



# EQUITY RESEARCH ANALYSIS ON UNDER ARMOUR (\$UAA) LISTED ON THE NEW YORK STOCK EXCHANGE (NYSE)

*Monarch Watch - Fifth Edition (5)*  
Equity Research Department - Consumer & Retail Team

# SUMMARY

## CREDITS

### CONSUMER & RETAIL TEAM



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## SUMMARY

The Monarch Watch Report is a opinion report from Monarch Research that serves to share our research and knowledge the masses on the latest equity news and company specific insights to learn how equity is analyzed.

Monarch Research is an Independent Research Interest Group led by youths from across Singapore ranging from high schoolers to undergraduates aiming to deliver the highest quality insights to you.

Report is formatted as a buy-side equity research report focused on generating a positive return-on-investment.

## TEAM INTRODUCTION: CONSUMER & RETAIL

The Consumer & Retail (C&R) team is focused on fast-moving consumer goods (FMCG) and brick & mortar equities.

# OVERVIEW - UNDER ARMOUR



1.

## ***Weak Financials with Declining Revenue***

From FY2023 to FY2025, Under Armour's revenue has declined by 12.52% from US\$5,903M to US\$5,164M, leading to a Net Loss of US\$201M in FY2025. The fiscal outlook for Under Armour for Q1 of FY2026 established that "revenue is expected to decrease 4 to 5 percent compared to the first quarter of fiscal 2025.

2.

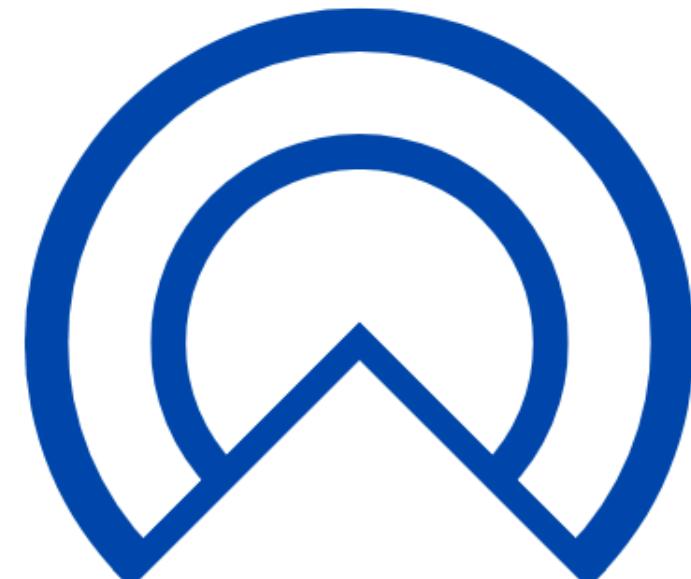
## ***Intense Market Competition***

With geopolitical and tariffs uncertainty, discretionary consumer spending may dwindle down, applying a downward pressure on future Under Armour's earnings. This is elevated by the strong rivalry that Under Armour faces. Combined with shifts in consumer trends, Under Armour's competitive standing may be affected drastically.

3.

## ***Structural Change to Revitalise Brand***

Under Armour is currently going through a 4-Pillar Strategy to revitalise its brand to lower gross profit margins by strengthening operational workflows and introduce more demand for its offerings through innovation and leveraging on targeted market strategies.



**MONARCH'S  
CALL**

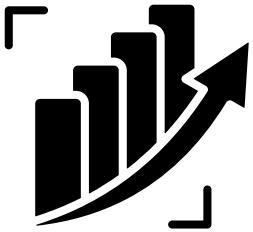
# INVESTMENT THESIS



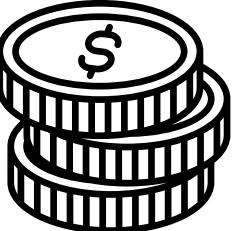
Under Armour



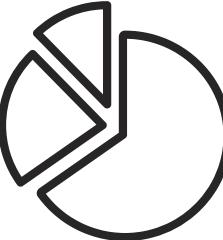
(\$UAA) on NYSE



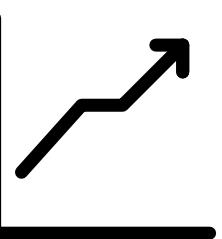
**Soften Market Demand for UA's Apparels,  
Leading to Weakened Earnings**



**Intense External Market Competition,  
Applying a Downward Pressure on Demand**



**Operational and Structural Challenges in  
Restructuring Efforts**



**Overvaluation where Market Price is  
Trading above Fair Value of the Firm**

Current Recommendation  
**SELL**

Price Target (TP)  
**\$5.65, \$4.80**

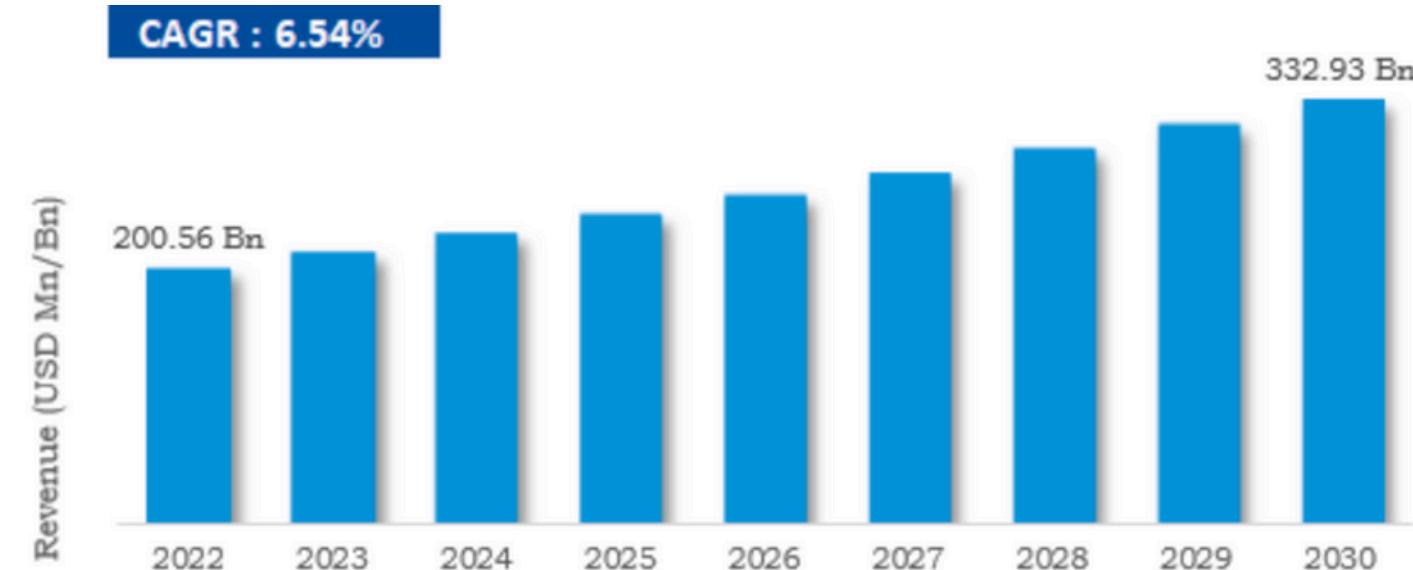
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- 2.[https://www.fishbowl.com/blog/restaurant-industry-statistics?utm\\_source=chatgpt.com](https://www.fishbowl.com/blog/restaurant-industry-statistics?utm_source=chatgpt.com)
- 3.[https://www.escoffier.edu/blog/world-food-drink/us-restaurant-foodservice-industry-statistics/?utm\\_source=chatgpt.com](https://www.escoffier.edu/blog/world-food-drink/us-restaurant-foodservice-industry-statistics/?utm_source=chatgpt.com)

# SPORTS APPAREL MARKET ANALYSIS



## Market Size and Growth

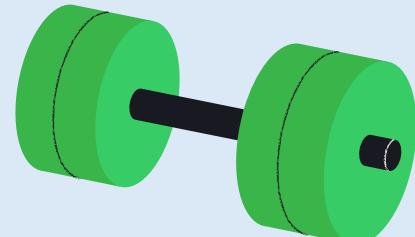


## Macroeconomic Environment

Macro Indicator	Latest Value	Trend	Impact on Sector
Inflation Rate (YOY), US	2.4% headline (May 2025)	Moderating	Pressure on input costs is easing slightly
Consumer Confidence (CCI)	98.0 (May 2025)	Strong Uptick	Boosts discretionary spend; supports cyclical demand
Wage Growth	3.87% nominal (May 2025)	Slowing	Softens wage inflation; helps margins
Unemployment Rate	4.2% (May 2025)	Stable	Keeps demand steady; slight downside risk if rising
Interest Rates (Fed Funds)	4.25–4.50% (June 18, 2025)	Stable	High borrowing costs restrain investment and expansion

The sports apparel sector is cyclical, sensitive to both consumer confidence and discretionary income. In the near-term, growth remains fragile, although not recessionary. Industry performance will depend heavily on consumer sentiment and potential updates in Fed policy.

