 2.5 | 2.1 |
| **Total** | **3.0** | **2.6** |

## 18. Shareholders' Equity

***SUBSCRIBED CAPITAL*** The subscribed capital corresponds to the subscribed capital of PUMA SE. As of the balance sheet date, the subscribed capital amounted to € 38.6 million and is divided into 15,082,464 bearer shares. Each no-par-value share corresponds to € 2.56 of the share capital. Capital reserves rose by € 0.3 million as a result of the valuation of stock option programs for management (previous year: € 3.7 million).
Changes in the circulating shares:

T.48

| | | 2014 | 2013 |
|---|---|---|---|
| **Circulating shares as of January 1** | **share** | **14,939,913** | **14,939,279** |
| Conversion from Management Incentive Program | share | 0 | 634 |
| Share buy-back | share | 0 | 0 |
| **Circulating shares as of December 31** | **share** | **14,939,913** | **14,939,913** |

***CAPITAL RESERVE*** The capital reserve includes the premium from issuing shares, as well as amounts from the grant, conversion and expiration of share options.

***RETAINED EARNINGS AND NET PROFIT*** Retained earnings and net profit include the net income of the financial year as well as the income of the companies included in the consolidated financial statements achieved in the past to the extent that it was not distributed.

***RESERVE FROM THE DIFFERENCE RESULTING FROM CURRENCY CONVERSION*** The equity item for currency conversion serves to record the differences from the conversion of the financial statements of subsidiaries with non-Euro accounting compared to the date of first-time consolidation of the subsidiaries.

***CASH FLOW HEDGES*** The Cash flow hedges item includes the market valuation of derivative financial instruments. The item includes € 34.6 million (previous year: € -3.2 million), which is offset against deferred taxes amounting to € -13.5 million (previous year: € 0.1 million).

***TREASURY STOCK*** The resolution adopted by the Annual General Meeting on April 20, 2010 authorized the company to purchase its own shares to a value of up to ten percent of the share capital up to April 19, 2015. If purchased through the stock exchange, the purchase price per share may not exceed or fall below 10 % of the average closing price for the Com-

pany's shares with the same attributes in the XETRA trading system (or a comparable successor system) during the last three trading days prior to the date of purchase. At the same time, pursuant to the resolution granting authorization, the previous resolution of the Annual General Meeting from 2009 was revoked.
The Company did not make use of the authorization to purchase treasury stock during the reporting period. As in the previous year, as of the balance sheet date, the Company holds a total of 142,551 PUMA shares in its own portfolio, which corresponds to 0.95 % of the subscribed capital.

***AUTHORIZED CAPITAL*** Pursuant to Section 4, (3) and (4) of the Articles of Association of PUMA SE, the authorized capital expired on April 10, 2012. Pursuant to Section 4(3) and (4) of the Articles of Association of PUMA SE, on April 24, 2012 the Annual General Meeting revoked the authorization for the authorized capital and, pursuant to Section 4(2) and (3) of the Articles of Association of PUMA SE, authorized new authorized capital, including a corresponding amendment to the Articles of Association. Pursuant to the resolution of the Annual General Meeting dated April 24, 2012, the Administrative Board is authorized to increase the share capital by April 23, 2017 as follows:

A) By issuing up to 2,929,687 new bearer shares worth up to € 7.5 million on one or more occasions with a prorata amount of the share capital of € 2.56 per share in exchange for cash contributions. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). The shareholders are basically entitled to a subscription right, whereby the shareholders' subscription right may be barred to avoid fractional amounts (Authorized Capital I).

B) By issuing up to 2,929,687 new bearer shares worth up to € 7.5 million on one or more occasions with a prorata amount of the share capital of € 2.56 per share in exchange for cash contributions. The new shares can also be acquired by one or several banks as determined by the Administrative Board, subject to the obligation to offer these to the shareholders for subscription (indirect subscription right). Shareholders have, in principle, a subscription right whereby the shareholders' subscription right may be wholly or partially barred to avoid fractional shares (Subscribed Capital II).

***CONDITIONAL CAPITAL*** Pursuant to the resolution passed by the Annual General Meeting of April 22, 2008, the share capital can be increased by up to € 1.5 million through the issuance of up to 600,000 new shares. The contingent capital increase shall be used exclusively for granting subscription rights (stock options) to former members of the Board of Management and the Managing Directors of the Company, as well as other executives of the company and of subordinate associated companies.
As of December 31, 2014, total conditional capital of € 1.5 million (previous year: € 1.5 million) was still available.

***DIVIDENDS*** The amounts eligible for distribution relate to the net income of PUMA SE, which is determined in accordance with German commercial law.
The Managing Directors recommend to the Administrative Board and the Annual General Meeting that a dividend of € 0.50 per circulating share, or a total of € 7.5 million (with respect to the circulating shares as of December 31), be distributed to the shareholders from the net income of PUMA SE for financial year 2014. This corresponds to a payout ratio of 11.7 % relative to consolidated net income compared to 140.3 % in the previous year.
Appropriation of the Net Income of PUMA SE:

T.49

| | | 2014 | 2013 |
|---|---|---|---|
| Net income of PUMA SE as of December 31 | € million | 60.7 | 53.1 |
| Dividends per share | € | 0.50 | 0.50 |
| Number of circulating shares * | share | 14,939,913 | 14,939,913 |
| Total dividend * | € million | 7.5 | 7.5 |
| Carried forward to the new accounting period * | € million | 53.2 | 45.7 |

* Previous year's values adjusted to the outcome of the Annual General Meeting

***NON-CONTROLLING INTERESTS*** The non-controlling interest remaining as of the balance sheet date relates to PUMA Wheat Accessories, LLC with € 0.1 million (previous year: € 0.6 million), Janed, LLC with € 22.6 million (previous year: € 15.1 million) and PUMA Kids Apparel North America, LLC, which was established in 2014, with € 0.4 million.

***CAPITAL MANAGEMENT*** The Group's objective is to retain a strong equity base in order to both maintain investor and market confidence and strengthen future business performance. Capital management relates to the consolidated equity of PUMA. This is shown in the consolidated balance sheet as well as the reconciliation statement under Changes in equity.

## 19. Equity Compensation Plans/Management Incentive Program

In order to provide long-term incentives and thereby retain the management staff in the Company, PUMA uses share-based compensation systems in the form of stock option programs (SOP) and in the form of virtual shares with cash compensation.
The current programs are described below:

***EXPLANATION OF "SOP"*** Pursuant to the resolution of the Annual General Meeting of April 22, 2008, a stock option program, "SOP 2008", was accepted in the form of a "Performance Share Program". Conditional capital was created for this purpose and the Supervisory Board and the Board of Management of PUMA AG (as of July 25, 2011 change of form into an SE) were authorized to grant subscription rights to the members of the Board of Management and other executives of the Company and of affiliated subsidiary companies for five years (after the registration of the conditional capital in the commercial register), but for at least three months after the end of the Annual General Meeting in 2013.
The term of the subscription rights issued or to be issued is five years and these subscription rights can be exercised after two years at the earliest, provided, however, that the price of the PUMA share has increased by at least 20% since the grant date. In contrast to traditional stock option programs, the equivalent amount of the increase in value of the PUMA share since the grant date is serviced with shares, whereby the beneficiary pays an option price of € 2.56 per share granted if the share was issued as part of a capital increase. If employees leave the company, then their options rights expire.
Furthermore, pursuant to the authorization, the Administrative Board, in accordance with the recommendations of the German Corporate Governance Code, may limit, fully or partially, the scope and contents of subscription rights granted to the company's Managing Directors in the event of extraordinary unforeseen developments. This authorization also applies to the Managing Directors with respect to the other executive staff concerned.
The programs were valued using a binomial model or a Monte Carlo simulation.
The following parameters were used to determine the fair value:

T.50 SOP

| | 2008 Tranche I | 2008 Tranche II | 2008 Tranche III | 2008 Tranche IV | 2008 Tranche V |
|---|---|---|---|---|---|
| Share price as of the grant date | € 199.27 | € 147.27 | € 250.50 | € 199.95 | € 265.00 |
| Expected volatility | 29.1% | 47.7% | 34.5% | 29.2% | 26.8% |
| Expected dividend payment | 1.50% | 2.31% | 1.30% | 1.30% | 0.8% |
| Risk-free interest rate | 4.60% | 1.97% | 1.60% | 2.40% | 0.3% |

The historical volatility during the year prior to the date of valuation was used to determine the expected volatility.
Changes in the "SOP" during the financial year:

T.51 SOP

| | 2008 Tranche I | 2008 Tranche II | 2008 Tranche III | 2008 Tranche IV | 2008 Tranche V |
|---|---|---|---|---|---|
| Issue date | 07/21/2008 | 04/14/2009 | 04/22/2010 | 04/15/2011 | 04/30/2012 |
| Amount issued | 113,000 | 139,002 | 126,184 | 151,290 | 145,375 |
| Exercise price | € 0.00 | € 0.00 | € 2.56 | € 2.56 | € 2.56 |
| Residual term | 0.00 years | 0.00 years | 0.31 years | 1.29 years | 2.33 years |
| **Circulating as of January 1, 2014** | **0** | **1,500** | **98,693** | **103,463** | **113,469** |
| Exercised | 0 | 0 | 0 | 0 | 0 |
| Ø Share price when exercised | € 220.83 | € 214.57 | n.a. | n.a. | n.a. |
| Expired | 0 | -1,500 | 0 | 0 | 0 |
| **Circulating as of December 31, 2014** | **0** | **0** | **98,693** | **103,463** | **113,469** |
| Exercisable options as of the reporting date | 0 | 0 | 0 | 0 | 0 |

Pursuant to Section 5 of the Option Terms and Conditions, every year the options are subject to a vesting period from December 15 for up to ten trading days after the Annual General Meeting. Accordingly, no options could be exercised as of the reporting date.
As of the date of allocation, the average fair value per option was € 49.44 for "Tranche I -2008". Taking into account the vesting period, there are no further expenses for the current

financial year. Of the options in circulation, 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 53.49 for "Tranche II – 2008". Taking into account the vesting period, there are no further expenses for the current financial year. Of the options in circulation, 0 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 61.81 for "Tranche III – 2008". Taking into account the vesting period, there are no further expenses for the current financial year. Of the options in circulation, 83,693 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors.

Pursuant to the allocation, the average fair value per option was € 40.14 for "Tranche IV – 2008". Taking into account the vesting period, there are no further expenses for the current financial year. A total of 86,463 options belong to the previous members of the Board of Management of PUMA AG or the current Managing Directors as of yearend.

Pursuant to the allocation, the average fair value per option was € 44.59 for "Tranche V – 2008". Taking into account the vesting period and the expiration, the expenses for the current financial year amount to a total of € 0.3 million. A total of 13,453 options belong to the current Managing Directors as of yearend.

***EXPLANATION OF "VIRTUAL SHARES"*** In 2013, the company began granting virtual shares annually as part of a management incentive program. Each virtual share entitles the holder to a cash payout at the end of its term. This payout is determined partly by the final determined price of the PUMA share (component 1), which has a 70 % weighting, and partly by the final determined price of the Kering share (component 2), which has a 30 % weighting. Component 1 compares the success with the average virtual stock appreciation rights of the last 30 days of the previous year. Component 2, however, measures the success by comparing the performance of Kering shares to the average performance of a benchmark portfolio of the luxury and sport sector for the same period. These virtual shares are subject to a vesting period of three years. After that, there is an exercise period of two years (in the period from April to October) which can be freely used by participants for the purposes of exercising the options. The fundamental exercise condition after the vesting period is the existence of an active employment relationship with PUMA.

As of the reporting date for the 2014 financial year, two participants in the 2013 program were no longer actively employed by the company. The release of the provision for these participants in the 2014 financial year was € 0.2 million.

"Program 2014" will be adopted at the first Administrative Board meeting in the financial year 2015. Provisions amounting to € 0.4 million were recorded for this program in financial year 2014, based on commitments to the Managing Directors in employment contracts.

At the end of the financial year, all participants in "Program 2014" remained in active service.

T.52 **Virtual Shares**

| Issue date | 01.01.2013 |
|---|---|
| Term | 5 years |
| Vesting period | 3 years |
| Base price component 1 | 224.00 €/share |
| Base price component 2 | 130.84 €/share |
| Benchmark component 1 at the end of the financial year | 172.55 €/share |
| Benchmark component 2 at the end of the financial year | 167.00 €/share |
| Participants in year of issue | 4 people |
| Participants at the end of the financial year | 2 people |
| Number of virtual shares on the issue date | 13,761 share |

This commitment consisting of share-based remuneration transactions with cash compensation are recorded as personnel provisions and revalued on every balance sheet date at fair value. Expenses are likewise recorded over the vesting period. Based on the market price on the balance sheet date, the provision for the two virtual stock programs amounted to a total of € 0.9 million at the end of the financial year.

