Group Management Report

for the Financial Year 2014

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, Bjoern 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.

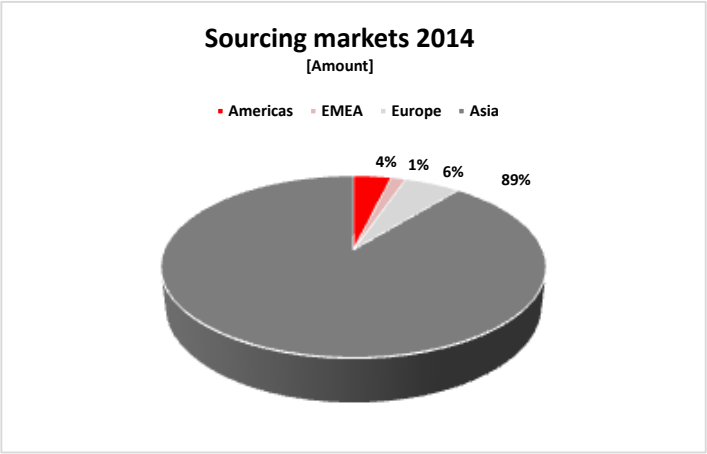
In the past year, we began to roll out a new sourcing organization to reduce complexity and improve transparency. The focus of the reorganization is a global trading company, which will provide services for external suppliers and its own sales companies in the future. In this context, this company will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

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.

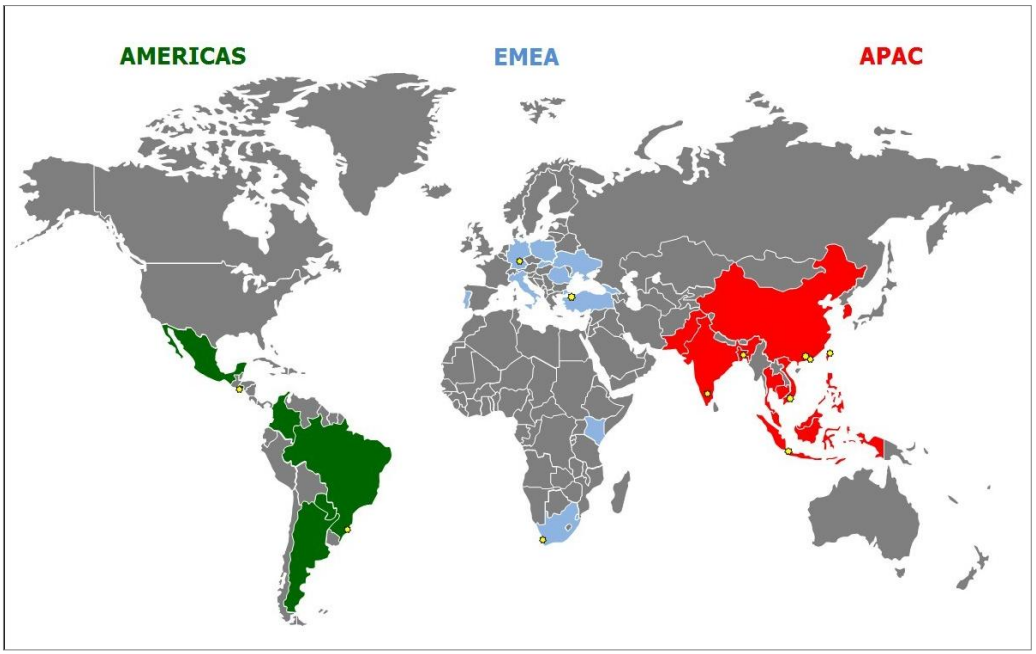


Asia remains the strongest sourcing region overall with 89% of the total volume, followed by Europe with 6%, America with 4% and Africa with 1%.

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.