## Consumer Trends



### Pursuing Active Lifestyles

The rising middle class and growing fitness culture empowered by social media fuels market growth.



### Integrating ESG

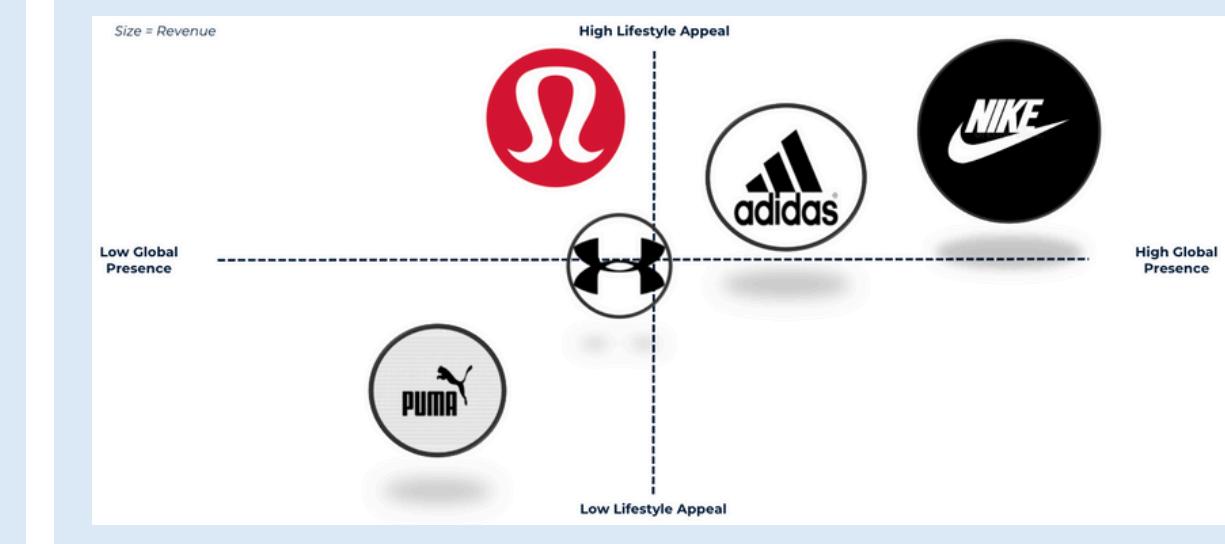
Eco-conscious consumers demand the use of recycled materials, transparency in product sourcing etc. in their preferred sporting brands.



### Sportswear as Fashion

Consumers continue to blend sportswear with casualwear, valuing comfort, flexibility and style.

## Industry Positioning



Under Armour holds a distinct position in the global sports apparel market, representing **2.35%** of total market share. It has carved out a niche with its high-performance gear targeted at professionals and sports enthusiasts.

## SOURCES

1. <https://www.zionmarketresearch.com/report/sports-apparel-market>
2. <https://www.mckinsey.com/industries/retail/our-insights/sporting-goods-industry-trends>
3. <https://csimarket.com/stocks/competitionSEC2.php?code=UA>
4. [https://usafacts.org/answers/what-is-the-current-inflation-rate/country/united-states/?utm\\_source=chatgpt.com](https://usafacts.org/answers/what-is-the-current-inflation-rate/country/united-states/?utm_source=chatgpt.com)

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# SPORTS APPAREL MARKET ANALYSIS



## Observation #1 - Consumer Spending Slowing

The industry is projected to grow at a compound annual growth rate (CAGR) of ~6% through 2030, further stimulated by strong discretionary demand in North America and the Asia-Pacific region. Further, Gen Z and Millennials prioritise values-aligned products, creating a higher growth ceiling. As sporting brands accelerate investments in sustainable materials, lifestyle marketing, and digital engagement to capture higher-growth subsegments, numerous **strategic opportunities** exist in this sector. Higher growth in sustainable and athleisure segments means that performance-oriented, yet stylish and eco-friendly product offerings are commanding premium pricing and faster uptake.

Yet, as pessimism about the economy kicks in slowly in 2025, more consumers are decreasing their spending on discretionary items like clothes and shoes, and are instead spending more on food and necessary services. In times of uncertainty, **brand loyalty** becomes more important for brands as consumers turn to the brands they love and trust.

BUSINESS | RETAIL | THE SUPPLY SIDE

## The Supply Side: Consumers reduce spending on spring fashion

by Kim Souza (ksouza@talkbusiness.net) | April 14, 2025 11:03 am | 753 views

## Observation #2 - Sports Apparel as Lifestyle Identity

The global shift towards health and wellness culture is also another key driver of growth in the sports apparel market, particularly amongst urban Millennials and Gen Z consumers. Nowadays, holistic well-being is prioritised, which inevitably allows sports apparel to evolve from mere athletic wear to an integral part of daily life. Demand has surged for **versatile and comfortable activewear** that can even be worn to the office. Such a form of clothing allows one to seamlessly transition from gym to street. In a post-pandemic world where hybrid and remote work has become more common, Gen Z has been redefining workwear. This spells good news for the sports apparel industry as a whole.

FASHION & BEAUTY

## Gen Z ditches traditional office clothes for activewear: 'They want to feel good while doing the work'

By News.com.au

Published April 10, 2025, 11:59 a.m. ET

28 Comments

### SOURCES

- 1.<https://talkbusiness.net/2025/04/the-supply-side-consumers-reduce-spending-on-spring-fashion/>
- 2.<https://nypost.com/2025/04/10/lifestyle/gen-z-ditches-traditional-office-clothes-for-activewear/>

*Shifting Consumer Dynamics Fuel the Sports Apparel Industry*

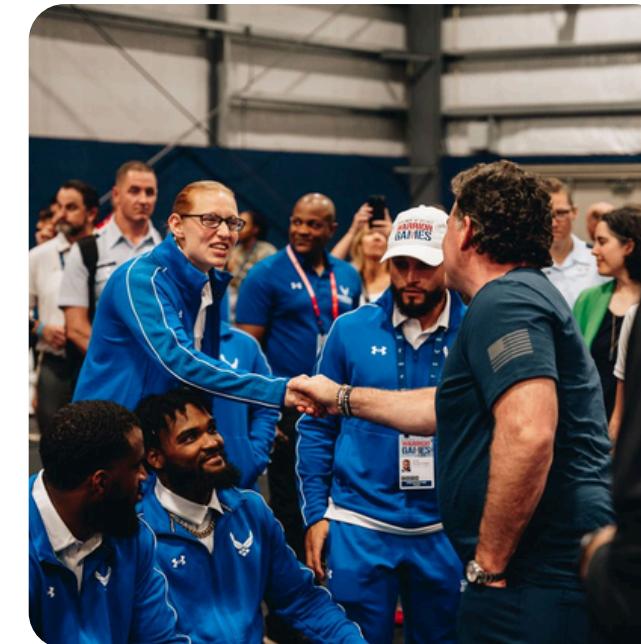
# COMPANY OVERVIEW & KEY STATISTICS



## Under Armour NYSE:UAA

**Under Armour (NYSE:UAA)** founded in 1996 and headquartered in Baltimore, Maryland, is a leading inventor, marketer, and distributor of branded athletic performance apparel, footwear, and accessories. Designed to empower human performance, Under Armour's innovative products and experiences are engineered to make athletes better.