***EXPLANATION OF THE PROGRAM "GAME CHANGER 2017"*** In addition, in 2014, a further long-term incentive program called "Game Changer 2017" was launched. Participants in this program consist mainly of top executives who report to the Managing Directors, as well as occasional key functions in the PUMA Group. The goal of this program is to promote the loyalty of this group of employees to the company and to allow them to share in the medium-term success of the company. The duration of the program is 3 years and is based on the medium-term objectives of the PUMA Group in relation to the operating result (EBIT) (70%), working capital (15%) and gross profit margin (15%). The program calls for a provision to be formed each year upon fulfillment of the currency-adjusted targets. The credit accrued in this way will then be paid out to participants in March 2017. The payment is subject to the condition that the participant is in an ongoing employment relationship with a company of the PUMA Group as of December 31, 2016. € 0.9 million was set aside for this program in the reporting year.

## 20. Other Operating Income and Expenses

According to the respective functions, other operating income and expenses include personnel, advertising, sales and distribution expenses as well as rental and leasing expenditure, travel costs, legal and consulting expenses, and other general expenses. Typical operating income that is associated with operating expenses was offset. Rental and lease expenses associated with the Group's own retail stores include sales-dependent rental components.

Other operating income and expenses are allocated based on functional areas as follows:

T.53

| | 2014<br>€ million | 2013<br>€ million |
|---|---|---|
| Sales and distribution expenses | 997.7 | 977.6 |
| Product management/merchandising | 34.8 | 32.9 |
| Research and development | 46.2 | 47.9 |
| Administrative and general expenses | 215.4 | 305.1 |
| **Other operating expenses** | **1.294.1** | **1.363.5** |
| **Other operating income** | **17.3** | **17.7** |
| **Total** | **1.276.8** | **1.345.8** |
| of which scheduled depreciation | 50.5 | 53.8 |
| of which impairment expenses | 7.3 | 79.1 |

Within the sales and distribution expenses, marketing/retail expenses account for a large proportion of the operating expenses. In addition to advertising and promotional expenses, they also include expenses associated with the Group's own retail activities. Other sales and distribution expenses include warehousing expenses and other variable sales and distribution expenses.

Expenses for product management/merchandising and research and development were combined under the item Product Development/Design in the previous year. In order to improve the communication of information to users of financial statements, the items have been presented separately and prior year amounts have been restated accordingly.

Administrative and general expenses include expenses for the statutory auditor of PUMA SE of € 0.8 million (previous year: € 0.6 million). Of this, € 0.6 million is allocated to auditing expenses (previous year: € 0.5 million), € 0.1 million to tax advisory services (previous year: € 0.1 million) and € 0.1 million to other assurance services (previous year: € 0.0 million).

Other operating income includes € 16.3 million (previous year: € 17.3 million) relating to income from the allocation of development costs and € 1.0 million (previous year: € 0.4 million) relating to other income

Overall, other operating expenses include personnel costs, which consist of:

T.54

| | 2014<br>€ million | 2013<br>€ million |
|---|---|---|
| Wages and salaries | 341.3 | 336.6 |
| Social security contributions | 47.8 | 47.5 |
| Expenses from share-based remuneration with compensation in shares | 0.3 | 1.1 |
| Expenses from share-based remuneration with compensation in cash | 0.5 | 0.4 |
| Expenses for retirement pension and other personnel expenses | 35.4 | 39.7 |
| **Total** | **425.3** | **425.3** |

In addition, cost of sales includes personnel costs of € 13.6 million (previous year: € 18.2 million).

The annual average number of full-time employees was as follows:

T.55

| | 2014 | 2013 |
|---|---|---|
| Marketing/retail/sales | 7,247 | 7,176 |
| Product development/design | 864 | 882 |
| Administrative and general units | 2,719 | 2,692 |
| **Total annual average** | **10,830** | **10,750** |

As of the end of the year, a total of 11,267 people were employed (previous year: 10,982) on a full-time basis.

## 21. Financial Result

The financial result consists of:

T.56

| | 2014 € million | 2013 € million |
|---|---|---|
| **Income from associated companies** | **1.3** | **1.3** |
| Interest income | 4.8 | 6.2 |
| Income from currency conversion differences, net | 0.0 | 0.0 |
| **Financial income** | **4.8** | **6.2** |
| Interest expense | -9.8 | -6.7 |
| Interest accrued on purchase price liabilities from acquisitions of business enterprises | -0.1 | -0.1 |
| Valuation of pension plans | -0.9 | -1.0 |
| Expenses from currency conversion differences, net | -1.5 | -8.4 |
| **Financial expenses** | **-12.3** | **-16.2** |
| **Financial result** | **-6.2** | **-8.7** |

Income from associated companies results exclusively from the shareholding in Wilderness Holdings Ltd. (see also paragraph 11).
Interest income results from financial investments.
Interest expenses relate to short-term financing liabilities.
The financial result also includes a total of € 1.5 million in expenses from currency conversion differences (previous year: expenses of € 8.4 million), which are attributable to financing activities.

## 22. Income Taxes

T.57

| | 2014 € million | 2013 € million |
|---|---|---|
| **Current income taxes** | | |
| Germany | 11.9 | 10.7 |
| Other contries | 46.4 | 40.7 |
| **Total current income taxes** | **58.3** | **51.4** |
| **Deferred taxes** | **-21.3** | **-18.9** |
| **Total** | **37.0** | **32.5** |

In general, PUMA SE and its German subsidiaries are subject to corporate income tax, plus a solidarity surcharge, and trade tax. Thus, a weighted mixed tax rate of 27.22 % has been applied for the financial year.
Reconciliation of the theoretical tax expense with the effective tax expense:

T.58

| | 2014 € million | 2013 € million |
|---|---|---|
| **Earnings before income tax** | **121.8** | **53.7** |
| Theoretical tax expense<br>Tax rate of the SE = 27.22 % (previous year: 27.22 %) | 33.1 | 14.6 |
| Taxation difference with respect to other countries | -13.1 | -4.1 |
| Other tax effects: | | |
| Income tax for previous years | 7.9 | -6.7 |
| Losses and temporary differences for which no tax claims were recognized | 2.2 | 20.5 |
| Changes in tax rate | 0.8 | 0.1 |
| Non-deductible expenses for tax purposes and non-taxable income and other effects | 6.1 | 8.1 |
| **Effective tax expense** | **37.0** | **32.5** |
| Effective tax rate | 30.4% | 60.5% |

The tax effect resulting from items that are directly credited or debited to equity is shown directly in the statement of comprehensive income.
Other effects include withholding taxes of € 11.9 million (previous year: € 9.9 million).

## 23. Earnings per Share

The earnings per share are determined in accordance with IAS 33 by dividing the consolidated annual surplus (consolidated net earnings) attributable to the shareholder of the parent company by the average number of circulating shares. Potential shares from the management incentive program may lead to a dilution of this indicator (see paragraph 19).
The calculation is shown in the table below:

T.59

| | | 2014 | 2013 |
|---|---|---|---|
| Net earnings | € million | 64,1 | 5,3 |
| Average number of circulating shares | share | 14,939,913 | 14,939,515 |
| Diluted number of shares | share | 14,939,913 | 14,941,089 |
| Earnings per share | € | 4.29 | 0.36 |
| Earnings per share, diluted | € | 4.29 | 0.36 |

## 24. Management of the Currency Risk

In the 2014 financial year, PUMA designated "forward purchase USD" currency derivatives as cash flow hedges in order to hedge the amount payable of purchases denominated in USD, which is converted to EUR.
The nominal amounts of open rate-hedging transactions, which relate mainly to cash flow hedges, refer to currency forward contracts totaling € 862.4 million (previous year: € 581.8 million).
Cash flows for the underlying transactions are expected in 2015.
The market values of open rate-hedging transactions on the balance sheet date consist of:

T.60

| | 2014<br>€ million | 2013<br>€ million |
|---|---|---|
| Currency forward contracts, assets (see paragraph 6) | 58.0 | 11.6 |
| Currency forward contracts, liabilities (see paragraphs 13 and 14) | -8.3 | -14.5 |
| **Net** | **49.7** | **-2.9** |

The changes in effective cash flow hedges are shown in the schedule of changes in shareholders' equity and the statement of comprehensive income.
In order to disclose market risks, IFRS 7 requires sensitivity analyses that show the effects of hypothetical changes in relevant risk variables on earnings and equity. The periodic effects are determined by relating the hypothetical changes caused by the risk variables to the balance of the financial instruments held as of the balance sheet date. The underlying assumption is that the balance as of the balance sheet date is representative for the entire year.
Currency risks as defined by IFRS 7 arise on account of financial instruments being denominated in a currency that is not the functional currency and is monetary in nature. Differences resulting from the conversion of the individual financial statements to the Group currency are not taken into account. All non-functional currencies in which PUMA employs financial instruments are generally considered to be relevant risk variables.
Currency sensitivity analyses are based on the following assumptions:
Material primary monetary financial instruments (cash and cash equivalents, receivables, interest-bearing debt, liabilities from finance leases, non-interest-bearing liabilities) are ei-

ther denominated directly in the functional currency or transferred into the functional currency through the use of currency forward contracts.
Currency forward contracts used to hedge against payment fluctuations caused by exchange rates are part of an effective cash-flow hedging relationship pursuant to IAS 39. Changes in the exchange rate of the currencies underlying these contracts have an effect on the hedging reserve in equity and the fair value of these hedging contracts.
If, as of December 31, 2014, the USD had appreciated (devalued) against all other currencies by 10 %, the hedging reserve in equity and the fair value of the hedging contracts would have been € 59.0 million higher (lower) (December 31, 2013: € 57.2 million higher (lower)).
Currency risks are discussed in greater detail in the Group Management Report under the Risk Management section.

## 25. Segment Reporting

Segment reporting is based on geographical regions in accordance with our internal reporting structure. Sales revenues and operating results (EBIT) are shown according to the head office of the respective Group company of the corresponding region. Intra-group sales for the respective region are eliminated. Allocation of the remaining segment information is also determined on the basis of the respective group company's head office. The sum totals equal the amounts on the income statement or on the balance sheet, respectively.
The regions are subdivided into EMEA (Europe, Middle East and Africa), Americas (North and Latin America) and Asia/Pacific.
The segments' internal sales are generated on the basis of market prices. They are not considered in the representation, as they are not relevant for controlling.
Investments and depreciation/amortization relate to additions and depreciation/amortization of property, plant and equipment and intangible assets during the current financial year. In addition, total impairment expenses of € 7.3 million (previous year: € 79.1 million) were taken into account in the segments EMEA (€ 1.5 million, previous year: € 19.1 million), Americas (€ 1.4 million, previous year: € 0.0 million), Asia/Pacific (€ 0.2 million, previous year: € 29.0 million) and central units/consolidation (€ 4.2 million, previous year: € 31.0 million).
Since PUMA is active in only one business area, namely that of the sporting goods industry, sales revenues and gross profit are allocated based on products, i.e., according to the footwear, apparel and accessories product segments in accordance with the internal reporting structure. According to this reporting structure, except for the allocation of sales revenue and of gross profit, there is no other allocation of the operating result or of the asset and liability items.