World Cat's Sourcing Regions

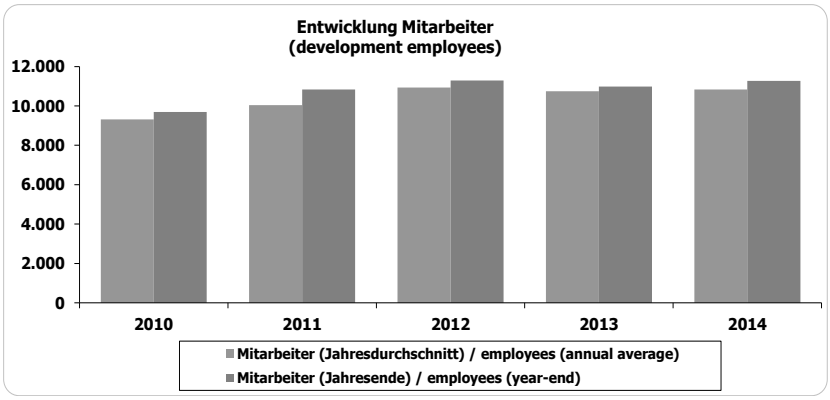


Employees

Number of employees

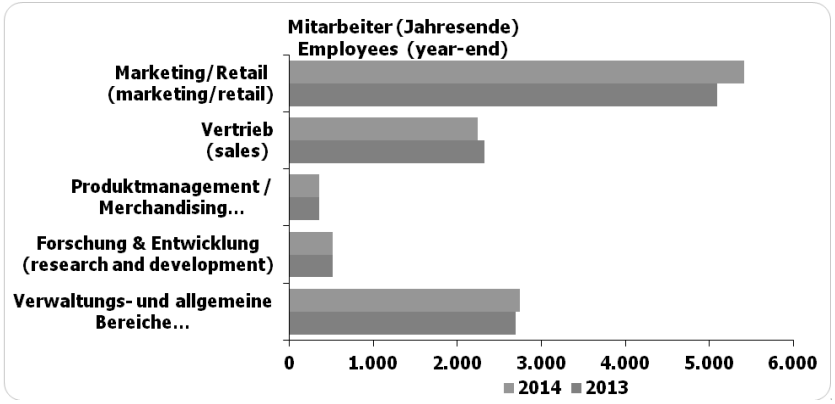
In 2014 the **annual average number** of employees worldwide was 10,830 compared to 10,750 in the previous year. The increase was mainly related to the higher number of the company's own retail stores.

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.



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 capital** 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.

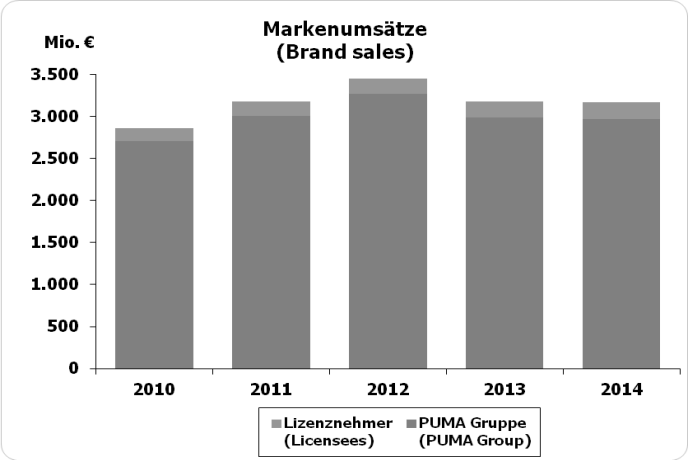
Sales

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.

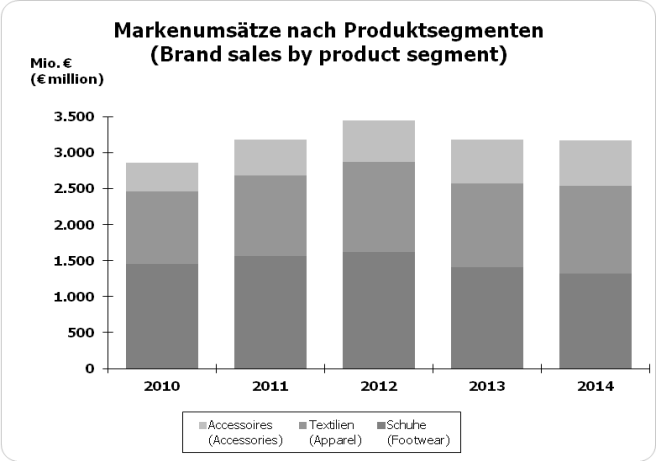
Brand Sales

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).