**With over 445+ locations across 140+ countries.. and over 16k workers globally**



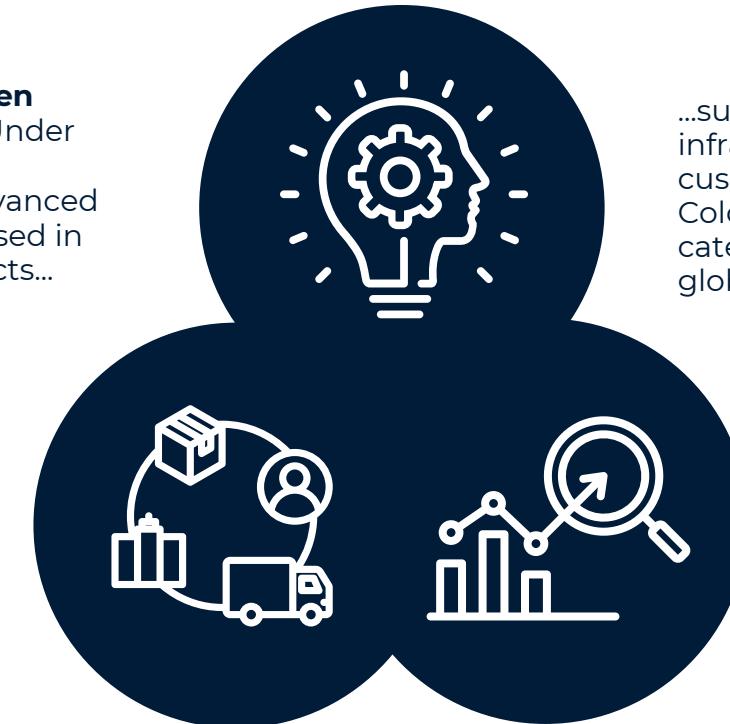
**Negative 3Y, 5Y, & 10Y CAGR attributed to...**

UAA Price CAGR Chart



**....operational declines and missed revenue expectations.**

**Performance-driven athletic apparel:** Under Armour focuses on innovation and advanced material to be infused in its lineup of products...



**Distribution Channels:** UA sells through retail, e-commerce, and establishes wholesale partnerships.



...such as UA RUSH infrared fabric, UA HOVR cushioning, and ColdGear/HeatGear, catering to athletes globally.

**Demand for Products:** Soft demand in North America as revenue has observed decline by 11%, international revenue has been hit with a decline of 6%.

### SOURCES

- 1.<https://www.linkedin.com/company/under-armour/life/189f8c7b-09b2-4719-b4cb-fa6ebbbce9c7/>
- 2.<https://www.financecharts.com/stocks/UAA/performance/total-return-cagr>
- 3.<https://about.underarmour.com/en-us/our-company.html>

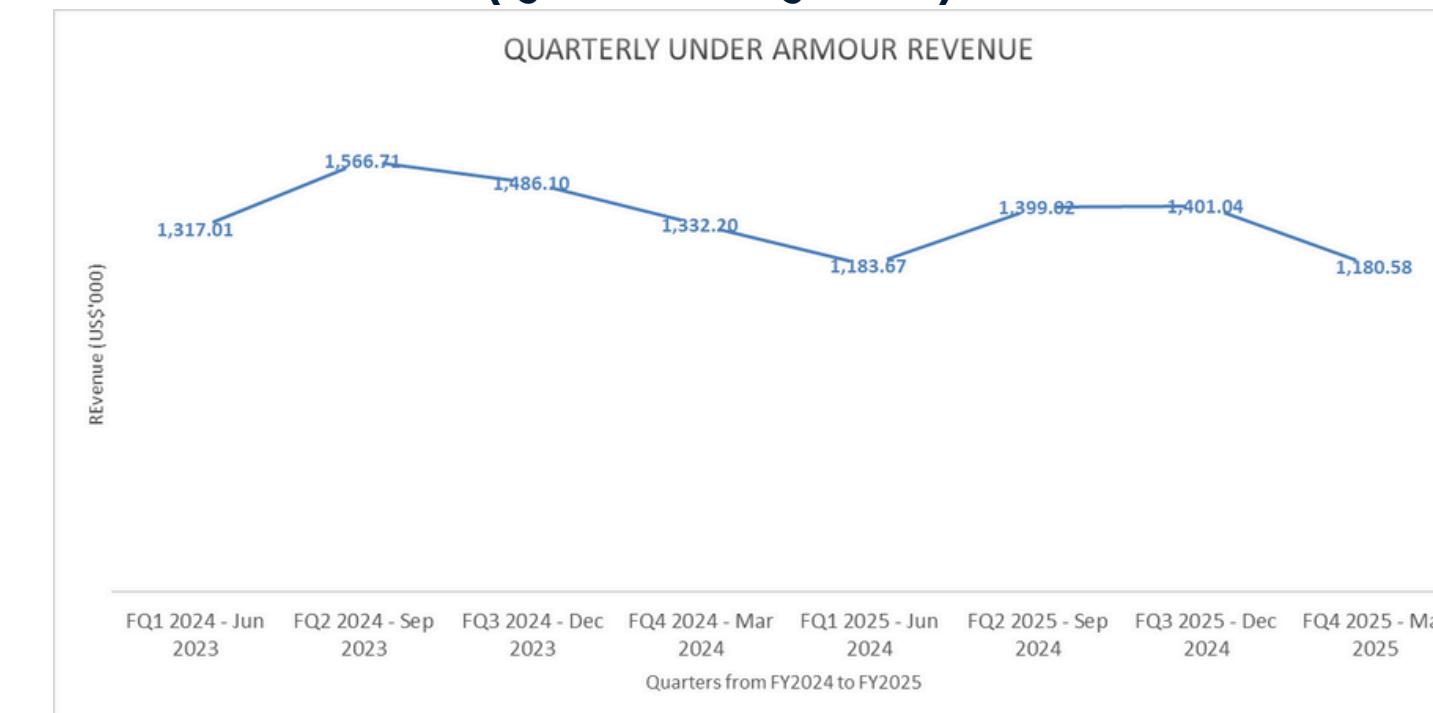
# COMPANY OVERVIEW & KEY STATISTICS



Key Financials					
	FY2021	FY2022	FY2023	FY2024	FY2025
Basic Shares O/S				188,822,726	
Free Float				307,538,153 (72.21% Float)	
52-Wk High-Low				11.89 / 4.78	
Fiscal Year End				March 31 <sup>st</sup>	
Revenue (US\$M)	5,683	5,727	5,903	5,702	5,164
Growth (YOY, %)	27.00%	0.77%	3.08%	-3.41%	-9.43%
Gross Profit (US\$M)	2,861	2,837	2,644	2,630	2,475
Net Income (US\$M)	351	219	374	232	(201)
EPS (US\$)	0.75	0.47	0.81	0.52	-0.47

Key Executives			
	<b>Dave Bergman</b> Chief Financial Officer		<b>Kevin A. Plank</b> Chief Executive Officer
	<b>Yassine Saidi</b> Chief Product Officer		

## Historical Revenue (Quarter-on-Quarter) from FY2024 to FY2025



## Significant Leadership Changes

Under Armour had gone through some strategic leadership changes through 2024-2025. Current CEO, Mr. Plank assumed the CEO role in April 2024 after serving as the Brand Chief from January 2020 to March 2024. Current Brand President, Eric Liedtke, started serving as the Brand President since January 2025 after serving as the Executive Vice President under Brand Strategy. He has had experience in adidas Group, holding positions in marketing and branding. Current CPO, Yassine Saidi, assumed the role since January 2024, and has served various leadership roles in PUMA and adidas. These strategic changes in key leadership personnel aim to bring in fresh perspective to restructure the Under Armour brand.

### SOURCES

- 1.<https://www.capitaliq.spglobal.com/>
- 2.<https://about.underarmour.com/en-us/investors/corporate-governance.html#tabs-4d47ef8bad-item-6a11fc0b23-tab>

# STRATEGIC DIRECTION



Under Armour has outlined a **four-pillar growth strategy** in Dec 2024, focusing on product, story, service and team to realise its long term potential.

**Product** - Innovation to drive performance

**Storytelling** - Leverage underdog positioning

**Service** - Market specific commercial strategies

**Team** - Utilise experienced leaders

## New Product Operation Changes...

Under Armour is trimming complexity surrounding their product line-ups with fewer stock keeping units (SKUs) and faster product cycles to roll out products that matter to its customers, athletes.

## Enhanced Storytelling for Branding

"With a significantly strengthened product lineup coming in Fall 2025, a clear underdog brand positioning, and purposeful, disciplined marketplace management, I am confident that our actions are gaining traction," continued Plank.

