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Puma Stock Falls Sharply Amid Annual Loss Forecast and U.S. Tariff Pressures

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Puma shares sank 16% on Friday after the German athletic brand forecast a full-year loss, citing declining sales and rising tariff costs in the United States. The company is facing headwinds from weak consumer response to its product lineup and supply chain challenges tied to international trade policy.

Chief Executive Officer Arthur Hoeld, who officially assumed the role on July 1, emphasized that 2025 would serve as a reset year for Puma, with 2026 intended as a transition phase. Hoeld, previously the head of sales at rival brand Adidas, was appointed in April to reverse the company's declining performance. Speaking to journalists, he acknowledged the company must "take a hard look" at itself, adding, "We have enormous untapped potential, but it requires a new direction and a bold reset."

Puma's performance has been hindered by lackluster sales of reissued retro sneakers, such as the Speedcat, which failed to generate the anticipated consumer enthusiasm. Hoeld aims to revise Puma's growth strategy and improve the quality of its wholesale distribution. He pledged to provide a more detailed strategic roadmap by the end of October.

The impact of United States tariffs on imported goods is also weighing heavily on the brand. According to Chief Financial Officer Markus Neubrand, U.S. trade duties are expected to reduce Puma's gross profit in 2025 by approximately €80 million (about $94 million). Despite planned price increases in the American market later this year, the company is struggling to offset the financial burden. Neubrand declined to specify how significant the price hikes would be.

Like many global sportswear brands, Puma sources most of its products from Southeast Asia, including Vietnam, Cambodia, and Indonesia, regions particularly affected by U.S. tariffs. Neubrand added that Puma is working to reduce its dependence on Chinese manufacturing for U.S.-bound products, aiming to bring sourcing from China down to 10%.

Inventory buildup, driven by frontloading shipments ahead of tariff deadlines, has led to excess stock and discounting. This, combined with soft demand, contributed to disappointing results for the second quarter. Currency-adjusted revenue came in at €1.94 billion, falling short of analyst expectations. Sales dropped 9.1% in North America and 3.9% in Europe.

Puma now expects annual revenue to decline by at least 10%, a sharp reversal from its earlier projection of low- to mid-single-digit growth. While the company has not specified the size of its projected loss, it had previously estimated earnings before interest and taxes (EBIT) would fall between €445 million and €525 million. Capital expenditure plans have also been scaled back from €300 million to €250 million for the year.

Analyst Piral Dadhania of Royal Bank of Canada (RBC) described Puma as facing “an existential identity crisis” amid a fiercely competitive global sportswear market, particularly with Nike preparing a major product relaunch in late 2025.

Despite the grim outlook, Puma’s leadership appears committed to reestablishing relevance and profitability through internal reforms and strategic recalibration.