Puma races ahead in Q1, despite uncertain backdrop

By Sandra Halliday - 27 April 2022

Sports giant Puma delivered a strong start to the year on Wednesday with better-than-expected Q1 results. This came on the back of high demand that more than offset the impact of supply chain issues and the hit it took from the Russia-Ukraine war.

Operating profit rose 27% to €196 million, which was well above the €181.5 million that analysts had expected. And net earnings improved by 11.2% to €121 million.

But the gross profit margin declined by 130 basis points to 47.2%, mainly caused by an unfavourable geographical and channel mix, as well as higher freight rates, while currencies had a slight positive effect.

Sales increased by 19.7% currency-adjusted (CA) to €1.912 billion and were up 23.5% on a reported basis.

Wholesale increased by 23.3% (CA) to €1.528 billion and Direct-to-Consumer was up 7.1% to € 384 million. Sales in owned and operated retail stores increased 21.3% (CA) while e-commerce declined 13.2% as it continued to prioritise its retailers when supply was limited and due to the current market environment in Greater China.

CEO Bjorn Gulden said the figures “confirm our investments into innovation and marketing are paying off”.

That said, he added that such strong results would normally mean the firm raising its outlook for the year. But “given the increased uncertainty in the world, we have decided to stick to our initial outlook from the beginning of this year”.

BUSY QUARTER
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Q1 was a busy time for the brand as it collaborated with French label Ami, as well as releasing a special edition of LaMelo Ball’s signature basketball shoe MB.01, and teaming up with Alfa Romeo F1 Team Orlen to equip China’s first F1 driver Zhou Guanyu and Valtteri Bottas with race gear. The firm also announced a new long-term partnership with the Italian Lega Serie A to start in the 2022/23 season, trialled garment-to-garment recycling in its circularity project RE:JERSEY (using old football kits to produce new ones), and launched the Future Instinct football boot with Neymar Jr.

Gulden said the firm overcame “all the obstacles and uncertainties” during the quarter and saw high demand for its products, “both from retailers and consumers, and our operations people were able to move enough product through a tight supply chain to partly fulfil this increasing demand”.

He was also happy to see growth coming from all product divisions and all business units.

Regionally, the company saw its strongest sales growth during Q1 in the Americas. CA sales rose 44.1%, “driven by continued high demand for the Puma brand in the North American and Latin American markets”.

Sales in EMEA were up 25.5%, “reflecting strong growth across all key markets in Europe”, but sales in Asia Pacific declined 17% due to issues in Greater China resulting from its zero-Covid policy.

And looking at categories, CA footwear sales were up 18.2%, apparel rose 16% and accessories stormed ahead by 32.2%.

The firm saw strong results in Running & Training, Teamsports, Golf and Basketball, as well as the Sportstyle category.

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