### Service: Curry Camp offering youth training experiences.



### ...and Commercial Categories.



### Uniform Licenses and TeamWear



### Service: Reset and strengthening brand in America



### This aims to restructure Under Armour to revitalise the brand.

#### Renewal

By trimming SKUs and focusing on athlete-first innovation, UA aims to deliver a more purpose-driven, simplified product lineup that resonates better with its core audience, building back trust and relevance.

#### Brand

The brand is leveraging "underdog" storytelling and market-specific commercial strategies to create emotional connections with customers and reinforce UA's premium positioning, especially in key markets like the U.S.

#### Relevance

Through strategic partnerships in relation to building strong ties with existing sporting teams to reinforce Under Armour's position as a Global Sports House.

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2. <https://www.investing.com/news/stock-market-news/earnings-call-under-armour-outlines-turnaround-strategy-amid-challenges-93CH-3445341>
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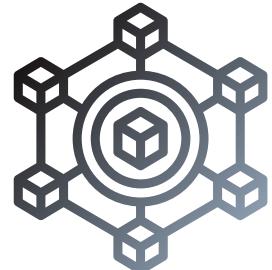
# KEY RISK FACTORS



## Key Risks of the Sector

- **Intense market competition:** The athletic apparel sector is highly saturated and competitive, with both dominant existing brands and new emerging players. Companies invest heavily in technology, innovation, and marketing, leading to a constant stream of new product lines and high-profile marketing campaigns. This intense competition makes it difficult for brands to maintain consumer loyalty and sustain long-term competitive advantage.
- **Rapid shifts in consumer preferences:** Consumer preferences and fashion trends change rapidly, driven by multiple external factors such as seasonality, media news, and social media influence. Apparel companies must be highly agile, adaptable, and responsive to the changing trends to remain relevant and capitalise on emerging opportunities.
- **Consumer spending slowing:** Economic uncertainty and inflation concerns give rise to slowing consumer spending, especially on non-essential goods such as apparel.

### Structurally Challenged Brand



Under Armour's brand structure brings about multi-dimensional challenges, including frequent leadership changes, repeated strategic restructuring, undifferentiated product offerings, and a weak brand identity. These deep-rooted structural challenges are difficult to overcome in the short term, hence undermining the ability of Under Armour to re-establish a strong, competitive market position.

### Lack of clear differentiation



As a performance-focused brand offering similar products to other athletic apparel brands, Under Armour lacks a sustained competitive advantage against large players such as Nike, Adidas, Puma, and Lululemon. Under Armour's products lack a unique value proposition, making it easy for consumers to switch to other alternatives that offer stronger innovation and appeal.

### Lack of traditionally wholesale partners



Under Armour has limited presence among key traditional wholesale partners such as Foot Locker, especially when compared to rivals like Nike. This restricts Under Armour's ability to ensure strong physical visibility, wide retail reach, and brand awareness, hence hindering customer acquisition. Additionally, Under Armour has yet to build a strong direct-to-customer (DTC) business to offset the wholesale underperformance.

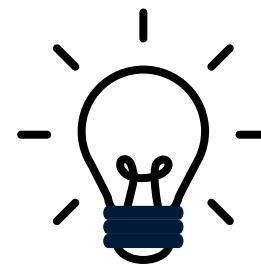
# KEY CATALYST FACTORS



## Key Catalysts of the Sector

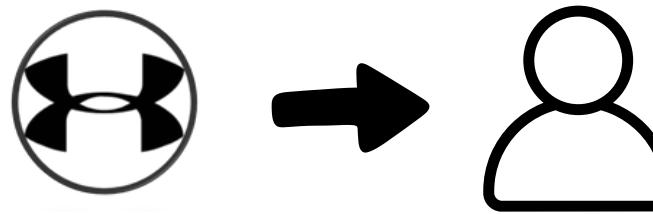
- **Rising trends towards health & wellness:** There is a global rising shift towards health, wellness, and active lifestyles. Growing health consciousness and increased participation in recreational sports & outdoor activities are fueling demand for athletic apparel. These trends present an opportunity for athletic apparel brands to capture new consumer segments and expand their market reach.
- **Trends towards athleisure fashion:** Consumers increasingly seek apparel that is suitable for both exercise and everyday wear. The lines between athletic wear and everyday fashion are blurring, driving demand for more versatile athleisure products.
- **E-commerce growth:** The shift towards online shopping driven by consumer preference for convenience and personalisation presents opportunities for direct-to-consumer (DTC) business models. Many brands are hence driven to prioritise DTC over traditional wholesale business models.

### ***Successful Product Innovation***



Under Armour has been undergoing a brand overhaul aimed at simplifying its product lines and strengthening its performance-focused identity. New product offerings incorporate new performance technologies and more sustainable materials. If these innovations align with the evolving consumer preferences, Under Armour could strengthen its unique value proposition and regain competitive advantage.

### ***Improved Direct-to-consumer (DTC) Execution***



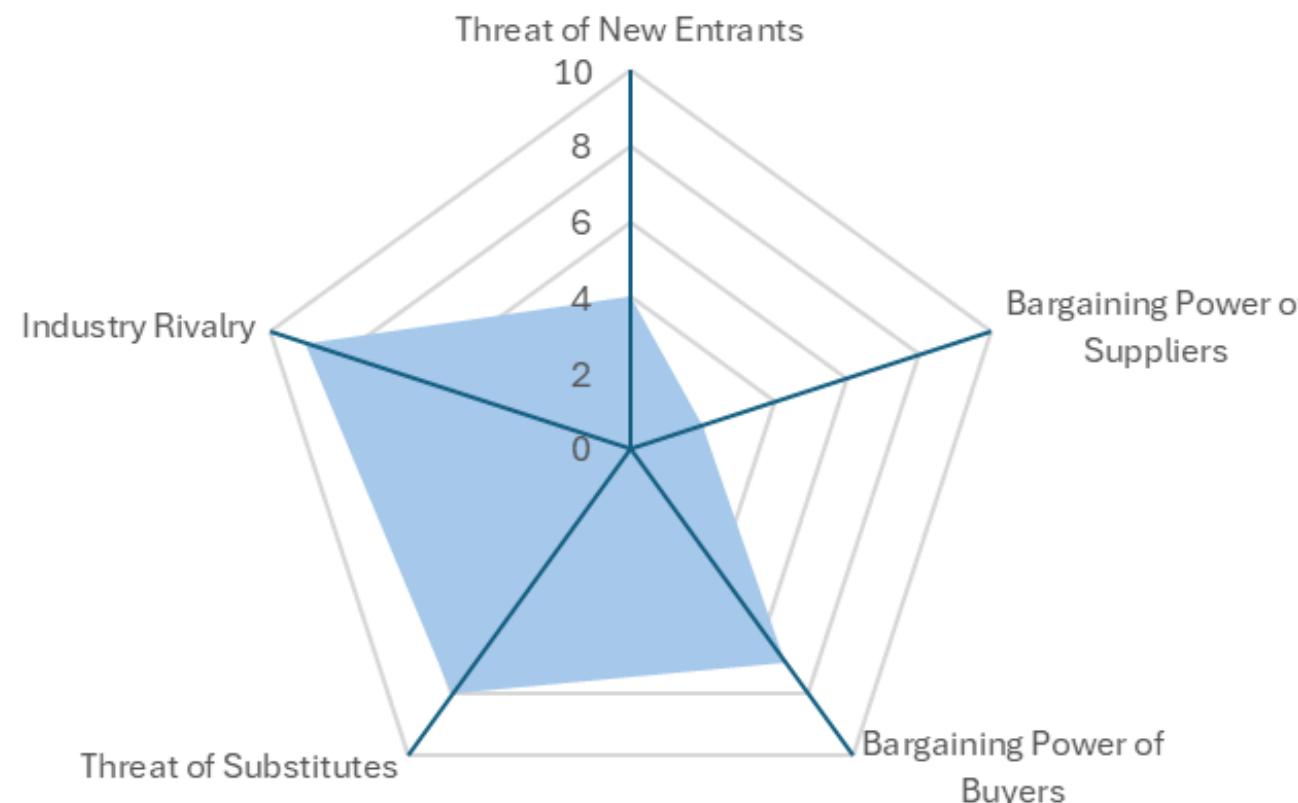
Direct-to-consumer (DTC) presents a long-term growth opportunity for Under Armour. Although its current DTC channel lags behind competitors, Under Armour has been focusing on DTC as part of its strategies and has invested in the necessary resources and capabilities. If DTC execution improves, Under Armour's DTC earnings could not only offset its declining streams of revenue but also enable it to build deeper connections with consumers, ultimately enhancing brand loyalty over time.