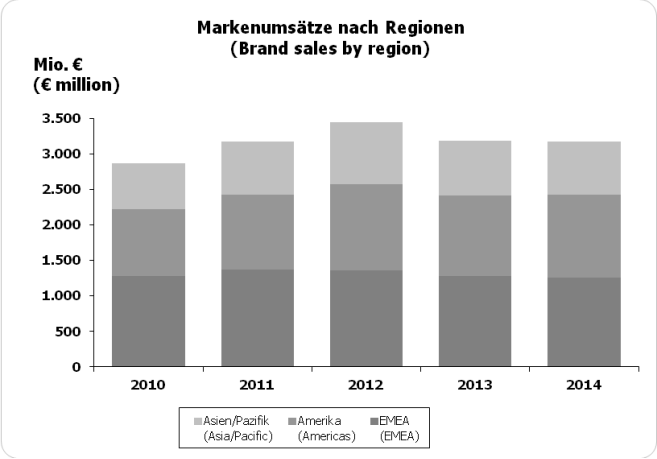


Footwear sales decreased currency-adjusted by 1.7% to € 1,323.5 million. In contrast, apparel sales increased currency-adjusted by 6.8% to € 1,208.8 million. Accessories sales recorded a significant currency-adjusted increase of 7.9% to € 638.9 million.

Footwear accounted for 41.7% (44.1%) of brand sales, apparel for 38.1% (36.8%) and accessories for 20.1% (19.0%).

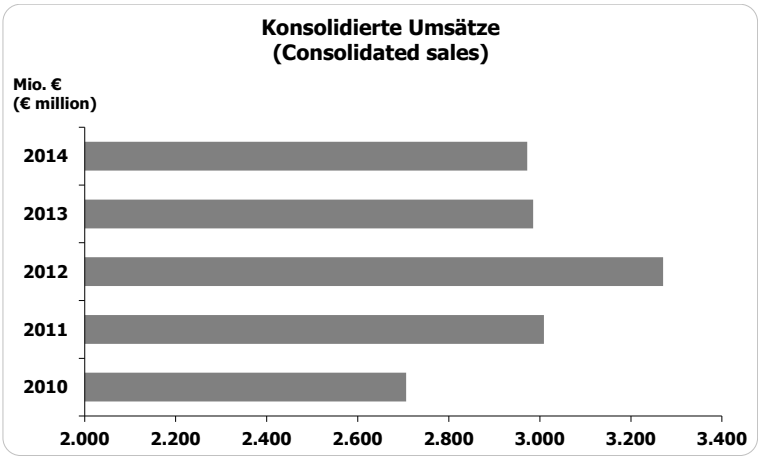


Brand sales are allocated to regions as follows: **EMEA** 39.4% (40.2%), **Americas** 36.8% (35.6%) and **Asia / Pacific** 23.8% (24.2%).



Consolidated net sales

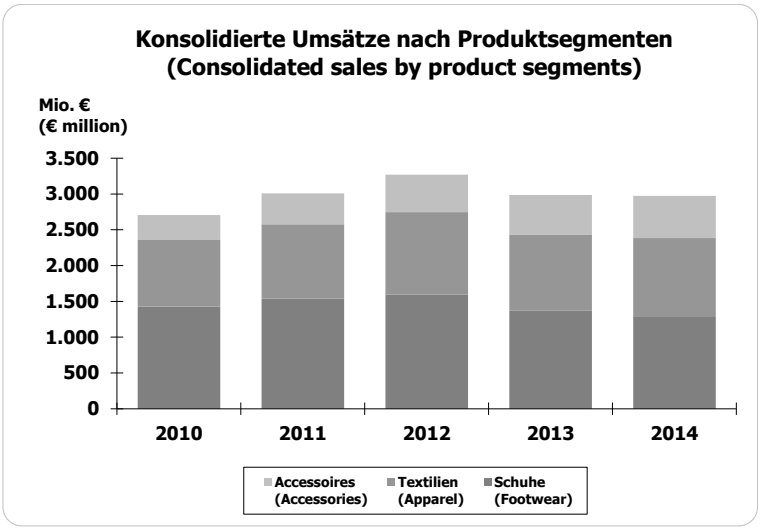
In financial year 2014, PUMA was able to increase consolidated net sales by a currency-adjusted 3.3%. In Euro terms, sales remained approximately at the level of the previous year, as currency effects from various countries had a negative impact on sales. With the sales we achieved, we met our forecast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

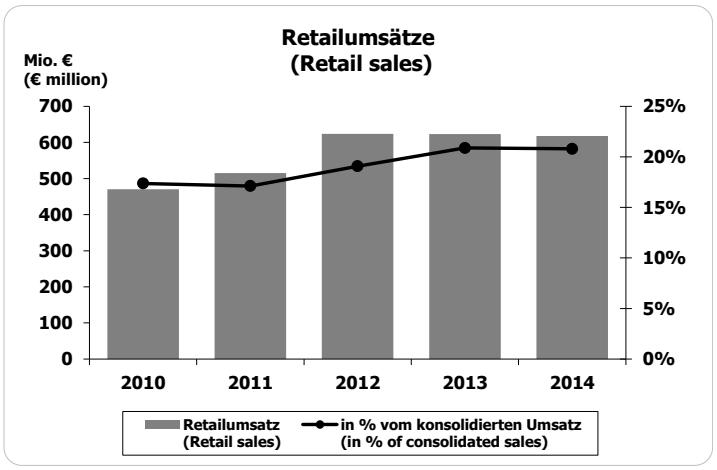
A significant increase in sales was achieved in the **apparel** segment last year. This was partly due to the strong sales of jerseys and memorabilia related to the football World Cup as well as the generally strong demand for Teamsport products, particularly Arsenal, Dortmund and Italy jerseys. As a 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.



