Puma raises revenue outlook, handling China woes better than Adidas

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German sportswear maker Puma reported stronger-than-expected second-quarter earnings on Wednesday and raised its full-year revenue outlook, coping with headwinds in China better than rival Adidas.

Puma said its earnings before interest and taxes (EBIT) rose 34.4% on the year to 146 million euros ($148 million), compared with analysts' average forecast for 128.94 million euros.

It raised its full-year sales forecast to a mid-teens percentage rise in currency-adjusted terms, from at least 10% - with upside potential - previously, and maintained its full-year EBIT guidance.

Adidas on Tuesday cut its 2022 earnings target, citing a slower-than-expected recovery in China from pandemic restrictions. read more

"It's not easy for everyone," Puma Chief Executive Bjorn Gulden said, adding his company "cannot expect growth in China in 2022".

But he said: "We feel that the increased investments into R&D, innovation and product development over the past years are starting to pay off."

Second-quarter sales rose 18.4% in currency adjusted terms to 2.002 billion euros. The company said it saw strong growth in all its performance categories, such as running, training, team sports, golf and basketball.

Adidas blamed COVID-19 restrictions in China for a sales slump there. Puma's Gulden saw the main reason as
calls for boycotts against Western textile firms, which have been targeted on social media, in response to Western criticism of China's treatment of the Uighur minority in the Xinjiang region.

In late June, Puma rival Nike Inc forecast first-quarter revenue below estimates as it expected to discount more and wrestled with pandemic-related disruptions in China, its most profitable market.

"We do see an increased level of uncertainty around the world," Gulden said, but added: "I remain optimistic for our sector in general and the PUMA brand in particular".