## Operating Segments 1-12/2014

T.61 **Regions**

| | External Sales | | EBIT | | Investments | |
|---|---|---|---|---|---|---|
| | 1 – 12 / 2014 € million | 1-12 / 2013 € million | 1 – 12 / 2014 € million | 1-12 / 2013 € million | 1 – 12 / 2014 € million | 1-12 / 2013 € million |
| EMEA | 1,109.8 | 1,125.0 | -5.6 | -14.7 | 26.9 | 23.6 |
| Americas | 968.1 | 952.0 | 41.6 | 71.5 | 27.2 | 19.7 |
| Asia/Pacific | 559.3 | 576.5 | 12.8 | 18.1 | 11.4 | 8.5 |
| Central units/consolidation | 334.8 | 331.9 | 79.2 | 116.5 | 9.3 | 4.3 |
| Special items | | | 0.0 | -129.0 | | |
| Total | 2,972.0 | 2,985.3 | 128.0 | 62.5 | 74.8 | 56.1 |

T.62 **Regions**

| | Depreciation | | Inventories | | Trade Receivables | |
|---|---|---|---|---|---|---|
| | 1 – 12 / 2014 € million | 1-12 / 2013 € million | 1 – 12 / 2014 € million | 1-12 / 2013 € million | 1 – 12 / 2014 € million | 1-12 / 2013 € million |
| EMEA | 12.0 | 15.8 | 227.2 | 248.8 | 160.0 | 151.2 |
| Americas | 13.4 | 12.7 | 191.7 | 143.7 | 160.4 | 142.2 |
| Asia/Pacific | 9.1 | 9.0 | 68.5 | 62.8 | 69.8 | 74.5 |
| Central units/consolidation | 16.0 | 16.3 | 84.1 | 66.1 | 59.0 | 55.4 |
| Total | 50.5 | 53.8 | 571.5 | 521.3 | 449.2 | 423.4 |

T.63 **Product**

| | External Sales | | Gross Profit Margin | |
|---|---|---|---|---|
| | **1 – 12 / 2014 € million** | 1-12 / 2013 € million | **1 – 12 / 2014 € million** | 1-12 / 2013 € million |
| **Footwear** | **1,282.7** | 1,372.1 | **42.6%** | 43.7% |
| **Apparel** | **1,103.1** | 1,063.8 | **49.5%** | 48.3% |
| **Accessories** | **586.3** | 549.4 | **50.0%** | 49.8% |
| **Total** | **2,972.0** | 2,985.3 | **46.6%** | 46.5% |

T.64 **Bridge to EBT**

| | **1 – 12 / 2014 € million.** | 1-12 / 2013 € million |
|---|---|---|
| **EBIT** | **128.0** | 62.5 |
| **Financial Result** | **-6.2** | -8.7 |
| **EBT** | **121.8** | 53.7 |

## 26. Notes to the Cash Flow Statement

The cash flow statement was prepared in accordance with IAS 7 and is structured based on cash flows from operating, investment and financing activities. The indirect method is used to determine the cash inflow from ongoing operating activities. The gross cash flow, derived from earnings before income tax and adjusted for non-cash income and expense items, is determined within the cash flow from ongoing operating activities. Cash inflow from operating activities, reduced by investments in property, plant and equipment as well as intangible assets, is referred to as free cash flow.

The financial resource fund reported in the cash flow statement includes all payment methods and equivalent payment methods shown under “Cash and cash equivalents”, i.e., cash in hand, checks and temporary bank balances.

Other non-cash expenses and income in the reporting year mainly concern depreciation of property, plant and equipment. In addition, the main expenses in the previous year were related to impairment losses and restructuring measures.

## 27. Contingencies and Contingent Liabilities

**CONTINGENCIES** As in the previous year, there were no reportable contingencies.

**CONTINGENT LIABILITIES** As in the previous year, there were no reportable contingent liabilities.

## 28. Other Financial Obligations

**OBLIGATIONS FROM OPERATING LEASES** The Group rents and leases offices, warehouses, facilities, and fleets of vehicles, as well as selling space for its own retail business. Rental agreements for the retail business are concluded for terms of between five and fifteen years. The remaining rental and lease agreements have residual terms of between one and five years. Some agreements include options to renew and price adjustment clauses.

Total expenses resulting from these agreements amounted in 2014 to € 123.5 million (previous year: € 117.5 million). Some of the expenses are dependent on sales.

As of the balance sheet date, the obligations from future minimum rental payments for operating lease agreements are as follows:

T.65

| | 2014 € million | 2013 € million |
|---|---|---|
| Under rental and lease agreements: | | |
| 2015 (2014) | 103.4 | 91.0 |
| 2016 - 2019 (2015 – 2018) | 215.5 | 194.6 |
| from 2020 (from 2019) | 63.3 | 59.3 |

***FURTHER OTHER FINANCIAL OBLIGATIONS*** Furthermore, the Company has other financial obligations associated with license, promotional and advertising agreements, which give rise to the following financial obligations as of the balance sheet date:

T.66

| | 2014 € million | 2013 € million |
|---|---|---|
| Under license, promotional and advertising agreements: | | |
| 2015 (2014) | 135.6 | 112.8 |
| 2016 - 2019 (2015 – 2018) | 388.1 | 363.7 |
| frrom 2020 (from 2019) | 93.9 | 55.3 |

In addition, there are industry-standard obligations concerning the provision of sports equipment under sponsorship agreements.

As customary in the industry, the promotional and advertising agreements provide for additional payments upon the reaching of pre-defined goals (e.g., medals, championships). Although these are contractually agreed upon, they naturally cannot be exactly foreseen in terms of their timing and amount.

## 29. Managing Directors and Administrative Board

Disclosures pursuant to Section 314 (1)(6) of the HGB (German Commercial Code)

In accordance with the Act on Disclosure of Management Board Compensation of August 3, 2005, the disclosure of the individual earnings of the members of the Board of Management and Managing Directors may be dispensed with for a period of 5 years pursuant to Section 286 (5); Section 285(9)(a) sentences 5–8; Section 314 (2)(2) and Section 314 (1)(6)(a) sentences 5–8 of the HGB, if the Annual General Meeting passes a resolution in this regard by a 75 % majority.

Pursuant to the resolution of the Annual General Meeting of May 7, 2013, the Company was authorized to refrain from disclosures pursuant to Section 285 (9)(a) sentences 5–8 and Section 314 (1)(6)(a) sentences 5–8 of the HGB with respect to the financial year beginning on January 1, 2013 and all subsequent financial years ending December 31, 2017 at the latest.

The Managing Directors and the Administrative Board are of the opinion that the shareholders' justified interest in information is sufficiently accounted for by the disclosure of the total compensation of the Managing Directors. The Administrative Board will ensure the appropriateness of the individual compensation in accordance with its statutory duties.

***MANAGING DIRECTORS*** The compensation of the Managing Directors, which is determined by the Administrative Board, consists of non-performance-based and performance-based components. The non-performance-based components consist of a fixed salary and non-cash compensation, whereas the performance-based components consist of bonuses and components with a long-term incentive effect. Along with job assignments and performance of each individual Managing Director, the criteria for calculating the total remuneration are the economic situation, long-term strategic planning and related targets, the long-term durability of targeted results and the Company's long-term prospects.

Fixed salary as non-performance-based basic compensation is paid out monthly. In addition, the Managing Directors receive non-cash compensation, such as company cars, pension contributions and insurance premiums. In principle, these benefits are granted to all Managing Directors in an equal manner and are included in the non-performance-based compensation.

The bonus component of performance-related compensation is mainly based on the PUMA Group's operating income (EBIT) and free cash flow, and is staggered according to the degree to which targets are met. Individual qualitative goals are also agreed upon, which include an upper limit.

A new remuneration program with a long-term incentive effect was introduced for Managing Directors in the 2013 financial year; this program was approved at the first Administra-

tive Board meeting in 2014. In keeping with the vesting period prorata provisions of € 0.4 million were recognized for this program in 2014, based on commitments to the Managing Directors in employment contracts. The new performance-based program is based 70 % on the medium-term performance of the PUMA SE share and 30 % on the medium-term performance of the Kering SA share in relation to benchmark companies. Further information on this program is provided in Section 19 of the Notes to the Consolidated Financial Statements.
The fixed compensation for the five Managing Directors amounted to € 2.5 million in the financial year (previous year: € 1.9 million) and variable bonuses amounted to € 2.4 million (previous year: € 0.9 million). € 0.2 million (previous year: € 0.1 million) was granted in non-cash compensation.
In the compensation program with a long-term incentive effect, the allocation of expenses to the vesting period results in expenses resulting from options issued in previous years totaled € 0.3 million (previous year: € 3.1 million). Following the departure of two Managing Directors, provisions in the amount of € 0.2 million were reversed.
In the reporting year, a total of € 4.1 million was spent on compensation and related payments promised to Managing Directors leaving the company.
The Managing Directors receive pension benefits, for which the Company has taken out a pension liability insurance policy. The proportion of the pension capital that is already financed through contributions to the pension liability insurance is deemed to be vested. € 0.5 million was allocated for Managing Directors in the financial year (previous year: € 0.3 million). The present value of the pension benefits granted to Managing Directors of € 1.3 million as of December 31, 2014 (previous year: € 0.3 million) was offset against the pledged asset value of the pension liability insurance policy, which was of an equal amount.
Pension obligations to former members of the Board of Management and Managing Directors amounted to € 12.5 million (previous year: € 12.5 million) and are accordingly recognized as liabilities under pension provisions, unless they are offset against asset values of an equal amount. Pensions were paid to the value of € 0.2 million (previous year: € 0.2 million).
A long-term incentive plan “Game Changer 2017” was introduced for the global senior management and strategically important employees, which allows this group of employees to participate in the medium-term success of PUMA SE. This program replaces the previous stock option plan and is based on the success criteria of operating profit (EBIT), working capital and gross profit margin over a three-year period. € 0.9 million has been set aside for this program. Further information on this program is provided in Section 19 of the Notes to the Consolidated Financial Statements.

***ADMINISTRATIVE BOARD*** In accordance with the Articles of Association, the Administrative Board has at least three members; it currently consists of eight members. The compensation of the Administrative Board is comprised of a fixed and a performance-based component. The total fixed compensation amounted to € 0.3 million (previous year: € 0.3 million).
In accordance with the Articles of Association, each member of the Administrative Board receives fixed annual compensation of € 25,000. Fixed remuneration is increased by an additional fixed annual amount of € 25,000 for the Chairman of the Administrative Board, € 12,500 for the Vice Chairman of the Administrative Board, € 10,000 for the Chairman of a committee (with the exception of the Nominating Committee) and € 5,000 for each member of a committee (with the exception of the Nominating Committee).
In addition, each Administrative Board member receives performance-based compensation of € 20.00 for each € 0.01 by which the earnings per share figure shown in the consolidated financial statements exceeds a minimum amount of € 16.00 per share. The performance-based compensation amounts to a maximum of € 10,000 per year. The Chairman of the Administrative Board receives twice this amount (maximum € 20,000); the Vice Chairman receives one-and-a-half times this amount (maximum € 15,000) in compensation. Since earnings per share are below the minimum amount in the financial year, no performance-based compensation was paid.

## *30. Related Party Relationships*

In accordance with IAS 24, relationships with related parties that control or are controlled by the PUMA Group must be reported unless such related parties are already included as consolidated companies in the consolidated financial statements of PUMA SE. Control is defined as the ability to determine an entity’s financial and business policies and benefit from its activities.
SAPARDIS SE, Paris, a wholly owned subsidiary of Kering S.A., presently holds over 75 % of the subscribed capital of PUMA SE. Kering S.A. is controlled by Artémis S.A., Paris, which in turn is a wholly-owned subsidiary of Financière Pinault S.C.A., Paris. Consequently, all companies that are directly or indirectly controlled by Artémis S.A. and are not included in the consolidated financial statements of PUMA SE are accounted for as related companies.
In addition, the disclosure obligation pursuant to IAS 24 also extends to transactions with associated companies as well as transactions with other related parties. These include non-controlling shareholders in particular.
Transactions with related parties largely concern the sale of goods and services. These sales were concluded under normal market conditions that are also customary with third parties.
The following overview illustrates the scope of the business relationships:

T.67

| | Deliveries and services rendered | | Deliveries and services received | |
|---|---|---|---|---|
| | 2014<br>€ million | 2013<br>€ million | 2014<br>€ million | 2013<br>€ million |
| Artémis-Group consolidated comapnies | 0.0 | 0 .1 | 0.1 | 0.4 |
| Kering-Group consolidated companies | 2.8 | 4.3 | 2.3 | 3.0 |
| Other related parties | 7.1 | 6.6 | 14.0 | 14.9 |
| **Total** | **9.9** | **11.0** | **16.4** | **18.3** |

T.68

| | Net receivables from | | Payables to | |
|---|---|---|---|---|
| | 2014<br>€ million | 2013<br>€ million | 2014<br>€ million | 2013<br>€ million |
| Artémis-Group consolidated comapnies | 0.0 | 0.0 | 0.0 | 0.2 |
| Kering-Group consolidated companies | 1.1 | 1.2 | 0.7 | 0.4 |
| Other related parties | 17.9 | 9.9 | 0.2 | 1.7 |
| **Total** | **19.0** | **11.1** | **0.9** | **2.3** |

Receivables from related parties are, with one exception, not subject to value adjustments. Only with respect to the receivables from a non-controlling shareholder and its group of companies were gross receivables of € 52.2 million fully adjusted in value for a subsidiary of PUMA SE in Greece as of December 31, 2014 (previous year: € 52.2 million). In the 2015 financial year, expenses of € 0.0 million (previous year € 0.0 million) were recorded in this regard.