Retail businesses

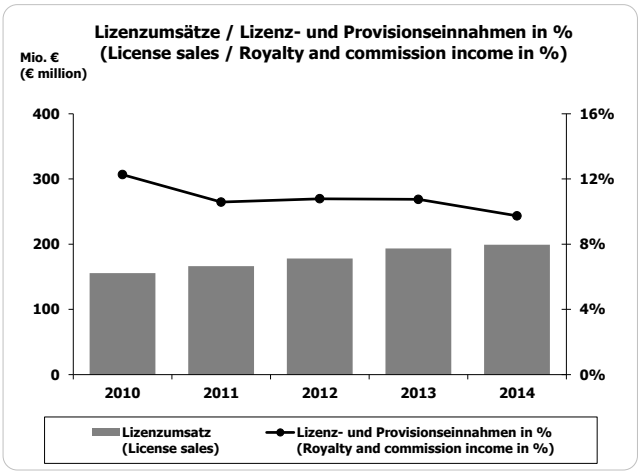
PUMA's own retail businesses include PUMA stores, factory outlets and online sales, which guarantee local availability and a controlled sell-off of PUMA products, as well as the presentation of the brand within appropriate settings. In the past financial year, PUMA was able to further optimize its portfolio 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.

Results of Operations

Income Statement	2014		2013		+/- %
	€ million	%	€ 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%	-100.0%
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%

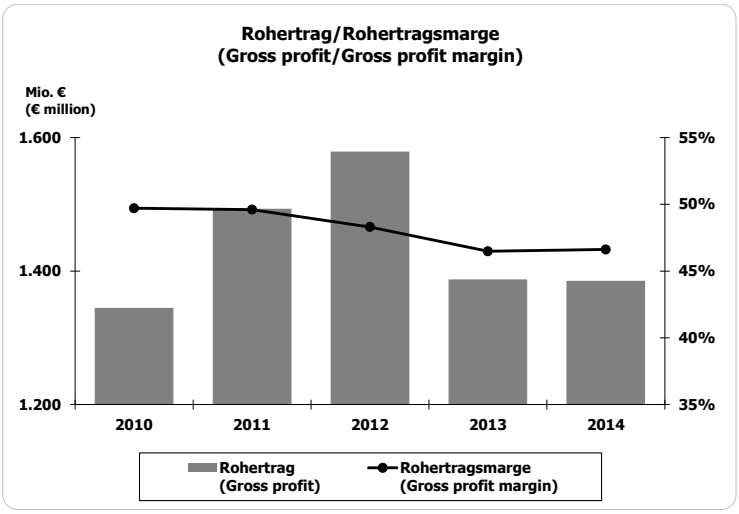
To provide a more transparent view of business development, the chart above and the explanations below – unlike the consolidated income statement – show the special items from structural measures relating to the transformation and cost reduction program, selected non-recurring expenses and impairment 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.

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.

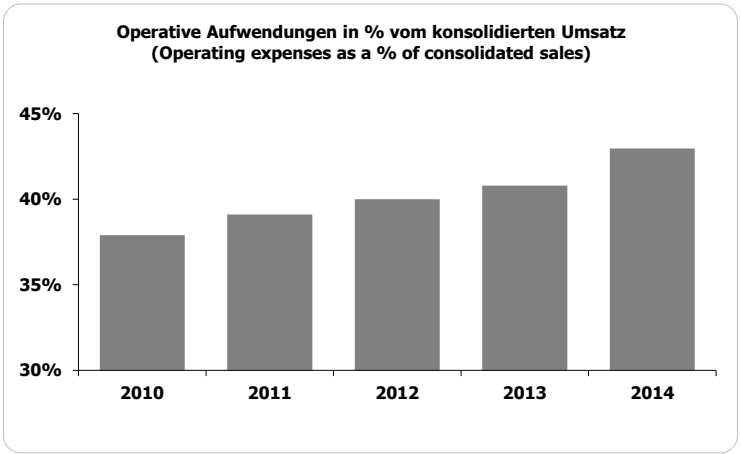
Gross Profit Margin

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.