### ***Strategic Clarity***



The return of founder Kevin Plank as CEO could provide a clearer and more consistent long-term strategic direction for Under Armour, especially with his deep understanding of the brand and its origins. Additionally, leadership stability is likely to improve investor confidence while enabling a stronger focus on restructuring and brand repositioning towards premium products and enhanced brand storytelling. Having a clear strategic direction can help Under Armour to rebuild a strong brand identity.

# PORTER'S FIVE FORCES



## Porter's Five Forces

### 1. Threat of New Entrants

Low to Moderate. Strong brand loyalty and high marketing costs deter new players. However, agile DTC startups leveraging social media can disrupt. UA's established brand provides some defense but continued innovation is essential.

### 2. Bargaining Power of Suppliers

Low. UA relies on third-party manufacturers and fabric suppliers but it retains negotiating leverage due to high-volume contracts and global supplier base (with materials sourced from 27 companies across 16 countries). However, with rising material costs and supply chain disruptions due to geopolitical risks, there could be some operational risks.

### 3. Bargaining Power of Buyers

Moderate to High. With ample alternatives in performance and lifestyle apparel, consumers can easily compare prices and switch brands. However, UA's loyal customer segments (e.g. Curry fans) and direct-to-consumer channels provide some pricing power in key niches.

### 4. Threat of Substitutes

High. Consumers can easily switch to other athletic and lifestyle brands such as Nike, Adidas, Lululemon, or even budget retailers like Decathlon. As fitness increasingly blends with lifestyle and fashion, brand differentiation becomes more critical. Without strong product innovation or clear positioning, UA risks being replaced by trendier or more affordable alternatives.

### 5. Industry Rivalry

Very High. The market is intensely competitive, driven by frequent product launches, influencer tie-ins, and pricing pressure. UA faces significant challenges from larger players with greater R&D and marketing resources. Strong differentiation is crucial to reduce churn and defend margins.

# COMPARABLES TABLE



## EV/EBITDA comparables

### Comparables - FY2025

Company	EV/EBITDA	Under Armour Share Price
Nike	15.63	
Adidas	13.67	
Lululemon	9.29	
Puma	11.23	
Columbia	9.49	
Skechers	9.54	
Under Armour	10.96	
<b>Average</b>	<b>11.40</b>	<b>16.18</b>

## P/E comparables

### Comparables - FY2025

Company	P/E	Under Armour Share Price
Nike	19.86	
Adidas	34.1	
Lululemon	15.48	
Puma	16.44	
Columbia	15.65	
Skechers	14.99	
Under Armour	21.98	
<b>Average</b>	<b>19.79</b>	<b>6.13</b>

## Relative Valuation Assumptions

The comparables chosen are competitors that are competing in the same industry as Under Armour. More focus is placed on Comparables Analysis as Under Armour is competing in the athletic apparel market that is under intense rivalry amongst other leading competitors.

EV/EBITDA and P/E are chosen as the metrics to be compared against other peers' to derive an average metric to compute the share price of Under Armour.

## Relative Valuation Findings

Under Armour is trading below the implied share price from EV/EBITDA. This means that Under Armour is lagging behind its competitors in terms of its management of earnings after operating expenses. This highlights structural issues in Under Armour's management of operations and proves that Under Armour should focus on its current restructuring efforts to boost profitability.

Under Armour is trading above the implied share price from P/E ratio, highlighting that Under Armour's investors are expecting higher earnings growth. This can glean insights into confidence from investors' in Under Armour's restructuring efforts bearing fruit for the firm.

The contrasting signals suggest a disconnect between current operational performance (EV/EBITDA) and investor expectations for future profitability (P/E ratio). For Under Armour, this underscores a need to deliver tangible operational improvements to align actual performance with the growth optimism currently embedded in its share price.

# DISCOUNT CASH FLOW VALUATION



## DCF Valuation

g (Perpetuity growth)	Input the number here										
	2.00%	2020 Act	2021 Act	2022 Act	2023 Act	2024 Act	2025 Act	1.0 Fcst	2.0 Fcst	3.0 Fcst	4.0 Fcst
(\$ in thousands)											
Unlevered Free Cash Flow	(595,668)	608,568	791,318	(35,785)	44,042	(290,892)	194,692	171,365	152,874	145,561	
Continuing Value (Terminal Value)	-	-	-	-	-	-	-	-	-	1,373,588	
Discount factor (WACC)								12.29%	12.46%	12.60%	12.81%
<b>Present value of UFCF</b>							<b>173,385</b>	<b>135,505</b>	<b>107,081</b>	<b>89,881</b>	
Present value of CV											
<b>Perpetuity Growth Rate-Based Valuation</b>											
Total PV of Cash Flows							505,851				
Continuing Value							1,373,588				
PV of Continuing Value							848,166				
<b>Enterprise Value</b>							<b>1,354,018</b>				
+Cash							501,361				
-Financial liabilities							595,125				
<b>Equity Value</b>							<b>1,260,254</b>				
Number of shares outstanding (as of June 2025)							188,823				
<b>Price per share</b>							<b>6.674</b>				

## Derived Valuation Rationale

The DCF model suggests Under Armour's intrinsic value of \$1.26B (\$6.67/share) implies a 5.4% overvaluation versus its current \$7.03/share market price (\$2.90B market cap), as investors appear to overestimate the turnaround's speed and magnitude, pricing in more aggressive growth and margin expansion than our conservative projections account for. While reducing WACC could narrow this gap, we maintain cautious assumptions given significant downside risks including potential restructuring execution failures, accelerating market share erosion from competitors like Nike and Lululemon, and persistently high debt costs that may keep WACC elevated, all of which could further pressure the company's valuation below current market level.

## DCF Valuation Assumptions

The DCF valuation assumes Under Armour's restructuring efforts will succeed, driving cost discipline and operational improvements, evidenced by declining debt (from \$1.0B in 2020 to \$426M by 2029), stronger liquidity (improving quick and current ratios), and efficient working capital (stabilizing DSO and DIO). P&L forecasts anticipate revenue declines due to intense competition, with apparel revenue falling at a ~9% CAGR (2025–2029) and total revenue dropping from \$5.7B (2024) to \$3.0B (2029), while margin pressures persist, with gross margins remaining volatile (44–48%) and EBIT margins weak (hitting 1–2% by 2029). A high WACC (12%) reflects restructuring risks and competitive threats, compounded by a costly debt burden (7.25% cost of debt), while conservative terminal growth assumptions account for long-term industry headwinds.

# TECHNICAL ANALYSIS



## Monarch Research's Technical Prediction: Short

### Price Targets:

- \$5.65, \$4.80

### Key Confluences for the Long:

Downward Trend Confirmation – Lower Highs and Lower Lows on a Daily Timeframe Under Armour is currently in a correction phase after a strong sell-off. Instead of rushing in, we wait for Smart Money to provide a discount before entering. Using Fibonacci retracement and Smart Money Concept (SMC), we identify key price zones where institutional sellers are likely to step in. The trade is ready for a short entry.

### Determined Trading Strategy

For a high-probability trade, we wait for price to reach the 0.618 - 0.79 Fibonacci retracement levels, where institutional traders prefer to enter.

#### Key Levels to Watch for Entry:

- 0.618 Retracement → \$6.41
- 0.706 Retracement → \$6.64
- 0.79 Retracement → \$6.86

#### Take Profit Levels

- TP1: \$5.65 (0.328 Fib Zone) – Minor support level for partial profits.
- TP2: \$4.80 (Next Major Low) – Key support level.

# TECHNICAL ANALYSIS



## Risk Management Strategy

### Entry Strategy – Layered Precision

We place limit orders at three key Fibonacci retracement levels to capture the best entries:

- 0.618 Fib Entry – A classic institutional entry point
- 0.706 Fib Entry – Where liquidity often sweeps before reversal
- 0.79 Fib Entry – Deep discount for maximum R:R

This allows us to scale into the position instead of going all-in at one level.

### Stop Loss Logic – Tight & Tactical

We place stop losses below the 0.848 Fib or the swing low (1.0 Fib) depending on market structure:

- Use 0.848 if structure is clean and ranges are tight
- Use 1.0 if volatility demands a safer buffer

This flexibility adapts to market conditions while still keeping risk defined.

### Risk Per Trade – Strict 1% Rule

We risk only 1% of total capital per trade, regardless of account size or conviction.