The Managing Directors and the members of the Administrative Board of the PUMA Group are related parties within the meaning of IAS 24. The services and compensation of this group of individuals are shown in paragraph 29.

Within consulting, service and employment contracts, members of the Administrative Board received compensation from PUMA of € 0.3 million (previous year: € 0.3 million).

## 31. Corporate Governance

In November 2014, the Managing Directors and the Administrative Board submitted the required compliance declaration with respect to the recommendations issued by the Government Commission German Corporate Governance Code pursuant to Section 161 of the AktG (Aktiengesetz, German Stock Corporation Act) and published it on the Company's website (www.puma.com). Please also refer to the Corporate Governance Report in the Group Management Report of PUMA SE.

## 32. Events after the Balance Sheet Date

There were no events after the balance sheet date that had any material impact on the net assets, financial position and results of operations.

### 33. Declaration by the Legal Representatives

We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that the Group Management Report provides a true and fair view of the course of the development and performance of the business and the position of the Group, together with a description of the principal risks and opportunities associated with the expected performance of the Group.

***DATE OF RELEASE*** The Managing Directors of PUMA SE released the consolidated financial statements on February 10, 2015 for distribution to the Administrative Board. The task of the Administrative Board is to review the consolidated financial statements and state whether it approves them.

Herzogenaurach, February 10, 2015

**MANAGING DIRECTORS**

Gulden Lämmermann Sørensen

# MANAGING DIRECTORS OF PUMA SE

**Bjørn Gulden**
*Chief Executive Officer (CEO)*
Membership of other supervisory boards and controlling bodies:
- Tchibo GmbH, Hamburg
- Borussia Dortmund GmbH & Co. KG, Dortmund
- Dansk Supermarked A/S, Højbjerg/Denmark

**Michael Lämmermann**
*Chief Financial Officer (CFO)*

**Lars Radoor Sørensen**
*Chief Operating Officer (COO)*
from August 1, 2014

### *Departing Managing Directors*

Andy Köhler
Chief Operating Officer (COO)
until July 31, 2014

Stefano Caroti
Chief Commercial Officer (CCO)
until December 31, 2014

# ADMINISTRATIVE BOARD OF PUMA SE HERZOGENAURACH

## *Jean-François Palus*

**(Chairman)**
London, United Kingdom
Group Managing Director and member of the Administrative Board of Kering S.A., Paris/France,
responsible for Strategy, Operations and Organization

**Membership of other supervisory boards and controlling bodies:**
- Kering Americas, Inc., New York/USA
- Volcom Inc., Costa Mesa/USA
- Luxury Goods International (L.G.I.) S.A., Cadempino/Switzerland
- Kering Luxembourg S.A., Luxembourg/Luxembourg
- Brioni S.p.A., Penne/Italy
- Kering Tokyo Investment Ltd. Tokyo/Japan
- Pomellato S.p.A, Penne/Italy
- Volcom Luxembourg Holding S.A., Luxembourg/Luxembourg
- Sowind Group S.A., La Chaux-de-Fonds/Switzerland

## *François-Henri Pinault*

**(Deputy Chairman)**
Paris, France
CEO and Chairman of the Administrative Board of Kering S.A., Paris/France

**Membership of other supervisory boards and controlling bodies:**
- Artémis S.A., Paris/France
- Financière Pinault S.C.A., Paris/France
- Société Civile du Vignoble de Château Latour S.C., Pauillac/France
- Christie's International Ltd., London/United Kingdom
- Bouygues S.A., Paris/France
- Sowind Group S.A., La Chaux-de-Fonds/Switzerland
- Soft Computing S.A., Paris/France
- Boucheron Holding S.A.S, Paris/France
- Yves Saint Laurent S.A.S., Paris/France
- Kering Holland N.V. (previously named Gucci Group N.V), Amsterdam/Netherlands
- FNAC S.A., Ivry sur Seine/France (until 6/18/2013)
- Sapardis SE, Paris/France
- Volcom Inc., Costa Mesa/USA
- Stella McCartney Ltd., Haywards Heath/West Sussex/United Kingdom
- Brioni S.p.A., Penne/Italy
- Kering International Ltd., London/United Kingdom

## *Thore Ohlsson*

Falsterbo, Sweden
President of Elimexo AB, Falsterbo/Sweden

**Membership of other supervisory boards and controlling bodies:**
- Nobia AB, Stockholm/Sweden
- Bastec AB, Malmo/Sweden
- Elite Hotels AB, Stockholm/Sweden
- Tomas Frick AB, Vellinge/Sweden
- Tjugonde AB, Malmo/Sweden
- Tretorn AB, Helsingborg/Sweden
- Cobra Golf Inc., Carlsbad/USA

## Todd Hymel
Paris, France
Chief Operating Officer (COO) of Kering S.A., Paris/France,
responsible for Sport & Lifestyle

**Membership of other supervisory boards and controlling bodies:**
- Volcom, Inc., Costa Mesa/USA
- Cobra Golf, Inc., Carlsbad/USA

## Jean-Marc Duplaix
Paris, France
Chief Financial Officer (CFO) of Kering S.A., Paris/France

**Membership of other supervisory boards and controlling bodies:**
- Sapardis SE, Paris/France GPO Holding SE, Paris/France
- Redcats S.A., Paris/France
- E_lite S.p.A., Milan/Italy
- Kering Italia S.p.A., Scandicci/Italy
- Pomellato S.p.A., Milan/Italy
- Kering Japan Ltd., Tokyo/Japan
- Kering Tokyo Investment Ltd., Tokyo/Japan
- Kering Luxembourg S.A., Luxembourg/Luxembourg
- Qeelin Holding Luxembourg S.A., Luxembourg/Luxembourg
- E-Kering Lux S.A., Luxembourg/Luxembourg
- Luxury Fashion Luxembourg S.A., Luxembourg/Luxembourg
- Noga Luxe S.L., Barcelona/Spain

## Bernd Illig
**(Employees' Representative)**
Bechhofen, Germany
Administrator IT Systems of PUMA SE

## Martin Köppel
**(Employees' Representative)**
Weisendorf, Germany
Administrator IT Microsoft Systems of PUMA SE

## Guy Buzzard
**(Employees' Representative)**
West Kirby, United Kingdom
Key Account Manager (Sales) of PUMA United Kingdom Ltd.

Departing Members of the Administrative Board

## Michel Friocourt
Paris, France
Group General Counsel of Kering S.A., Paris/France,
until October 31, 2014

**Membership of other supervisory boards and controlling bodies:**
- Luminosa, Paris/France
- Yves Saint Laurent S.A.S., Paris/France
- Discodis Belgique N.V., Brussels/Belgium,
- Balenciaga UK Ltd., United Kingdom
- Kering UK Services Ltd., United Kingdom
- Kering Management Services II Ltd., United Kingdom
- Stella McCartney Ltd., United Kingdom
- Kering Holdings Ltd., Hong Kong
- Yves Saint Laurent UK Ltd., United Kingdom
- PPR HK Ltd., Hong Kong
- APARFI, Switzerland
- PPR Suisse, Switzerland

# ADMINISTRATIVE BOARD COMMITTEES

## *Executive Committee*
**Thore Ohlsson (Chairman)**
Martin Koeppel
Jean-Marc Duplaix (Member as of November 5, 2014)
Until October 31, 2014: Michel Friocourt

## *Personnel Committee*
**François-Henri Pinault (Chairman)**
Bernd Illig
Jean-François Palus

## *Audit Committee*
**Thore Ohlsson (Chairman)**
Jean-Marc Duplaix
Guy Buzzard

## *Sustainability Committee*
**Jean-François Palus (Chairman)**
François-Henri Pinault
Martin Köppel

## *Nominating Committee*
**François-Henri Pinault (Chairman)**
Jean-François Palus
Todd Hymel

# STATUTORY AUDITOR'S OPINION

We have audited the consolidated financial statements prepared by PUMA SE, Herzogenaurach, which consist of the consolidated balance sheet, the consolidated income statement, the Group's consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes to the consolidated financial statements, as well as the Group management report for the financial year from January 1 through December 31, 2014. The Company's Managing Directors are responsible for preparing the consolidated financial statements and the Group management report in accordance with the International Financial Reporting Standards (IFRS), as applicable in the EU, as well as according to the supplementary regulations under commercial law according to Section 315a (1) HGB. It is our duty to render an opinion on the basis of the audit we conducted of the consolidated financial statements and the Group management report.

We conducted our audit of the consolidated financial statements pursuant to Section 317 HGB in compliance with the German principles of proper auditing established by the Institute of Auditors. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are identified with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system as well as evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a random basis within the framework of the audit. The audit comprises the evaluation of the consolidated financial statements, the consolidated financial statements of the group of consolidated companies, the determination of the group of consolidated companies, the accounting and consolidation principles applied and material assessments by the Managing Directors, as well as the acknowledgement of the entire presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

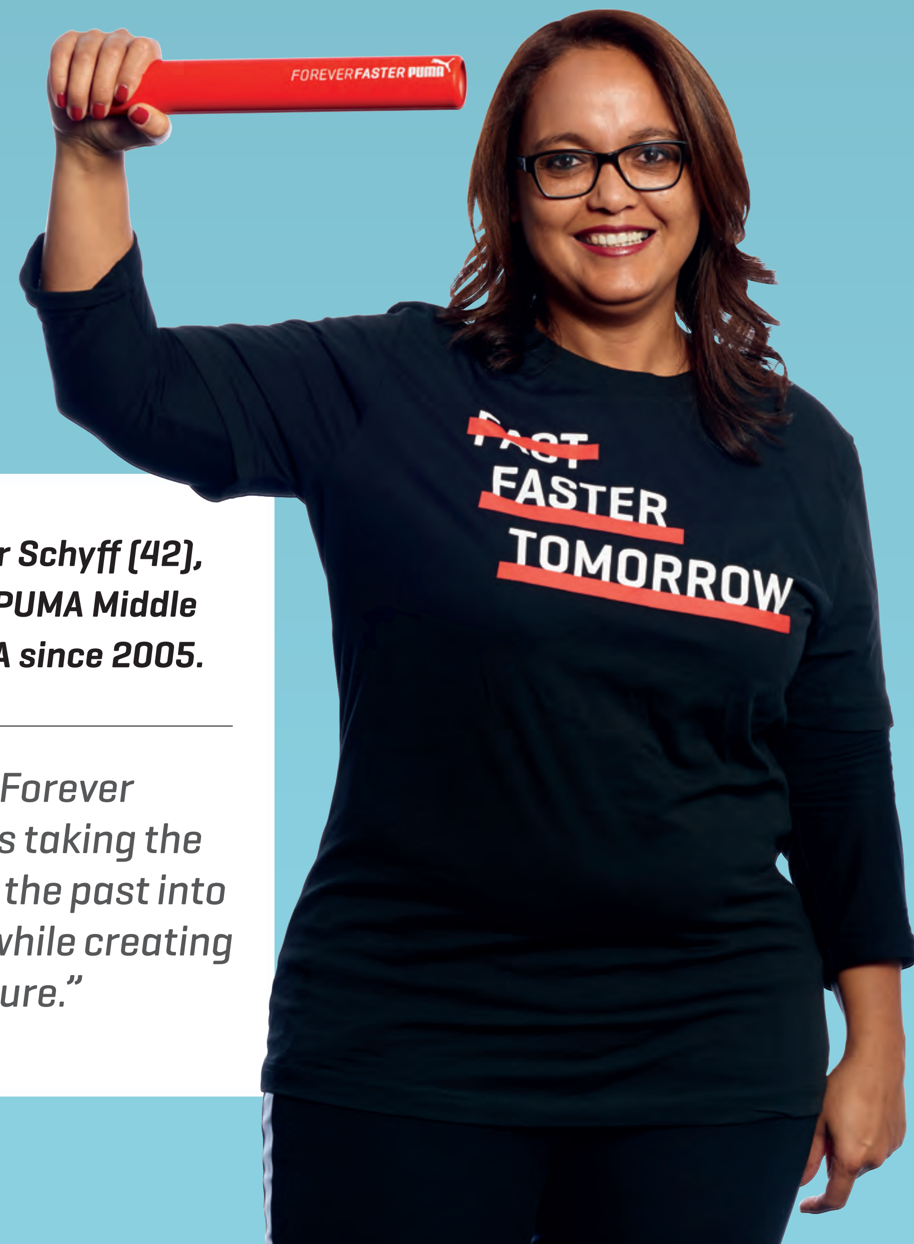
Based on the information obtained during our audit, in our opinion the consolidated financial statements of PUMA SE, Herzogenaurach, have been properly prepared in accordance with the IFRS, as applicable in the EU, as well as according to the supplementary regulations under commercial law according to Section 315a(1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group. The Group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and accurately presents the opportunities and risks of future development.