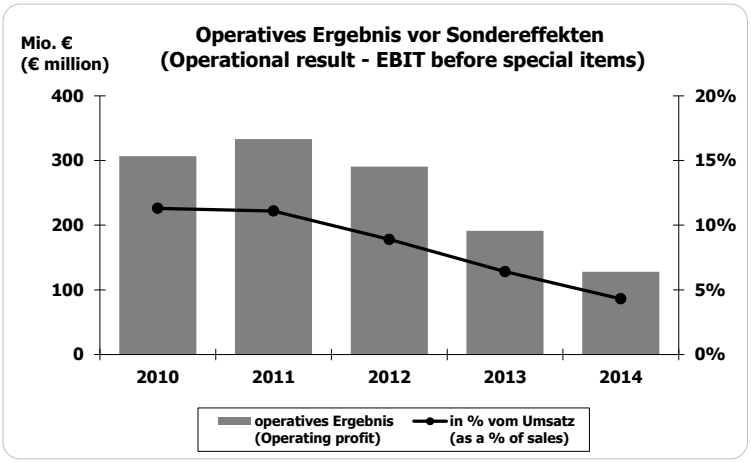
In terms of sales expenditure, expenditure for marketing/retail purposes increased by 10.2%, from € 544.1 million to € 599.7 million. This increase was primarily attributable to the successful Forever Faster campaign. In Marketing/Retail, the expense ratio increased accordingly, from 18.2% to 20.2% of 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.

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

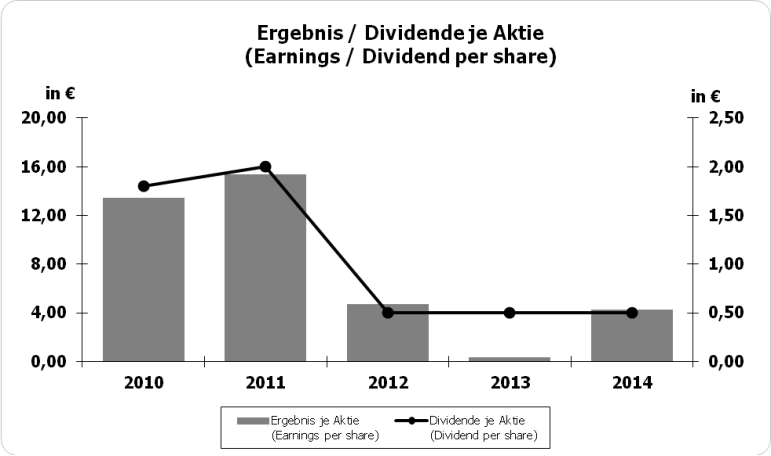
Net earnings attributable to non-controlling interests increased from € 15.9 million to € 20.8 million and referred to PUMA Wheat and PUMA Janed, which distribute accessories in the American market.

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.

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.

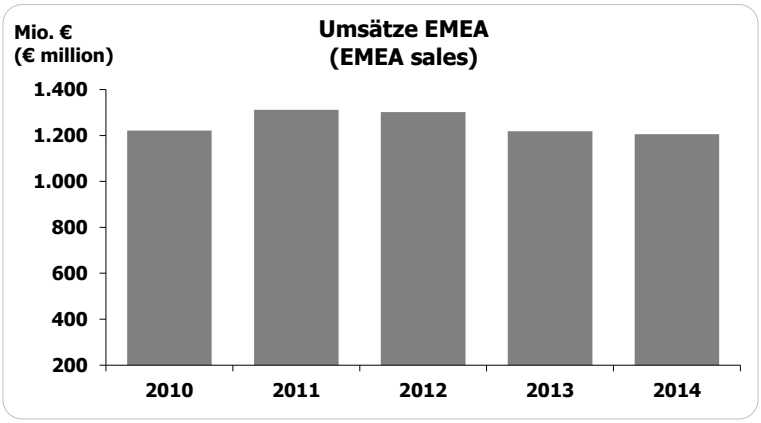


Regional Development

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%.