This ensures:

- Longevity in the market
- Controlled drawdowns
- Compounded growth over time



MONARCH  
RESEARCH

APPENDICES

# APPENDIX #1: INPUT - P&L

## P&L Input

(in USD (\$ thousands)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Revenue streams</b>										
Product/Stream 1 (Apparel)	2,882,562	3,841,249	3,907,812	3,871,167	3,789,016	3,451,414	3,188,309	3,040,827	2,991,316	3,032,281
Product/Stream 2 (Footwear)	934,333	1,264,127	1,251,776	1,455,265	1,383,610	1,206,202	1,027,422	894,528	795,800	723,145
Product/Stream 3 (Accessories)	414,082	461,894	441,301	408,521	405,715	410,860	381,839	383,095	394,907	418,080
Product/Stream 3 (License)	105,779	112,623	117,568	116,746	111,241	94,590	109,758	109,758	109,758	109,758
Product/Stream 3 (Corporate Others)	137,911	3,573	8,759	51,466	12,297	1,244	35,875	35,875	35,875	35,875
<b>Total revenues</b>	<b>4,474,667</b>	<b>5,683,466</b>	<b>5,727,216</b>	<b>5,903,165</b>	<b>5,701,879</b>	<b>5,164,310</b>	<b>4,743,203</b>	<b>4,464,083</b>	<b>4,327,655</b>	<b>4,319,139</b>
<b>Cost of Goods Sold</b>	<b>(2,314,572)</b>	<b>(2,821,967)</b>	<b>(2,889,194)</b>	<b>(3,259,334)</b>	<b>(3,071,626)</b>	<b>(2,689,566)</b>	<b>(2,442,749)</b>	<b>(2,276,682)</b>	<b>(2,185,466)</b>	<b>(2,159,569)</b>
<b>Gross Profit</b>	<b>2,160,095</b>	<b>2,861,499</b>	<b>2,838,022</b>	<b>2,643,831</b>	<b>2,630,253</b>	<b>2,474,744</b>	<b>2,300,453</b>	<b>2,187,401</b>	<b>2,142,189</b>	<b>2,159,569</b>
Selling, general and administrative	(2,171,934)	(2,344,859)	(2,414,499)	(2,380,245)	(2,400,502)	(2,601,991)	(1,944,713)	(1,830,274)	(1,774,339)	(1,770,847)
Restructuring & Impairment Charges	(601,599)	(40,518)	(90,079)	0	0	(57,969)	(56,835)	(57,272)	(59,032)	(57,019)
<b>EBIT</b>	<b>(613,438)</b>	<b>476,122</b>	<b>333,444</b>	<b>263,586</b>	<b>229,751</b>	<b>(185,216)</b>	<b>298,906</b>	<b>299,854</b>	<b>308,819</b>	<b>331,704</b>
Interest income/expense net	(47,259)	(44,300)	(36,317)	(12,826)	268	(6,115)	(19,858)	(19,858)	(19,858)	(19,858)
Other income (expense), net	168,153	(51,113)	(43,984)	17,096	32,055	(13,431)	1,833	1,833	1,833	1,833
<b>EBT</b>	<b>(492,544)</b>	<b>380,709</b>	<b>253,143</b>	<b>267,856</b>	<b>262,074</b>	<b>(204,762)</b>	<b>280,880</b>	<b>281,829</b>	<b>290,794</b>	<b>313,678</b>
Provision for income taxes	(49,387)	(32,072)	(30,372)	108,645	(30,006)	2,890	(50)	(50)	(50)	(50)
<b>Net loss incl. minority interests</b>	<b>(541,931)</b>	<b>348,637</b>	<b>222,771</b>	<b>376,501</b>	<b>232,068</b>	<b>(201,872)</b>	<b>280,831</b>	<b>281,779</b>	<b>290,744</b>	<b>313,629</b>
Income (Loss) from Equity Method Investments	(7,246)	1,255	(73)	-2,042	(26)	605	-	-	-	-
<b>Net Income</b>	<b>(549,177)</b>	<b>349,892</b>	<b>222,698</b>	<b>374,459</b>	<b>232,042</b>	<b>(201,267)</b>	<b>280,831</b>	<b>281,779</b>	<b>290,744</b>	<b>313,629</b>
<b>KPIs</b>										
Revenue % stream 1 y-o-y	No input since we are using this as the starting year	33%	2%	-1%	-2%	(0.09)	(0.08)	(0.05)	(0.02)	0.01
Revenue % stream 2 y-o-y		35%	-1%	16%	-5%	(0.13)	(0.15)	(0.13)	(0.11)	(0.09)
Revenue % stream 3 y-o-y		12%	-4%	-7%	-1%	0.01	(0.07)	0.00	0.03	0.06
Overall GP%		48%	50%	50%	45%	46%	0.48	0.49	0.49	0.50
EBIT %		-14%	8%	6%	4%	4%	(0.04)	0.06	0.07	0.07
Net loss %		-12%	6%	4%	6%	4%	(0.04)	0.06	0.06	0.07
ROA		-30%	21%	14%	20%	12%	(0.10)	0.15	0.15	0.16
ROE		-33%	17%	13%	19%	11%	(0.11)	0.15	0.14	0.13

# APPENDIX #2: INPUT - BALANCE SHEET

## Balance Sheet Input

(in USD (\$ thousands))	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Cash and cash equivalents	1,517,361	1,669,453	1,009,139	710,929	858,691	501,361	551,497	606,647	667,311	734,043
Accounts receivable, net	527,340	569,014	702,197	758,564	757,339	675,822	682,580	689,406	696,300	703,263
Inventory	895,974	811,410	824,455	1,185,657	958,495	945,836	926,919	908,381	890,213	872,409
Prepaid expenses and other current assets	282,300	286,422	297,034	293,334	289,157	206,078	210,200	214,404	218,692	223,065
<b>Total current assets</b>	<b>3,222,975</b>	<b>3,336,299</b>	<b>2,832,825</b>	<b>2,948,484</b>	<b>2,863,682</b>	<b>2,329,097</b>	<b>2,160,997</b>	<b>2,204,434</b>	<b>2,253,825</b>	<b>2,532,780</b>
Operating Lease Right-of-use Assets	536,660	448,364	420,397	489,306	434,699	384,341	345,907	311,316	280,185	252,166
Property and Equipment, net	658,678	607,226	601,365	644,834	664,503	645,147	625,793	607,019	588,808	571,144
Deferred Income Taxes	23,930	17,812	20,141	186,908	221,033	286,160	300,468	315,491	331,266	347,829
Goodwill	502,214	495,215	491,508	481,992	478,302	487,632	487,632	487,632	487,632	487,632
Intangible Assets, Net	13,295	11,010	10,580	8,940	7,000	5,224	4,597	4,045	3,560	3,133
Other Non-current Assets	72,876	75,470	76,016	67,089	91,515	163,270	169,801	176,593	183,657	191,003
<b>Total non-current assets</b>	<b>1,807,653</b>	<b>1,655,097</b>	<b>1,620,007</b>	<b>1,879,069</b>	<b>1,897,052</b>	<b>1,971,774</b>	<b>1,934,197</b>	<b>1,902,097</b>	<b>1,875,107</b>	<b>1,852,907</b>
<b>Total assets</b>	<b>5,030,628</b>	<b>4,991,396</b>	<b>4,452,832</b>	<b>4,827,553</b>	<b>4,760,734</b>	<b>4,300,871</b>	<b>4,095,194</b>	<b>4,106,530</b>	<b>4,128,932</b>	<b>4,385,687</b>
Accounts Payable	575,954	613,307	560,331	648,486	483,731	429,944	366,412	341,502	327,820	323,935
Accrued Expenses	378,859	460,165	317,963	366,530	287,853	348,747	343,167	337,676	332,274	326,957
Current Maturities of Long-term Debt	-	-	-	-	80,919	-	-	-	-	-
Operating Lease Liabilities	162,561	138,664	134,833	140,990	139,331	130,050	123,548	117,370	111,502	105,927
Other Current Liabilities	92,503	73,746	125,840	42,744	34,344	54,381	50,846	47,541	44,451	41,562
Customer Refund Liabilities	203,399	164,294	159,628	160,533	139,283	146,021	138,720	131,784	125,195	118,935
<b>Total current liabilities</b>	<b>1,413,276</b>	<b>1,450,176</b>	<b>1,298,595</b>	<b>1,359,283</b>	<b>1,165,461</b>	<b>1,109,143</b>	<b>1,022,693</b>	<b>975,874</b>	<b>941,241</b>	<b>917,316</b>
Long-term Debt	1,003,556	662,531	672,286	674,478	594,873	595,125	547,515	503,714	463,417	426,343
Operating Lease Liabilities: Non-current	839,414	703,111	668,983	705,713	627,665	574,277	532,355	493,493	457,468	424,073
Other Long-term Liabilities	98,389	86,584	84,014	121,932	219,449	132,048	142,084	152,882	164,501	177,003
<b>Total non-current liabilities</b>	<b>1,941,359</b>	<b>1,452,226</b>	<b>1,425,283</b>	<b>1,502,123</b>	<b>1,441,987</b>	<b>1,301,450</b>	<b>1,221,953</b>	<b>1,150,089</b>	<b>1,085,386</b>	<b>1,027,419</b>
<b>Total liabilities</b>	<b>3,354,635</b>	<b>2,902,402</b>	<b>2,723,878</b>	<b>2,861,406</b>	<b>2,607,448</b>	<b>2,410,593</b>	<b>2,244,647</b>	<b>2,125,963</b>	<b>2,026,626</b>	<b>1,944,735</b>
Total stockholders' equity	1,675,993	2,088,994	1,728,954	1,966,147	2,153,286	1,890,278	1,850,547	1,980,568	2,102,306	2,440,952
Noncontrolling interests in subsidiaries	0	0	0	0	0	0	0	0	0	0
<b>Total liabilities and equity</b>	<b>5,030,628</b>	<b>4,991,396</b>	<b>4,452,832</b>	<b>4,827,553</b>	<b>4,760,734</b>	<b>4,300,871</b>	<b>4,095,194</b>	<b>4,106,530</b>	<b>4,128,932</b>	<b>4,385,687</b>