Munich, February 10, 2015

***Deloitte & Touche GmbH***
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| ***[Stadter]*** | ***[Besli]*** |
| Wirtschaftsprüfer | Wirtschaftsprüferin |
| [German Ceritfied Auditor] | [German Ceritfied Auditor] |

# REPORT BY THE ADMINISTRATIVE BOARD




***Wedahd van der Schyff (42), Head of Retail PUMA Middle East, with PUMA since 2005.***

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*“For me, ‘Forever Faster’ means taking the learnings from the past into consideration while creating our future.”*

# REPORT BY THE ADMINISTRATIVE BOARD

***Dear Shareholders,***

In financial year 2014, the Administrative Board has exercised all its duties under the law, statutes and company rules. It has managed the Company, determined the basic business strategies and monitored their implementation by the Managing Directors.
In this regard, the Administrative Board has in its four regular meetings discussed and resolved on the Company's business policies, all relevant aspects of corporate development and corporation planning, the Company's economic situation, including its net assets, financial position and results of operations, and all key decisions for the Group. All members participated in the resolutions. The Managing Directors have informed the Administrative Board regularly, comprehensively, and in a timely manner in written and verbal form about the implementation of all decisions and about all major business transactions.
The Administrative Board discussed in detail all of the Company's key business transactions, based on the reports by the Managing Directors and the committees, and presented its own ideas. Any deviations from business performance based on the specifications that have been given to the Managing Directors by the Administrative Board have been explained by the Managing Directors to the Administrative Board. The Administrative Board verified all of these explanations using the supporting documents submitted. The Administrative Board was involved in all key decisions at an early stage. In addition, the Chairman of the Administrative Board and other members of the Administrative Board maintained, and continue to maintain, regular verbal or written contact with the Managing Directors, and keep themselves informed of all major developments. Overall, these discussions did not give rise to any doubts that the Managing Directors were managing the Group in anything other than a lawful and proper manner.

***MAIN ADVISORY FOCUS*** In the financial year 2014, the focus was primarily on the following topics: audit and approval of the 2013 financial statements, dividend policy, setting the agenda for the 2014 Annual General Meeting, ongoing business development, the Group's financial position, business planning for 2015 and medium-term planning, including investments, transformation and cost reduction program, compliance and the internal control system, material litigation in the Group, corporate governance, sustainability, and personnel issues concerning the Managing Directors.
To address these topics, the Administrative Board reviewed the Company's financial reports and records.

***CONFLICTS OF INTEREST*** The members of the Administrative Board are required to disclose any conflicts of interest immediately. In the past year, no such disclosures were made.

***COMMITTEES*** The Administrative Board has established five committees to perform its duties and receives regular reports on their work. The members of the committees are listed in the Notes to the Consolidated Financial Statements of the Annual Report.

***EXECUTIVE COMMITTEE*** The Executive Committee organizes the Administrative Board meetings and makes decisions when instructed by the Administrative Board to do so on its behalf. It did not meet in 2014.

***PERSONNEL COMMITTEE*** The Personnel Committee is responsible for entering into and making changes to Managing Directors' employment contracts and for establishing policies for Human Resources and personnel development. The Personnel Committee met once during the financial year 2014.

***AUDIT COMMITTEE*** The Audit Committee held four regular meetings in financial year 2014. In particular, the Audit Committee is responsible for accounting issues and monitoring the accounting process, the effectiveness of the internal control system, risk management and the risk management system, internal audits, compliance and the statutory audit of the financial statements, with particular regard to the required independence of the statutory auditors, issuing the audit mandate to the statutory auditors, defining the audit areas of focus, any additional services to be performed by the auditors and the fee agreement.

***SUSTAINABILITY COMMITTEE*** The Committee is responsible for promoting corporate sustainability and an awareness of the need to act fairly, honestly, positively and creatively in every decision made and every action taken. Two meetings were held in 2014.

***NOMINATING COMMITTEE*** The Nominating Committee proposes suitable shareholder candidates to the Administrative Board for its voting recommendations to the Annual General Meeting. It did not meet during the reporting period.

### *Corporate Governance*

In the 2014 financial year the Administrative Board discussed the German Corporate Governance Code (GCGC), which contains key legal requirements and recommendations for the management and supervision of listed companies and standards for responsible company management. The corporate governance standards have long been a part of the corporate routine. None of this is changed in the single-tier corporate governance system now in place at PUMA.

Pursuant to paragraph 3.10 of the GCGC, the Administrative Board reports on corporate governance in the Corporate Governance Report. With very few exceptions, the Company satisfies the requirements of the GCGC and explains these system-related exceptions, as well as deviations from the GCGC resulting from PUMA's single-tier system, in the Statement of Compliance. The Statement of Compliance is available to our shareholders at any time on the Company's website under **http://about.puma.com/de/investor-relations/corporate-governance/declaration-of-compliance/**.

### *Annual financial statements adopted*

The annual financial statements for PUMA SE prepared by the Managing Directors in accordance with the German Commercial Code (Handelsgesetzbuch/HGB) and the management report for financial year 2014 as well as the consolidated financial statements and the consolidated management report for financial year 2014 prepared in accordance with Section 315a HGB on the basis of International Financial Reporting Standards (IFRS) have been audited by the statutory auditors who were appointed by the Annual General Meeting on May 13, 2014 and commissioned by the Administrative Board to audit the annual financial statements and the consolidated financial statements, Deloitte & Touche GmbH, Munich, and have been given an unqualified auditor's opinion.

In their report, the statutory auditors conclude that PUMA's institutionalized risk management system, in accordance with Section 91(2) of the German Stock Corporation Act (Aktiengesetz/AktG), is capable of detecting at an early stage and countering any developments that might jeopardize the continuity of the Company as a going concern. The Administrative Board has been updated by the Managing Directors regularly on all relevant risks in this regard, in particular their assessments of market and procurement risks, financial risks (including currency risks) and organizational risks.

The accounting records, the audit reports from the statutory auditors and the Managing Directors' recommendation on the appropriation of net profit were made available to all members of the Administrative Board in a timely manner. At the meeting of the Audit Committee on February 13, 2015 and at the subsequent Administrative Board meeting held on the same day, the statutory auditors reported on the key results of their audit and discussed them in detail with the Managing Directors and the members of the Administrative Board. No discrepancies were detected. Further, at today's meeting, the Managing Directors explained to the Administrative Board the disclosures made in the management report, pursuant to Section 289(4) and 289(5) and Section 315(4) of the German Commercial Code (HGB).

The Administrative Board reviewed in detail the annual financial statements, the management report, the Managing Directors' recommendation on the appropriation of net profit and the consolidated financial statements as well as the Group management report and raised no objections. In accordance with the recommendation of the Audit Committee, the Administrative Board agreed with the results of the audit of both statements and approved the annual financial statements of PUMA SE and the consolidated financial statements for the 2014 financial year. The 2014 annual financial statements have thus been adopted.
The Administrative Board likewise agrees with the Managing Directors' proposal to distribute a dividend of € 0.50 per dividend entitled share to the shareholders for financial year 2014. The dividend will be funded from cash and cash equivalents, which will not jeopardize the Company's liquidity. A total amount of €7.5 million will be paid out in dividends from PUMA SE's net income. The remaining net income of € 53.2 million will be carried forward.

### *Report on Relationships with Affiliated Companies*

Since April 10, 2007, PUMA SE has been a dependent company of Sapardis S.E., a wholly owned subsidiary of Kering S.A, which in turn is a subsidiary of Artémis S.A. (due to the voting right majority), pursuant to Section 17 of the German Stock Corporation Act (AktG). The report by the Managing Directors on relations with affiliated companies (Dependent Company Report) specified in Section 312 AktG has been made available to the Administrative Board. The report has been reviewed by the statutory auditors, who issued the following auditor's opinion:

> "We have duly examined and assessed the report and hereby certify that:
> 1. The information contained in the report is correct,
> 2. The payments made by the corporation in the legal transactions listed in the report were not unduly high."

After a thorough review, the Administrative Board agreed with the Dependent Company Report prepared by the Managing Directors and approved the auditors' findings. No objections were raised.

### *Personnel Changes in the Administrative Board in the Managing Directors*

There were personnel changes in the Administrative Board that have relevance for shareholders. Michel Friocourt resigned from his position on the Administrative Board effective October 31, 2014.
The composition of Managing Directors has also changed. Andreas Köhler resigned from his position as Chief Operating Officer effective August 31, 2014. The Administrative Board appointed Lars Radoor Sørensen as his successor with effect from August 1, 2014. Furthermore Stefano Caroti resigned from his position as Chief Commercial Officer effective December 31, 2014.
The Administrative Board offers its thanks to Mr. Friocourt, Mr. Köhler and Mr. Caroti for their commitment and hard work on behalf of the company.

### *Thanks*

We would like to express our gratitude and recognition to the Managing Directors, the management teams at the Group companies, the Works Council and all our employees for their hard work and their outstanding cooperation.

Herzogenaurach, February 16, 2015

On behalf of the Administrative Board

Jean-François Palus
Chairman

# GRI INDEX

***Stefan Seidel (44), Global Team Head Environmental Affairs, with PUMA since 2001.***

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*“For me, ‘Forever Faster’ means to embed sustainability across all our core business functions and creating positive change in our industry and beyond.”*

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **STRATEGY AND ANALYSIS** | | | | |
| G4-1 | Fully | Foreword of Bjørn Gulden<br>Our Sustainability Strategy<br>New Mission Statement | 4-5<br>36<br>37 | ✓ |
| G4-2 | Fully | Materiality Analysis<br>Sustainability Targets<br>Social Sustainability<br>Environmental Sustainability<br>Stakeholder and Industry Collaboration<br>Anti-Corruption Efforts<br>The Way Ahead | 42<br>43<br>44-52<br>53-64<br>65-66<br>66<br>67 | ✓ |
| **ORGANIZATIONAL PROFILE** | | | | |
| G4-3 | Fully | Imprint | | ✓ |
| G4-4 | Fully | Commercial Activities and Organizational Structure<br>Sales<br>Product Development and Design | 81<br>91-95<br>84 | ✓ |
| G4-5 | Fully | Commercial Activities and Organizational Structure | 81 | ✓ |
| G4-6 | Fully | Sourcing<br>Sales<br>All countries with subsidiaries are listed in the notes to the consolidated financial statement. | 85-86<br>91-95 | ✓ |
| G4-7 | Fully | Group of Consolidated Companies<br>All countries with subsidiaries are listed in the notes to the consolidated financial statement. | 130-133 | ✓ |
| G4-8 | Fully | Sales<br>All countries with subsidiaries are listed in the notes to the consolidated financial statement. No further explanation given due to confidentiality reasons. | 91-95 | ✓ |
| G4-9 | Partially | Employees<br>Sales<br>Results of Operations<br>Dividends<br>Quantity of products sold not disclosed for confidentiality reasons. | 87-88<br>91-95<br>95-98<br>98-99 | ✓ |
| G4-10 | Partially | Working Conditions / Working Environment<br>Dare to Be Diverse<br>Employees<br>Numbers only reported only by gender and product type. More detailed information is deemed as not material. | 73<br>73-74<br>87-88 | ✓ |



GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| G4-11 | Fully | Working Conditions / Working Environment | 73 | ✓ |
| G4-12 | Fully | New Factory Audit System<br>Sourcing | 44-46<br>85-86 | ✓ |
| G4-13 | Fully | Strategic Priorities<br>Net Assets and Financial Position<br>More detailed information reported in the Consolidated Financial Statement. | 82-83<br>101-102 | ✓ |
| G4-14 | Fully | Social Sustainability<br>Environmental Sustainability<br>Environmental Management at PUMA Suppliers | 44-52<br>53-64<br>61-63 | ✓ |
| G4-15 | Fully | Human Rights and Risk Management<br>Stakeholder and Industry Collaboration | 47<br>65-66 | ✓ |
| G4-16 | Fully | Stakeholder and Industry Collaboration | 65-66 | ✓ |
| **IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES** | | | | |
| G4-17 | Fully | Notes to the Consolidated Financial Statements | 131-133 | ✓<br>168 |
| G4-18 | Fully | Developing Targets with our Stakeholders<br>Materiality Analysis<br>Reporting According to GRI G4 | 42<br>42<br>41 | ✓<br>76-77 |
| G4-19 | Fully | Materiality Analysis | 42 | ✓<br>76-77 |
| G4-20 | Partially | Materiality Analysis<br>More detailed information on Materiality can be found on our website:<br>http://about.puma.com/en/sustainability/stakeholders/materiality-matrix | 42 | ✓<br>76-77 |
| G4-21 | Partially | Materiality Analysis<br>More detailed information on Materiality can be found on our website:<br>http://about.puma.com/en/sustainability/stakeholders/materiality-matrix | 42 | ✓<br>76-77 |
| G4-22 | Not Reported | No restatements during the reporting period. | | |
| G4-23 | Fully | Reporting According to GRI G4 | 41 | ✓<br>76-77 |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **STAKEHOLDER ENGAGEMENT** | | | | |
| G4-24 | Fully | Developing Targets with our Stakeholders<br>Organization Set-up<br>Governance<br>Stakeholder and Industry Collaboration<br>Anti-Corruption Efforts | 42<br>38<br>41<br>65-66<br>66 | ✓<br>76-77 |
| G4-25 | Fully | Developing Targets with our Stakeholders<br>Materiality Analysis | 42<br>42 | ✓<br>76-77 |
| G4-26 | Fully | Developing Targets with our Stakeholders<br>Stakeholder and Industry Collaboration | 42<br>65-66 | ✓<br>76-77 |
| G4-27 | Fully | Developing Targets with our Stakeholders<br>Materiality Analysis<br>Stakeholder and Industry Collaboration | 42<br>42<br>65-66 | ✓<br>76-77 |
| **REPORT PROFILE** | | | | |
| G4-28 | Fully | Calendar Year 2014 | | ✓ |
| G4-29 | Fully | April 2013 | | ✓ |
| G4-30 | Fully | Annual | | ✓ |
| G4-31 | Fully | Imprint | | ✓ |
| G4-32 | Fully | Reporting According to GRI G4<br>Independent Assurance Report<br>Statutory Auditor's Opinion<br><br>The 'in accordance' option Core has been chosen. | 41<br>76-77<br>168 | ✓ |
| G4-33 | Fully | Independent Assurance Report<br>Statutory Auditor's Opinion<br><br>External assurance seeked through independent audit by Deloitte & Touche GmbH. All executive levels were involved in this process. | 76-77<br>168 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **GOVERNANCE** | | | | |
| G4-34 | Fully | Governance<br>Corporate Governance Report | 41<br>116-120 | ✓ |
| **ETHICS AND INTEGRITY** | | | | |
| G4-56 | Fully | Adherence to PUMA's ▶ Code of Conduct<br>Anti-Corruption Efforts<br>▶ Code of Ethics | 44<br>66 | ✓ |
| **SPECIFIC STANDARD DISCLOSURES** | | | | |
| **Category: Economic** | | | | |
| **Aspect: Economic Performance** | | | | |
| G4-DMA | Fully | Overview 2014<br>Targets and  Strategy<br>Management System<br>Economic Report | 79-80<br>82-83<br>89<br>90-95 | ✓ |
| G4-EC1 | Fully | Overview 2014<br>Results of Operations<br>Sales<br>Cash Flow<br><br>Detailed information can be found in the Consolidated Financial Statements and the notes the Consolidated Finan-cial Statements. | 79-80<br>95-98<br>91-95<br>103-104 | ✓ |
| G4-EC2 | Partially | Risk and Opportunity Management<br>▶ Environmental Profit & Loss Account<br>▶ Sustainable Products<br><br>More details have been reported in PUMAs response to the<br>▶ Carbon Disclosure Project | 107-110<br>43 | ✓ |
| G4-EC3 | Fully | Compensation Report<br>Notes to the Consolidated Financial Statements<br>Provisions for Pensions and Similar Obligations<br>Pension Provisions | 105-106<br>128-129<br>135<br>146-149 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Indirect Economic Impacts** | | | | |
| G4-DMA | Partially | Risk and Opportunity Categories | 108-110 | ✓ |
| G4-EC7 | Partially | Cash Flow<br><br>Partially reported as PUMA does not disclose on the development extent of investments on communities. Community needs assessments have not been conducted. | 103-104 | ✓ |
| G4-EC8 | Partially | Environmental Sustainability<br>Social Sustainability<br>Training and Capacity Building<br>Better Wages Program<br>Worker Retention<br>Environment Management at PUMA<br>Zero Discharge of Hazardous Chemicals<br>The PUMA SAVE Project<br>▸ Environmental Profit & Loss Account | 53-64<br>44-52<br>48-49<br>49<br>50<br>53<br>56<br>61<br>43 | ✓ |
| **Aspect: Procurement Practices** | | | | |
| G4-DMA | Partially | Social Sustainability<br>Environmental Management at PUMA Suppliers<br>Sourcing<br>Risk and Opportunity Categories | 44-52<br>61<br>85-86<br>108-110 | ✓ |
| G4 - EC9 | Partially | PUMA SAVE Project<br>Sourcing<br><br>Partially reported detailed disclosure of information is deemed to be proprietary. | 61<br>85-86 | ✓ |
| **Category: Environmental** | | | | |
| **Aspect: Materials** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Environmental Sustainability<br>Environmental Management at PUMA<br>Reducing Raw material Impact<br>Environmental Management at PUMA Suppliers<br>▸ Environmental Profit & Loss Account (E-P&L) | 42<br>53-64<br>53<br>53-54<br>61<br>43 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| G4-EN2 | Partially | Reducing Raw Material Impact<br>E-KPIs<br>Waste and Recycling<br>Paper<br><br>Only reported in general terms. Specific percentages are reported for cotton, polyester and leather; total figures are reported for recycled waste and recycled paper.<br>Partially reported as PUMA is not directly producing goods, main input material is paper. More detailed information on input materials for production is contained in our suppliers' own<br>▸ Sustainability reports | 53-54<br>58<br>59<br>59 | ✓ |
| **Aspect: Energy** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Environmental Sustainability<br>Environmental Management at PUMA<br>Energy<br>Environmental Management at PUMA Suppliers<br>PUMA SAVE Project | 42<br>53-64<br>53<br>59<br>61<br>61 | ✓ |
| G4-EN3 | Partially | E-KPIs<br>Energy<br>▸ Environmental Profit & Loss Account (E-P&L)<br><br>Total renewable and non-renewable energy consumption (in KWh as well as percentage) is reported irrespective of fuel types. | 58<br>59<br>43 | ✓ |
| G4-EN5 | Partially | E-KPIs<br>Summary of Supplier E-KPIs<br><br>Overall energy intensity is reported but not by sub-categories. | 58<br>62-63 | ✓ |
| G4-EN6 | Partially | E-KPIs<br>Energy<br>Summary of Supplier E KPIs<br><br>Partially reported as energy saved and is listed as part of total energy figures. | 58<br>59<br>62-63 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| G4-EN7 | Partially | ▶ PUMA SAVE Project<br>Environmental Management at PUMA Suppliers<br>Summary of Supplier E-KPIs<br><br>Partially reported as PUMA as production of goods is outsourced. | 61<br>61-63<br>62-63 | ✓ |
| **Aspect: Water** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Sustainability Targets<br>Environmental Management at PUMA<br>Water<br>Environmental Management at PUMA Suppliers<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>Not fully material for PUMA's own organizational operations but deemed material for supply-chain operations. | 42<br>43<br>53<br>59<br>61-63<br>43 | ✓ |
| G4-EN8 | Partially | Water<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>Volume of water withdrawn by source, collection method and reuse of water discharges are not fully reported as PUMA's own entities use water only for domestic purposes and discharge into public waste water collection systems. | 59<br>43 | ✓ |
| **Aspect: Biodiversity** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>Partially reported by source as biodiversity is not identified as a material topic for PUMA's operations. | 42<br>43 | ✓ |
| G4-EN11 | Partially | ▶ Environmental Profit & Loss Account (E-P&L)<br><br>Due to the low level of Materiality as indicated in our Materiality Analysis, we are mainly reporting on biodiversity as part of our efforts in the Environmental Profit and Loss Statement as well as under the materials aspect (paper, leather). | 43 | |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| G4-EN12 | Partially | ▶ Environmental Profit & Loss Account (E-P&L)<br><br>Biodiversity is not identified as a material topic for PUMA's operations but general impacts of PUMA's operations in form of 'Loss of biodiversity and ecosystem services' are reported partially in E-P&L | 43 | |
| **Aspect: Emission** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Sustainability Targets<br>Environmental Sustainability<br>Environmental Management at PUMA<br>Chemical Management<br>Zero Discharge of Hazardous Chemicals<br>Extension of our Annual Environmental Data Collection<br>Improved Environmental Auditing | 42<br>43<br>53-64<br>53<br>55<br>56<br>61-63<br>63 | ✓ |
| G4-EN15 | Partially | E-KPIs<br>$CO_2$ Emissions<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>No quantitative reporting for $CO_2$ emissions from biogenic source. | 58<br>60<br>43 | ✓ |
| G4-EN16 | Fully | E-KPIs<br>$CO_2$ Emissions<br>Environmental Profit & Loss Account (E-P&L) | 58<br>60<br>43 | ✓ |
| G4-EN17 | Partially | E-KPIs<br>$CO_2$ Emissions<br>Summary of Supplier E-KPIs<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>Reported as total figures irrespective of origin, i.e. biogenic $CO_2$ emissions not calculated separately | 58<br>60<br>62-63<br>43 | ✓ |
| G4-EN18 | Fully | ▶ PUMA SAVE Project<br>Environmental Management at PUMA Suppliers<br>Summary of Supplier E-KPIs<br><br>Partially reported as PUMA as production of goods is outsourced. | 61<br>61-63<br>62-63 | ✓ |
| G4-EN19 | Fully | E-KPIs<br>$CO_2$ Emissions | 58<br>60 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| G4-EN21 | Partially | Chemical Management<br>Zero Discharge of Hazardous Chemicals<br>▸ Environmental Profit & Loss Account (E-P&L)<br><br>Partially reported because air emissions are not considered significant for PUMA's operations. Quantitative emissions of air pollution are not reported as PUMA is not directly involved in production but detailed information could be obtained from PUMA's individual<br>▸ Supplier's Sustainability Reports | 55<br>56<br>43 | ✓ |
| **Aspects: Effluents and Waste** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Environmental Sustainability<br>Waste and Recycling<br>▸ IPE Data Disclosure<br>▸ Environmental Profit & Loss Account (E-P&L)<br><br>Partially reported as detailed information is not material since PUMA has outsourced production to independent supplier factories. Selected suppliers report in more detail within their own sustainability reports<br>▸ Supplier's Sustainability Reports | 42<br>53-64<br>59<br>64<br>43 | ✓ |
| G4-EN22 | Partially | ▸ Environmental Profit & Loss Account (E-P&L)<br><br>Destination, treatment method and reuse of water discharges are not fully reported as PUMA's own entities use water only for domestic purposes and discharge into public waste water collection systems. | 43 | |
| G4-EN23 | Partially | E-KPIs<br>Waste and Recycling<br>Paper<br>Summary of Supplier E-KPIs<br><br>Partially reported in percentage. Detailed information is not material since PUMA has outsourced production to independent supplier factories. Suppliers sustainability reports are more detailed<br>▸ Supplier's Sustainability Reports | 58<br>59<br>59<br>62-63 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Products and Services** | | | | |
| G4-DMA | Fully | Sustainability Targets<br>Environmental Management at PUMA<br>▸ S-Index<br>▸ Environmental Profit & Loss Account (E-P&L)<br>▸ Sustainable Products | 43<br>53<br>53-54<br>43 | ✓ |
| G4-EN27 | Partially | Waste & Recycling<br>Improved Environmental Auditing<br>▸ Environmental Profit & Loss Account (E-P&L)<br>▸ Sustainable Products<br><br>Indirectly reported as we report average EKPIs of our products. | 59<br>63<br>43 | ✓ |
| **Aspect: Compliance** | | | | |
| G4-DMA | Partially | "Talks at Banz" 2014<br>Annual Supplier Meeting 2014<br>Anti-Corruption Efforts<br>▸ Code of Ethics | 65<br>66<br>66 | ✓ |
| **Aspect: Transport** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Environmental Management at PUMA<br><br>Not fully material for PUMA's own operations since major transportation activities are undertaken by third parties. | 42<br>53 | ✓ |
| G4-EN30 | Partially | E-KPIs<br>$CO_2$ Emissions<br><br>Partially reported in the form of E-KPIs. | 58<br>60 | ✓ |