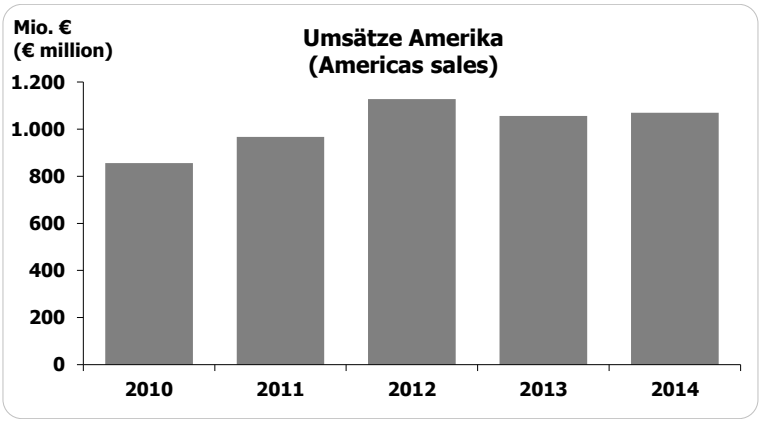
The gross profit margin increased to 49.6%, compared to 46.0% in 2013.



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).

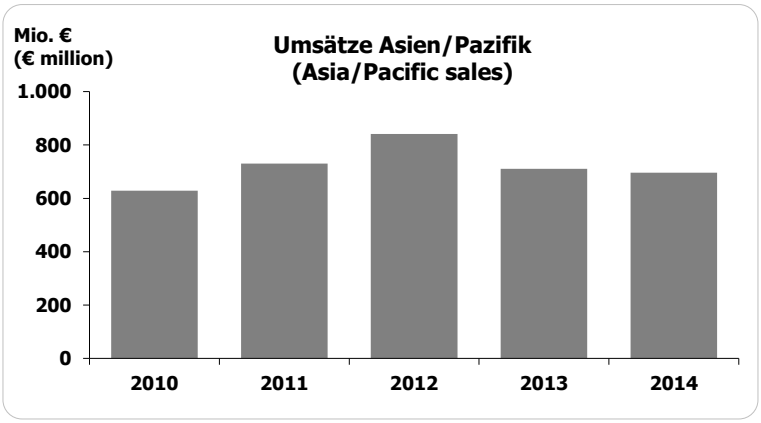
The gross profit margin for the Americas stood at 42.9%, compared to 45.2% in the previous year.



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%.

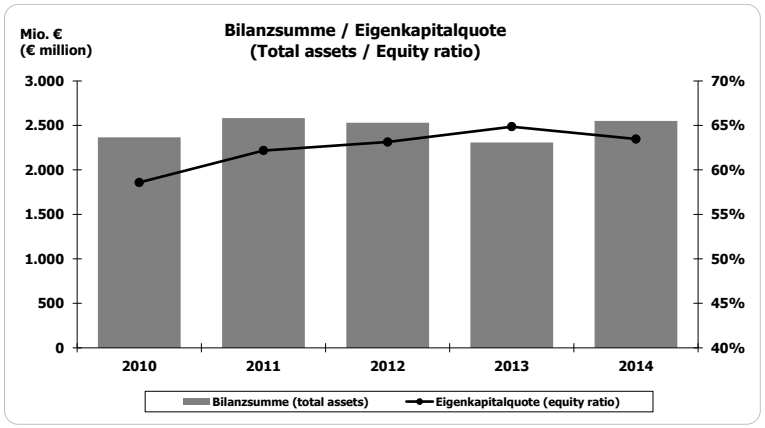

Mio. €
(€ million)
Umsätze Asien/Pazifik
(Asia/Pacific sales)
1.000
800
600
400
200
0
2010
2011
2012
2013
2014

Net Assets and Financial Position

Balance Sheet	31.12.2014 € million	%	31.12.2013 € 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%		

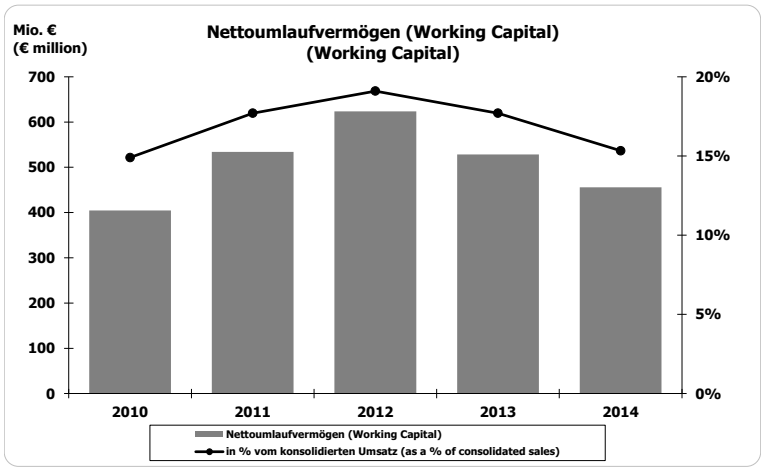
Equity Ratio

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.