# APPENDIX #3: INPUT - COMPARABLES

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## EV/EBITDA comparables

*Comparables - FY2025*

Company	EV/EBITDA	Under Armour Share Price
Nike	15.63	
Adidas	13.67	
Lululemon	9.29	
Puma	11.23	
Columbia	9.49	
Skechers	9.54	
Under Armour	10.96	
<b>Average</b>	<b>11.40</b>	<b>16.18</b>

## P/E comparables

*Comparables - FY2025*

Company	P/E	Under Armour Share Price
Nike	19.86	
Adidas	34.1	
Lululemon	15.48	
Puma	16.44	
Columbia	15.65	
Skechers	14.99	
Under Armour	21.98	
<b>Average</b>	<b>19.79</b>	<b>6.13</b>

# APPENDIX #4: INPUT - WACC

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## WACC

Risk-free rate	4%
Market risk premium	6%
Beta (as of 22/06/25)	1.63
US Corporate Tax rate	21.00%
Cost of equity	13.8%
Cost of debt	7.25%

(\$ in thousands)	Under Armour WACC calculation (in thousand \$)									
	31Dec2020 Act	31Dec2021 Act	31Mar2022 Act	31Mar2023 Act	31Mar2024 Act	31Mar2025 Act	31Mar2026 Fcst	31Mar2027 Fcst	31Mar2028 Fcst	31Mar2029 Fcst
Debt	1,003,556	662,531	672,286	674,478	594,873	595,125	547,515	503,714	463,417	426,343
Equity	1,675,993	2,088,994	1,728,954	1,966,147	2,153,286	1,890,278	1,850,547	1,980,568	2,102,306	2,440,952
Debt / (Debt + Equity)	37%	24%	28%	26%	22%	24%	23%	20%	18%	15%
Equity / (Debt + Equity)	63%	76%	72%	74%	78%	76%	77%	80%	82%	85%
Cost of equity	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%	13.8%
Cost of debt	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%	7.25%
WACC	10.76%	12.21%	11.95%	12.11%	12.37%	12.22%	12.29%	12.46%	12.60%	12.81%

# APPENDIX #5: OUTPUT - CASH FLOW

---

## Cash Flow

(\$ in thousands)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
EBIT	(613,438)	476,122	333,444	263,586	229,751	(185,216)	298,906	299,854	308,819	331,704
Tax	(49,387)	(32,072)	(30,372)	108,645	(30,006)	2,890	(50)	(50)	(50)	(50)
<b>NOPAT</b>	<b>(662,825)</b>	<b>444,050</b>	<b>303,072</b>	<b>372,231</b>	<b>199,745</b>	<b>(182,326)</b>	<b>298,856</b>	<b>299,805</b>	<b>308,770</b>	<b>331,654</b>
Add-back D&A	164,984	141,026	140,592	135,456	142,590	135,804	122,224	110,001	99,001	89,101
<b>Gross Cash Flow</b>	<b>(497,841)</b>	<b>585,076</b>	<b>443,664</b>	<b>507,687</b>	<b>342,335</b>	<b>(46,522)</b>	<b>421,080</b>	<b>409,806</b>	<b>407,771</b>	<b>420,755</b>
Trade receivables	527,340	569,014	702,197	758,564	757,339	675,822	682,580	689,406	696,300	703,263
Inventory	895,974	811,410	824,455	1,185,657	958,495	945,836	926,919	908,381	890,213	872,409
Accounts payable	575,954	613,307	560,331	648,486	483,731	429,944	366,412	341,502	327,820	323,935
<b>Investments in Working Capital</b>	<b>1,999,268</b>	<b>1,993,731</b>	<b>2,086,983</b>	<b>2,592,707</b>	<b>2,199,565</b>	<b>2,051,602</b>	<b>1,975,912</b>	<b>1,939,289</b>	<b>1,914,333</b>	<b>1,899,608</b>
Capex	92,290	69,760	158,070	150,330	150,330	168,680	189,765	213,486	240,171	270,193
Other assets	72,876	75,470	76,016	67,089	91,515	163,270	169,801	176,593	183,657	191,003
Other liabilities	98,389	86,584	84,014	121,932	219,449	132,048	142,084	152,882	164,501	177,003
<b>Unlevered Free Cash Flow</b>	<b>(595,668)</b>	<b>608,568</b>	<b>791,318</b>	<b>(35,785)</b>	<b>44,042</b>	<b>(290,892)</b>	<b>194,692</b>	<b>171,365</b>	<b>152,874</b>	<b>145,561</b>
Interest expenses	(47,259)	(44,300)	(36,317)	(12,826)	268	(6,115)	(19,858)	(19,858)	(19,858)	(19,858)
Delta Financial liabilities	-	(341,025)	9,755	2,192	(79,605)	252	(47,610)	(43,801)	(40,297)	(37,073)
Delta equity/Other equity movements	-	11,996	(626,722)	(120,170)	(12,848)	(75,172)	(318,729)	(149,927)	(167,174)	26,850
Tax adjustment	-	-	-	-	-	-	-	-	-	-
Minority interest	(7,246)	1,255	(73)	(2,042)	(26)	605	-	-	-	-
<b>Net Cash Flow</b>	<b>(650,173)</b>	<b>236,494</b>	<b>137,961</b>	<b>(168,631)</b>	<b>(48,169)</b>	<b>(371,322)</b>	<b>(191,505)</b>	<b>(42,221)</b>	<b>(74,455)</b>	<b>115,479</b>

# APPENDIX #6: OUTPUT - DCF

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## DCF Valuation

g (Perpetuity growth)	Input the number here							1.0	2.0	3.0	4.0
	2020	2021	2022	2023	2024	2025		2026	2027	2028	2029
(\$ in thousands)	Act	Act	Act	Act	Act	Act	Fcst	Fcst	Fcst	Fcst	
Unlevered Free Cash Flow	(595,668)	608,568	791,318	(35,785)	44,042	(290,892)	194,692	171,365	152,874	145,561	
Continuing Value (Terminal Value)	-	-	-	-	-	-	-	-	-	-	1,373,588
Discount factor (WACC)								12.29%	12.46%	12.60%	12.81%
<b>Present value of UFCF</b>							<b>173,385</b>	<b>135,505</b>	<b>107,081</b>	<b>89,881</b>	
Present value of CV											

Perpetuity Growth Rate-Based Valuation	
Total PV of Cash Flows	505,851
Continuing Value	1,373,588
PV of Continuing Value	848,166
<b>Enterprise Value</b>	<b>1,354,018</b>
+Cash	501,361
-Financial liabilities	595,125
<b>Equity Value</b>	<b>1,260,254</b>
Number of shares outstanding (as of June 2025)	188,823
<b>Price per share</b>	<b>6.674</b>