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Environmental Assessment** | | | | |
| G4-DMA | Fully | Environmental Management at PUMA<br>PUMA SAVE Project<br>Roll-Out of the SAC Higg Index Facilities Module<br>Stakeholder and Industry Collaboration<br>▸ S-Index<br>▸ Environmental Profit & Loss Account (E-P&L) | 53<br>61<br>61<br>65-66<br>53-54<br>43 | ✓ |
| G4-EN32 | Fully | New Factory Audit System<br>Extension of Our Environmental Data Collection<br>IPE Data Disclosure | 44-46<br>61-63<br>64 | ✓ |
| G4-EN33 | Partially | Extension of Our Environmental Data Collection<br>Improved Environmental Auditing<br>IPE Data Disclosure<br>▸ Supply Chain Auditing<br><br>PUMA also works in collaboration with independent NGO's like IPE, China, for detailed supplier's environmental Impact Assessments. | 61-63<br>63<br>64 | ✓ |

**Category: Social**

**Sub-Category: Labor Practices and Decent Work**

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Employment** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>People@PUMA | 42<br>69-75 | ✓ |
| G4-LA1 | Partially | Working Conditions / Working Environment<br>Employees<br><br>Information is deemed not material. Total employee turnover and overall range of turnover are collected and reported. | 73<br>87-88 | ✓ |
| **Aspect: Occupational Health and Safety** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Occupational Health and Safety | 42<br>75 | ✓ |
| G4-LA6 | Partially | Occupational Health and Safety<br><br>Partially reported only for suppliers, as occupational disease rate and minor injuries at our own entities are not significant (not material). | 75 | ✓ |

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Training and Education** | | | | |
| G4-DMA | Partially | Training and Development<br>Growing Talent<br>Leadership Training | 69-70<br>70<br>70-71 | ✓ |
| G4-LA9 | Partially | Training and Development<br><br>Fully reported are total training hours and amount of trained employees. (Average per employee per year: 9,72h). | 69-70 | ✓ |
| G4-LA10 | Partially | Leadership Training<br>Growing Talent<br>Performance Management and Succession Planning<br>Employees<br><br>General training and development program in place, including leadership training. No specific lifelong learning program supporting continued employability. | 70-71<br>70<br>71<br>87-88 | ✓ |
| G4-LA11 | Partially | Performance Management and Succession Planning<br><br>In general all our employees receive an annual appraisal talk. No detailed information by gender, employee category reported. | 71 | ✓ |
| **Aspect: Diversity and Equal Opportunity** | | | | |
| G4-DMA | Partially | Dare to Be Diverse | 73-74 | ✓ |
| G4-LA12 | Partially | Dare to Be Diverse<br><br>Partially reported as PUMA was not able to collect detailed data on the total percentage of employees of minority groups and minority groups on governance bodies. The age of the governance bodies' members is not disclosed. The total workforce by gender category can be found in LA1. | 73-74 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Supplier Assessment for Labor Practices** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>New Factory Audit System<br>Non-Compliance Resolution | 42<br>44-46<br>47 | ✓ |
| G4-LA14 | Fully | New Factory Audit System | 44-46 | ✓ |
| G4-LA15 | Partially | New Factory Audit System<br>Resolution of Complaints<br>Non-compliance resolution<br>Human Rights and Risk Management<br>▶ PUMA Supply Chain<br><br>Impact assessment of suppliers and areas of impact can be seen according our implemented factory evaluation system and non-compliance resolution overview. Detailed information on percentages is not included in the scope of our reporting. | 44-46<br>46-47<br>47<br>47 | ✓ |
| **Aspect: Labor Practices Grievance Mechanisms** | | | | |
| G4-DMA | Fully | Resolution of Complaints | 46-47 | ✓ |
| G4-LA16 | Partially | Resolution of Complaints<br><br>Reported only on complaints that have been raised and resolved during the reporting period. | 46-47 | ✓ |

**Sub-Category: Human Rights**

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Investment** | | | | |
| G4-DMA | Fully | Adherence to PUMA's ▶ Code of Conduct<br>Human Rights and Risk Management | 44<br>47 | ✓ |
| G4-HR1 | Fully | Adherence to PUMA's ▶ Code of Conduct | 44 | ✓ |
| G4-HR2 | Partially | Human Rights and Risk Management<br>Training and Capacity Building<br><br>Human Rights aspects are covered within general trainings as well as for related staff (e.g. sourcing) on the job and in dedicated meetings. Total hours of training in general are disclosed in LA9. | 47<br>48-49 | |



GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Non-discrimination** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Adherence to PUMA's ▶ Code of Conduct | 42<br>44 | ✓ |
| G4-HR3 | Partially | Non-compliance resolution<br>▶ PUMA Supply Chain<br><br>Covered for suppliers, for PUMAs own entities deemed as not material. | 47 | ✓ |
| **Aspect: Freedom of Association and Collective Bargaining** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Freedom of Association Protocol<br>▶ Code of Conduct | 42<br>50 | ✓ |
| G4-HR4 | Fully | Non-compliance resolution<br>Freedom of Association Protocol<br>▶ PUMA Supply Chain | 47<br>50 | ✓ |
| **Aspect: Child Labor** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Adherence to PUMA's ▶ Code of Conduct | 42<br>44 | ✓ |
| G4-HR5 | Partially | Human Rights and Risk Management<br>Non-compliance resolution<br>▶ PUMA Supply Chain<br><br>No detailed information reported on which operations or suppliers are considered to have significant risk for incidents. Only actual cases in the reporting focus. | 47<br>47 | ✓ |
| **Aspect: Forced or Compulsory Labor** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Adherence to PUMA's ▶ Code of Conduct | 42<br>44 | ✓ |
| G4-HR6 | Partially | Non-Compliance Resolution<br>Training and Capacity Building<br>▶ PUMA Supply Chain)<br><br>No detailed information reported on which operations, suppliers or regions are considered to have significant risk for incidents. Only actual cases and measures taken are in the reporting focus. | 47<br>48-49 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Assessment** | | | | |
| G4-DMA | Partially | Human Rights and Risk Management<br>Governance | 47<br>41 | ✓ |
| G4-HR9 | Partially | New Factory Audit System<br>Non-Compliance Resolution<br>▶ PUMA Supply Chain<br><br>Covered for suppliers, for PUMAs own entities not material. Information reported for percentage of suppliers by regions. Not by operations and country. | 44-46<br>47 | ✓ |
| **Aspect: Supplier Human Rights Assessment** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Adherence to PUMA ▶ Code of Conduct | 42<br>44 | ✓ |
| G4-HR10 | Fully | Adherence to PUMA's ▶ Code of Conduct<br>Human Rights and Risk Management | 44<br>47 | |
| G4-HR11 | Partially | New Factory Audit System<br>Non-Compliance Resolution<br>▶ PUMA Supply Chain<br><br>Impact assessment of suppliers and areas of impact can be seen according our factory evaluation system and non-compliance resolution overview. Detailed information on percentages is not included in the scope of our reporting. | 44-46<br>47 | ✓ |
| **Aspect: Supplier Human Rights Grievance Mechanisms** | | | | |
| G4-DMA | Fully | Resolution of Complaints | 46-47 | ✓ |
| G4-HR12 | Fully | Resolution of Complaints | 46-47 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Sub-Category: Society** | | | | |
| **Aspect: Local Communities** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Charity Cat | 42<br>74 | ✓ |
| G4-SO1 | Partially | Charity Cat<br>Social Sustainability<br>Environmental Sustainability<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>For community engagement only qualitative data reported. As production is outsourced, more information on local impact assessments can be found in individual ▶ supplier's sustainability reports. Percentages of operations are not gathered as deemed not material. | 74<br>44-52<br>53-64<br>43 | ✓ |
| **Aspect: Anti-corruption** | | | | |
| G4-DMA | Fully | Materiality Analysis<br>Anti-Corruption Efforts<br>Corporate Governance Report | 42<br>66<br>116-120 | ✓ |
| G4-SO3 | Partially | Corporate Governance Report<br>Risk and Opportunity Categories<br>▶ PUMA's Code of Ethics<br>▶ KERING Code of Ethics<br><br>Only qualitative data disclosed. | 116-120<br>108-110 | ✓ |
| G4-SO4 | Partially | Anti-Corruption Efforts<br>Corporate Governance Report<br><br>Total number of participants / business partners reported, not by employee category and region. | 66<br>116-120 | ✓ |

GRI

| General Standard Disclosures | Inclusion | Cross-reference and comments | Page Number | External Assurance DELOITTE |
|---|---|---|---|---|
| **Aspect: Supplier Assessment for Impacts on Society** | | | | |
| G4-DMA | Partially | Materiality Analysis<br>Administrative Board Sustainability Committee<br>Human Rights and Risk Management | 42<br>41<br>47 | ✓ |
| G4-SO9 | Fully | New Factory Audit System<br>▶ PUMA's Auditing Process<br><br>According to our policies every new supplier has to go through our initial assessment. | 44-46 | ✓ |
| G4-SO10 | Partially | Materiality Analysis<br>New Factory Audit System<br>Non-compliance resolution<br>Environmental Sustainability<br>Social Sustainability<br>Better Wages Program<br>Zero Discharge of Hazardous Chemicals<br>Environmental Management at PUMA Suppliers<br>▶ Environmental Profit & Loss Account (E-P&L)<br><br>Only total numbers reported.<br>Detailed information on percentages is not included in the scope of our reporting.<br>For more information see also ▶ Sustainability Reporting of our Suppliers | 42<br>44-46<br>47<br>53-64<br>44-52<br>49<br>56<br>61-63<br>43 | ✓ |
| **Sub-Category: Product Responsibility** | | | | |
| **Aspect: Customer Health and Safety** | | | | |
| G4-DMA | Partially | Materiality Analysis | 42 | ✓ |
| G4-PR1 | Partially | Zero Discharge of Hazardous Chemicals<br><br>Numbers for RSL testing only disclosed for total test results and not by product category as this information is not deemed as material. | 56 | ✓ |
| **Aspect: Product and Service Labeling** | | | | |
| G4-PR3 | Fully | PUMA's products are covered by normal product information requirements and are not subject to any specific product information regulations. | | ✓ |

# THE PUMA SHARE


**Denise Dilek Meier (30), Senior Retail Manager Herzogenaurach, with PUMA since 2014.**

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*"For me, 'Forever Faster' means raising the bar and chasing improvements in the way we interact and work together."*

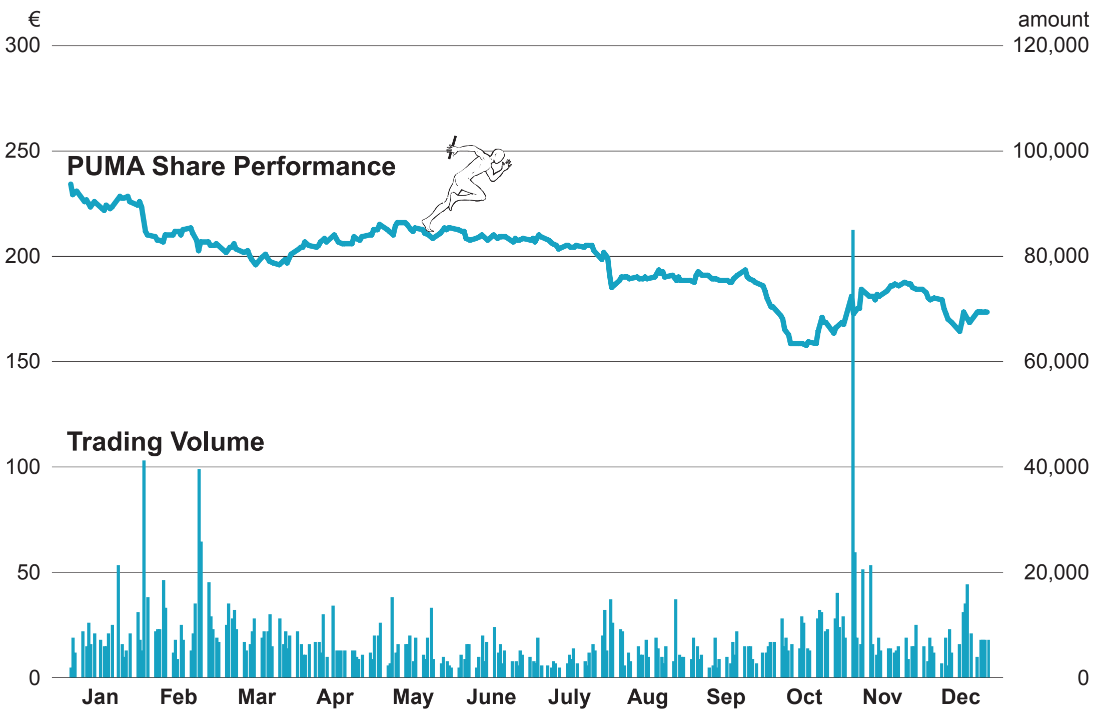
# THE PUMA SHARE

The PUMA share opened in 2014 at its highest price in the year (€ 235.00). After the lowest price of € 157.10 was recorded on October 16, 2014, the share price recovered and reached € 172.55 at year-end. This represents a decline of 26.6 % on a yearly basis. The market capitalization of PUMA decreased to € 2.6 billion accordingly. The average daily volume of shares traded was equal to 7,209 compared to 11,086 in the previous year.