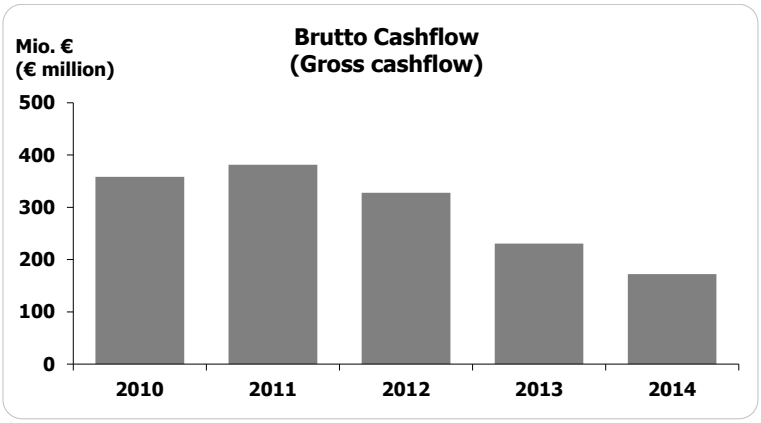
Other Assets

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

Cashflow Statement	2014 € million	2013 € million	+/- %
Earnings before tax (EBT)	121.8	53.7	126.6%
Financial result and non cash effected expenses and income	50.4	176.9	-71.5%
Gross cashflow	**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 cashflow	**39.3**	**29.2**	34.7%
Free cashflow (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%

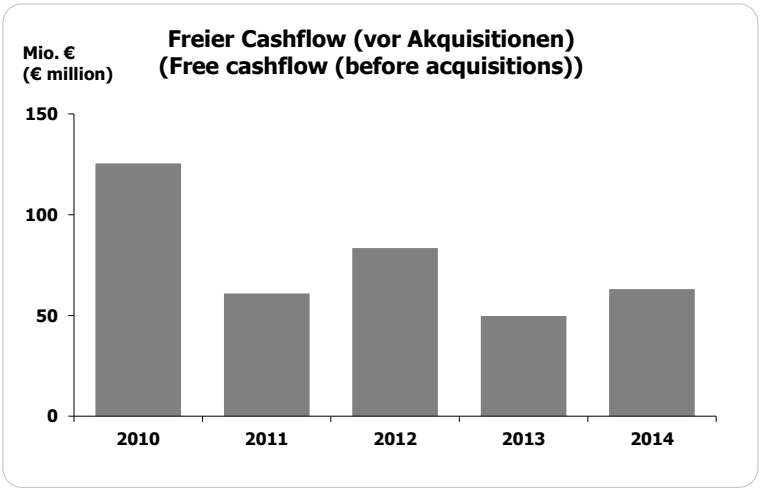
Despite a significant improvement in earnings before taxes, gross cash flow dropped from € 230.6 million to € 172.2 million in financial year 2014, because non-cash-related expenses and income decreased considerably. This is related to the special items reported in the previous year. In 2014, non-cash-related expenses primarily involved depreciation of property, plant and equipment.



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.

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.

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

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.

Personnel Department

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 Department

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 overdependence 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 Administrative 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

PUMA SE

as of December 31, 2014

- International Financial Reporting Standards - IFRS

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**
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	18	**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**

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
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

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	-2.639	-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
Equity holder of the parent	123.2	-11.0	134.2	-103.1	-2.9	-100.2

Consolidated Statement of Cashflows	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**
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**

Statement of Changes in Equity in € million	Subscribed capital	Reserves					Retained earnings	Treasury stock	Equity before non-controlling interests	Non-controlling interests	TOTAL equity
		Capital reserve	Revenue reserves	Difference from currency conversion	Cash flow hedges	At equity accounted investments					
Dec. 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
Dec. 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**
Dec. 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**

Changes in Fixed Assets

Changes in 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 a 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

Changes in 2014	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 a 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:

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:

Standard	Title	First-time adoption *	Planned adoption
Endorsed			
IFRIC 21	Levies	01/01/2015	01/01/2015
Amendment IAS 19	Defined benefit plans: employee contributions	01/01/2015	01/01/2015
AIP 2010 - 2012	Improvements to IFRS	01/01/2015	01/01/2015
AIP 2011 - 2013	Improvements to IFRS	01/01/2015	01/01/2015
Endorsement pending			
IFRS 9	Financial instruments	01/01/2018	01/01/2018
IFRS 14	Regulatory deferral accounts	01/01/2016	01/01/2016
IFRS 15	Revenue from contracts with customers	01/01/2017	01/01/2017
Amendment IFRS 10, IFRS 12 and IAS 28	Investment entities: consolidation exception	01/01/2016	01/01/2016
Amendment IFRS 10 and IAS 28	Sale or contribution of assets	01/01/2016	01/01/2016
Amendment IFRS 11	Acquisition of interests in joint operations	01/01/2016	01/01/2016
Amendment IAS 1	Disclosure initiative	01/01/2016	01/01/2016
Amendment IAS 16 and IAS 38	Depreciation & Amortisation	01/01/2016	01/01/2016
Amendment IAS 16 and IAS 41	Bearer Plants	01/01/2016	01/01/2016
Amendment IAS 27	Equity method in separate financial statements	01/01/2016	01/01/2016
AIP 2012 - 2014	Improvements to IFRS	01/01/2016	01/01/2016

* 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:

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.

The Group companies are allocated to regions as follows:

as of Dec 31st 2014						
No.	Companies/Legal Entities			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	Milan	indirect	100%	
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.	Ukraine	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					
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.	Distruibuidora 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					
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%	
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.
The significant conversion rates per Euro are as follows:

	2014		**2013**	
Currency	**Reporting date exchange rate**	**Average exchange rate**	**Reporting date exchange rate**	**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 Equivalents
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 assessment 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:

	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:

	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:

	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:

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

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:

	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:

	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:

	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:

	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:

	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:

	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:

	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:

	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:

	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:

	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 % was 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.

	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:

	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:

	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:

Cash flows from non-derivative and derivative financial liabilities	Carrying amount 2014 € million	Cash flow for 2015		Cash flow for 2016		Cash flow for 2017 et seq.	
		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		

Liabilities to banks can be repaid at any time.

The following values were determined in the previous year:

Cash flows from non-derivative and derivative financial liabilities	Carrying amount 2013 € million	Cash flow for 2014		Cash flow for 2015		Cash flow for 2016 et seq.	
		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

	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:

	2014 € million	2013 € 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.

	Germany € million	UK € million	Other Companies € million	PUMA Group € million
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:

	Germany € million	UK € million	Other Companies € million	PUMA Group € million
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:

	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:

	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:

	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:

	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:

	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:

	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:

	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:

	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:

	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.

	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

	2013					2014
	€ million	Currency adjustments, retransfers € million	Addition € million	Utilization € million	Reversal € million	**€ 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:

	2014 € million	2013 € 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:

		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 Company'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:

		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:

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:

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.

Virtual Shares		
Issue date	01/01/2013	
Term	5	Years
Vesting period	3	Years
Base price component 1	224.00	EUR/share
Base price component 2	130.84	EUR/share
Benchmark component 1 at the end of the financial year	172.55	EUR/share
Benchmark component 2 at the end of the financial year	167.00	EUR/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:

	2014 € million	2013 € 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:

	2014 € million	2013 € 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:

	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:

	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

	2014 € million	2013 € million
Current income taxes		
Germany	11.9	10.7
Other countries	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:

	2014 € million	2013 € million
Earnings before income tax	**121.8**	**53.7**
Theoretical tax expense		
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:

		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:

	2014 € million	2013 € 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 either 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

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

	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

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%

Bridge to EBT	1-12/2014 € Mio.	1-12/2013 € Mio.
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:

	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:

	2014 € million	2013 € million
Under license, promotional and advertising agreements:		
2015 (2014)	135.6	112.8
2016–2019 (2015–2018)	388.1	363.7
from 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 Administrative 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:

	Deliveries and services rendered		Deliveries and services received	
	2014 € million	2013 € million	**2014 € million**	2013 € 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**

	Net receivables from		Payables to	
	2014 € million	2013 € million	**2014 € million**	2013 € 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 Laemmermann
Chief Financial Officer (CFO)

Lars Radoor Sørensen
Chief Operating Officer (COO)
from August 1, 2014

Departing Managing Directors

Andy Koehler
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

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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

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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

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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

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Bernd Illig
Employees' Representative
Bechhofen, Germany
Administrator IT Systems of PUMA SE

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Martin Koeppel
Employees' Representative
Weisendorf, Germany
Administrator IT Microsoft Systems of PUMA SE

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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 Managing Director of Kering S.A., Paris/France, responsible for the Legal Department 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)

Left the company effective 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 Koeppel

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

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