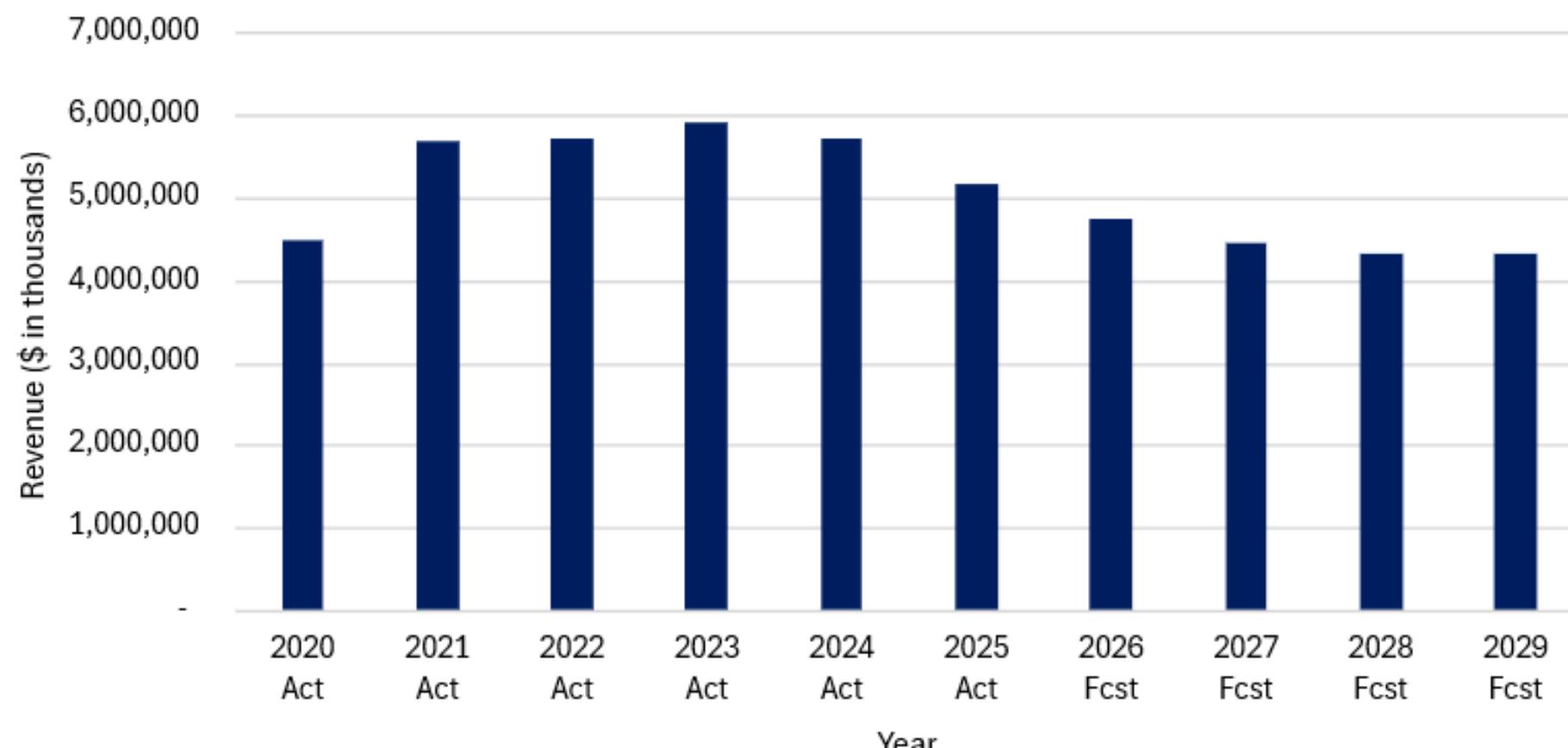
# APPENDIX #7: OUTPUT - PROFITABILITY

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## Profitability

(\$ in thousands)	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue	4,474,667	5,683,466	5,727,216	5,903,165	5,701,879	5,164,310	4,743,203	4,464,083	4,327,655	4,319,139
GP%	48.3%	50.3%	49.6%	44.8%	46.1%	47.9%	48.5%	49.0%	49.5%	50.0%
EBIT%	-13.7%	8.4%	5.8%	4.5%	4.0%	-3.6%	6.3%	6.7%	7.1%	7.7%
Gross Profit	2,160,095	2,861,499	2,838,022	2,643,831	2,630,253	2,474,744	2,300,453	2,187,401	2,142,189	2,159,569
EBIT	(613,438)	476,122	333,444	263,586	229,751	(185,216)	298,906	299,854	308,819	331,704

Under Armour Profitability



# COMPETITOR ANALYSIS



Category	Under Armour	Competitors			
		Nike	Adidas	Puma	Lululemon
Brand Strength	Medium	High	High	Medium	Medium-High
Revenue Scale	Medium (US\$5.9B)	Very High (US\$51B)	High (US\$25B)	Medium (US\$9B)	Medium (US\$10B)
Innovation & R&D	Medium	High	High	Medium	High
E-commerce Maturity	Low	High	High	Medium	High
Athleisure Appeal	Medium	High	High	Medium	Very High
Youth Engagement	Medium	High	High	Medium	High
Sustainability Efforts	Low	High	High	Medium	High
Global Reach	High	Very High	Very High	High	Medium
Marketing Spend	Medium	Very High	High	Medium	Medium

# COMPETITOR ANALYSIS

Brand Strength	Medium
Revenue Scale	Medium (US\$5.9B)
Innovation & R&D	Medium
E-commerce Maturity	Low
Athleisure Appeal	Medium



## Revenue & Brand Positioning

- Under Armour operates at a smaller scale compared to market leaders like Nike and Adidas
- The brand retains a strong foothold in performance-focused categories, particularly in North America.
- It has been actively repositioning itself through lifestyle and sportstyle initiatives, however, it still trails in global brand equity and lifestyle relevance.

## Innovation, E-commerce & Athleisure Appeal

- Under Armour has accelerated its transition into the athleisure and lifestyle segment, aiming to tap into a larger total addressable market.
- E-commerce sales dropped 20% in February 2025 following reduced promotional activity. This suggests a reliance on discount-led traffic and highlights gaps in differentiated digital experiences.

# COMPETITOR ANALYSIS

<b>Brand Strength</b>	Medium
<b>Revenue Scale</b>	Medium (US\$5.9B)
<b>Innovation &amp; R&amp;D</b>	Medium
<b>E-commerce Maturity</b>	Low
<b>Athleisure Appeal</b>	Medium



## Revenue & Brand Positioning

- Under Armour operates at a smaller scale compared to market leaders like Nike and Adidas
- The brand retains a strong foothold in performance-focused categories, particularly in North America.
- It has been actively repositioning itself through lifestyle and sportstyle initiatives, however, it still trails in global brand equity and lifestyle relevance.

## Innovation, E-commerce & Athleisure Appeal

- Under Armour has accelerated its transition into the athleisure and lifestyle segment, aiming to tap into a larger total addressable market.
- E-commerce sales dropped 20% in February 2025 following reduced promotional activity. This suggests a reliance on discount-led traffic and highlights gaps in differentiated digital experiences.

# COMPETITOR ANALYSIS

Youth Engagement	Medium
Sustainability Efforts	Low
Global Reach	High
Marketing Spend	Medium



## Market Positioning & Youth-Driven Expansion

- The brand's alignment with athletes like Stephen Curry and campaigns empowering female figures (e.g. Misty Copeland) **enhances relatability, especially among Gen Z and young athletes** who value authenticity and purpose-driven brands.
- Under Armour **earns an overall rating of "It's a start" (2/5)** from "Good On You" Brand rating, flagging its **minimal use of sustainable materials, lack of textile-waste reduction, and limited packaging strategies**.
- UA's **international growth, especially in Asia-Pacific (e.g. China)**, leverages deep market research, localized product development, and strategic partnerships with regional athletes and celebrities suggesting a **preference for tailored penetration** over mass global uniformity.
- Most significant marketing effort in 2025**—focusing on storytelling and brand engagement rather than price promotions.



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<https://www.linkedin.com/company/monarchresearchsg/>



## LinkTree

[www.linktr.ee/monarchresearch](http://www.linktr.ee/monarchresearch)



## Telegram Channel

<https://t.me/monarchwatch>

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