T.1 **Key Data per Share**

| | | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| End of year price | € | **172.55** | 235.00 | 224.85 | 225.00 | 248.00 |
| Highest price listed | € | **235.00** | 249.40 | 274.00 | 252.85 | 263.75 |
| Lowest price listed | € | **157.10** | 205.35 | 210.10 | 197.30 | 201.50 |
| Daily trading volume (Ø) | amount | **7,209** | 11,086 | 24,739 | 39,973 | 32,045 |
| Earnings per share | € | **4.29** | 0.36 | 4.69 | 15.36 | 13.45 |
| Gross cashflow per share | € | **11.52** | 15.44 | 21.89 | 25.47 | 23.84 |
| Free cashflow (before acquisitions) per share | € | **4.23** | 3.33 | 5.58 | 4.07 | 8.35 |
| Shareholders' equity per share | € | **108.32** | 100.22 | 106.73 | 107.14 | 92.24 |
| Dividend per share | € | **0.50** | 0.50 | 0.50 | 2.00 | 1.80 |

F.1 **PUMA Share Performance / Trading Volume**




F.2 **Share Development – rebased**


The PUMA share has been registered for the regulated market (formerly official trading) on German stock exchanges since 1986. It is listed in the Prime Standard Segment and the Small-Cap Index SDAX of the German Stock Exchange [Deutsche Börse]. Moreover, membership in the Dow Jones World / STOXX Sustainability indices and the FTSE4Good index was once again confirmed.

# FURTHER INFORMATION

T.1 **PUMA Year-on-Year Comparison**

| | 2014 € million | 2013 € million | Deviation |
|---|---|---|---|
| **Sales** | | | |
| Brand sales | **3,171.2** | 3,178.8 | -0.2% |
| Consolidated sales | **2,972.0** | 2,985.3 | -0.4% |
| **Result of operations** | | | |
| Gross profit | **1,385.4** | 1,387.5 | -0.2% |
| EBIT[1] | **128.0** | 191.4 | -33.1% |
| EBT | **121.8** | 53.7 | 126.6% |
| Net earnings | **64.1** | 5.3 | 1,103.0% |
| **Profitability** | | | |
| Gross profit margin | **46.6%** | 46.5% | 0.1%pt |
| EBT margin | **4.1%** | 1.8% | 2.3%pt |
| Net margin | **2.2%** | 0.2% | 2.0%pt |
| Return on capital employed (ROCE) | **11.5%** | 5.6% | 5.9%pt |
| Return on equity (ROE) | **4.0%** | 0.4% | 3.6%pt |
| **Balance sheet information** | | | |
| Shareholders' equity | **1,618.3** | 1,497.3 | 8.1% |
| - Equity ratio | **63.5%** | 64.9% | -1.4%pt |
| Working capital | **455.7** | 528.4 | -13.8% |
| - in % of Consolidated sales | **15.3%** | 17.7% | -2.4%pt |

1) EBIT before special items

T.1 **PUMA Year-on-Year Comparison**

| | 2014 € million | 2013 € million | Deviation |
|---|---|---|---|
| **Cashflow and investments** | | | |
| Gross cashflow | **172.2** | 230.6 | -25.4% |
| Free cashflow (before acquisition) | **63.1** | 49.8 | 26.8% |
| Investments (before acquisition) | **72.6** | 55.7 | 30.3% |
| Acquisition investments | **23.8** | 20.6 | 15.6% |
| **Employees** | | | |
| Number of employees (annual average) | **10,830** | 10,750 | 0.7% |
| Sales per employee (k€) | **274.4** | 277.7 | -1.2% |
| **PUMA share** | | | |
| Share price (in €) | **172.55** | 235.00 | -26.6% |
| Average outstanding shares (in million) | **14.940** | 14.940 | 0.0% |
| Number of shares outstanding (in million) | **14.940** | 14.940 | 0.0% |
| Earnings per share (in €) | **4.29** | 0.36 | 1,103.0% |
| Market capitalization | **2,578** | 3,511 | -26.6% |
| Average trading volume (amount/day) | **7,209** | 11,086 | -35.0% |

T.2 **PUMA Group Development (1)**

| | 2014 € million | 2013 € million | 2012 € million | 2011 € million | 2010 € million | 2009* € million | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | | | | | | | | | | | |
| Brand sales | **3,171.2** | 3,178.8 | 3,448.6 | 3,172.5 | 2,862.1 | 2,607.6 | 2,767.9 | 2,738.8 | 2,755.1 | 2,387.0 | 2,016.6 |
| - Change in % | **-0.2%** | -7.8% | 8.7% | 10.8% | 9.8% | -5.8% | 1.1% | -0.6% | 15.4% | 18.4% | 19.2% |
| Consolidated sales | **2,972.0** | 2,985.3 | 3,270.7 | 3,009.0 | 2,706.4 | 2,447.3 | 2,524.2 | 2,373.5 | 2,369.2 | 1,777.5 | 1,530.3 |
| - Change in % | **-0.4%** | -8.7% | 8.7% | 11.2% | 10.6% | -3.0% | 6.3% | 0.2% | 33.3% | 16.2% | 20.1% |
| - Footwear | **1,282.7** | 1,372.1 | 1,595.2 | 1,539.5 | 1,424.8 | 1,321.7 | 1,434.3 | 1,387.9 | 1,420.0 | 1,175.0 | 1,011.4 |
| - Apparel | **1,103.1** | 1,063.8 | 1,151.9 | 1,035.6 | 941.3 | 846.2 | 899.3 | 827.3 | 795.4 | 473.9 | 416.0 |
| - Accessories | **586.3** | 549.4 | 523.6 | 433.9 | 340.3 | 279.4 | 190.6 | 158.3 | 153.8 | 128.6 | 102.9 |
| **Result of operations** | | | | | | | | | | | |
| Gross profit | **1,385.4** | 1,387.5 | 1,579.0 | 1,493.4 | 1,344.8 | 1,243.1 | 1,306.6 | 1,241.7 | 1,199.3 | 929.8 | 794.0 |
| - Gross profit margin | **46.6%** | 46.5% | 48.3% | 49.6% | 49.7% | 50.8% | 51.8% | 52.3% | 50.6% | 52.3% | 51.9% |
| Royalty and commission income | **19.4** | 20.8 | 19.2 | 17.6 | 19.1 | 20.6 | 25.7 | 35.6 | 37.0 | 55.7 | 43.7 |
| EBIT[1)] | **128.0** | 191.4 | 290.7 | 333.2 | 337.8 | 299.7 | 350.4 | 372.0 | 368.0 | 397.7 | 359.0 |
| - EBIT margin | **4.3%** | 6.4% | 8.9% | 11.1% | 12.5% | 12.2% | 13.9% | 15.7% | 15.5% | 22.4% | 23.5% |
| EBT | **121.8** | 53.7 | 112.3 | 320.4 | 301.5 | 138.4 | 326.4 | 382.6 | 374.0 | 404.1 | 364.7 |
| - EBT margin | **4.1%** | 1.8% | 3.4% | 10.6% | 11.1% | 5.7% | 12.9% | 16.1% | 15.8% | 22.7% | 23.8% |
| Net earnings | **64.1** | 5.3 | 70.2 | 230.1 | 202.2 | 79.6 | 232.8 | 269.0 | 263.2 | 285.8 | 258.7 |
| - Net margin | **2.2%** | 0.2% | 2.1% | 7.6% | 7.5% | 3.3% | 9.2% | 11.3% | 11.1% | 16.1% | 16.9% |
| **Expenses** | | | | | | | | | | | |
| Marketing/retail | **599.7** | 544.1 | 609.3 | 550.7 | 501.3 | 501.2 | 528.6 | 448.3 | 439.5 | 285.3 | 223.5 |
| Personnel | **425.3** | 415.7 | 438.8 | 393.8 | 354.1 | 320.2 | 306.4 | 278.0 | 265.7 | 199.4 | 163.4 |

1) EBIT before special items
* adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements as of December 31, 2010

T.2 **PUMA Group Development (2)**

| | 2014 € million | 2013 € million | 2012 € million | 2011 € million | 2010 € million | 2009* € million | 2008 € million | 2007 € million | 2006 € million | 2005 € million | 2004 € million |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance sheet** | | | | | | | | | | | |
| Total assets | **2,549.9** | 2,308.5 | 2,530.3 | 2,581.8 | 2,366.6 | 1,925.0 | 1,898.7 | 1,863.0 | 1,714.8 | 1,321.0 | 942.3 |
| Shareholders' equity | **1,618.3** | 1,497.3 | 1,597.4 | 1,605.2 | 1,386.4 | 1,133.3 | 1,177.2 | 1,154.8 | 1,049.0 | 875.4 | 550.2 |
| - Equity ratio | **63.5%** | 64.9% | 63.1% | 62.2% | 58.6% | 58.9% | 62.0% | 62.0% | 61.2% | 66.3% | 58.4% |
| Working capital | **455.7** | 528.4 | 623.7 | 534.0 | 404.5 | 323.2 | 436.4 | 406.5 | 401.6 | 255.7 | 148.4 |
| - thereof: inventories | **571.5** | 521.3 | 552.5 | 536.8 | 439.7 | 344.4 | 430.8 | 373.6 | 364.0 | 238.3 | 201.1 |
| **Cashflow** | | | | | | | | | | | |
| Free cashflow | **39.3** | 29.2 | -8.2 | 16.8 | 17.1 | 167.3 | 85.8 | 208.8 | 10.4 | 134.4 | 256.6 |
| Net cash position | **381.7** | 365.0 | 363.2 | 413.1 | 436.8 | 437.3 | 325.3 | 461.2 | 393.6 | 430.4 | 356.4 |
| Investments (incl. acquisitions) | **96.4** | 76.3 | 172.9 | 115.3 | 163.6 | 136.3 | 144.1 | 112.9 | 153.9 | 79.8 | 43.1 |
| **Profitability** | | | | | | | | | | | |
| Return on equity (ROE) | **4.0%** | 0.4% | 4.4% | 14.3% | 14.6% | 7.0% | 19.8% | 23.3% | 25.1% | 32.6% | 47.0% |
| Return on capital employed (ROCE) | **11.5%** | 5.6% | 8.6% | 28.7% | 31.7% | 20.3% | 41.0% | 54.8% | 58.0% | 96.7% | 156.5% |
| **Additional information** | | | | | | | | | | | |
| Number of employees (year-end) | **11,267** | 10,982 | 11,290 | 10,836 | 9,697 | 9,646 | 10,069 | 9,204 | 7,742 | 5,092 | 3,910 |
| Number of employees (annual average) | **10,830** | 10,750 | 10,935 | 10,043 | 9,313 | 9,747 | 9,503 | 8,338 | 6,831 | 4,425 | 3,475 |
| **PUMA share** | | | | | | | | | | | |
| Share price (in €) | **172.55** | 235.00 | 224.85 | 225.00 | 248.00 | 231.84 | 140.30 | 273.00 | 295.67 | 246.50 | 202.30 |
| Earnings per share (in €) | **4.29** | 0.36 | 4.69 | 15.36 | 13.45 | 5.28 | 15.15 | 16.80 | 16.39 | 17.79 | 16.14 |
| Average outstanding shares (in million) | **14.940** | 14.940 | 14.967 | 14.981 | 15.031 | 15.082 | 15.360 | 16.018 | 16.054 | 16.066 | 16.025 |
| Number of shares outstanding (in million) | **14.940** | 14.940 | 14.939 | 14.935 | 14.981 | 15.082 | 15.082 | 15.903 | 16.114 | 15.974 | 16.062 |
| Market capitalization | **2,578** | 3,511 | 3,359 | 3,360 | 3,715 | 3,497 | 2,116 | 4,342 | 4,764 | 3,938 | 3,249 |

* adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements as of December 31, 2010

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