

Anta Sports (2020 HK)

3Q26 Will Be A Softer Quarter But Solid Start To 4Q26; Confident In Achieving Full-Year Targets

Highlights

- In 3Q26, both the Anta brand and Fila recorded retail sales declines amid softer consumption and extreme weather, while all other brands achieved 25-30% growth.
- Despite a relatively weak performance in 3Q26, retail sales during the National Day Golden Week grew by high single digits for the Anta brand, low teens for Fila, and more than 20% for all other brands. Given that the guidance has already factored in a potentially softer consumption backdrop, management remains confident in achieving its full-year retail sales growth targets.
- Following the completion of Puma's equity acquisition, two Anta nominees have already joined Puma's supervisory board. In the initial phase, management will focus on the China market. For Jack Wolfskin, the new-image stores opened in September have performed in line with expectations, with positive consumer feedback.
- Maintain BUY with an unchanged target price of HK\$112.20.

Analysis

- Both the Anta brand and Fila experienced retail sales declines in 3Q26 amid a weaker consumption environment.** In 3Q26, the Anta brand recorded a mid-single-digit decline in retail sales (vs low single-digit growth in 2Q26). By segment, Anta Core and Anta Kids recorded high single-digit and low single-digit offline declines respectively, while online sales were broadly flat. Management attributed the weakness to softer consumption and extreme weather, which weighed on traffic and customer conversion. Looking ahead, management will focus on increasing its shopping mall penetration, optimising store operations, and consolidating its street-store network through the Beacon Store programme in lower-tier cities.
- In 3Q26, Fila recorded a low single-digit decline in retail sales (vs low single-digit growth in 2Q26). Within the offline channel, Fila Core and Fila Kids recorded mid-single-digit and low single-digit declines respectively, while Fila Fusion posted mid-single-digit growth, supported by a low base, as the brand underwent a business transition last year and recorded a low-teens decline in 3Q25, as well as the merchandising adjustments this year. For online channels, Fila recorded low single-digit growth, driven by promotional campaigns for its breathable shell jackets and China Open products.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	70,826	80,219	88,075	94,994	102,102
EBITDA	22,066	25,426	25,322	27,335	29,052
Operating profit	16,595	19,091	20,912	22,594	24,231
Net profit (rep./act.)	15,596	13,587	14,592	15,750	17,077
Net profit (adj.)	11,927	13,587	14,592	15,750	17,077
EPS (Fen)	413.7	480.0	523.1	564.6	612.2
PE (x)	15.5	13.4	12.3	11.4	10.5
P/B (x)	2.9	2.7	2.4	2.2	1.9
EV/EBITDA (x)	8.8	7.8	8.1	7.3	6.7
Dividend yield (%)	3.4	3.5	3.7	4.0	4.4
Net margin (%)	16.8	16.9	16.6	16.6	16.7
Net debt/(cash) to equity (%)	(51.0)	(45.5)	(33.6)	(38.2)	(42.3)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	21.1	21.3	20.9	20.1	19.5
Consensus net profit	-	-	15,283.1	16,251.5	17,946.9
UOBKH/Consensus (x)	-	-	0.95	0.97	0.95

Source: Anta Sports, Bloomberg, UOB Kay Hian

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BUY (Maintained)

Share Price	HK\$75.45
Target Price	HK\$112.20
Upside	+48.7%

Stock Data

Sector	Consumer Discretionary
Bloomberg ticker	2020 HK
Shares issued (m)	2,796.7
Market cap (HK\$m)	211,007.5
Market cap (US\$m)	26,890.2
3-mth avg daily t'over (US\$m)	72.4

Price Performance (%)

52-week high/low			HK\$89.30/HK\$66.85	
1mth	3mth	6mth	1yr	YTD
5.2	(1.7)	(11.9)	(12.0)	(6.3)

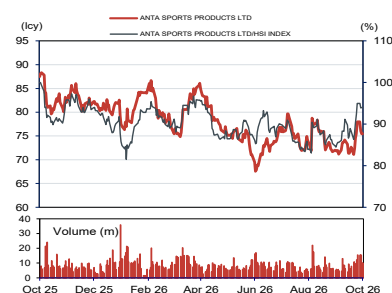
Major Shareholders (%)

Anta International Group Holdings Limited	53.35
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Balance Sheet Metrics

FY26 NAV/Share (Rmb)	26.50
FY26 Net Cash/Share (Rmb)	9.36

Price Chart



Source: Bloomberg

Company Description

Anta Sports is a leading sportswear company in China. The company has three brand groups: Performance sports brands, fashion sports brands and outdoor sports brands. By embracing an all-round brand portfolio including Anta, Fila, Descente, Kolon Sport and Maia Active, Anta Sports aims to unlock the potential of both the mass and high-end sportswear markets. The company also holds a 43.33% equity stake in Amer Sports, a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance and Atomic, and a 29.06% equity stake in Puma, making it Puma's largest shareholder.

- **All other brands maintained strong momentum; targeting 20% growth for Kolon in the next few years.** In 3Q26, other brands (excluding Jack Wolfskin) recorded 25-30% growth (vs 25-30% in 2Q26), with Descente/Kolon/Maia Active growing 15-20%/30%/over 30% respectively. For Kolon, same-store sales growth exceeded 15%. Looking ahead, management expects the brand to sustain around 20% growth over the next few years, and will prioritise brand health over rapid expansion by opening only 10-15 new stores per year and maintaining an all-channel discount of within 10%.
- **Inventory remained healthy with disciplined discounts.** As of end-3Q26, the Anta brand's inventory stood at around five months, flat yoy. Offline discount remained flat yoy at 29% off, and online discount deepened by 2ppt yoy to 52% off. For Fila Core, inventory was below six months, improving by 0.3 months yoy. Offline discount deepened by 2ppt yoy to 28% off, and online discount remained flat yoy at around 40% off.
- **Confident in achieving full-year retail sales targets with a solid start to 4Q26.** For 9M26, the Anta brand/Fila/all other brands recorded low single-digit/mid-single-digit/over 30% retail sales growth, respectively. Despite relatively weak performance in 3Q26, retail sales during the National Day Golden Week (1-7 October) grew by high single digits for the Anta brand, low teens for Fila and more than 20% for all other brands. Given that the guidance has already factored in a potentially softer consumption backdrop, management remains confident in achieving its full-year retail sales growth targets of low single-digit growth for the Anta brand, mid-single-digit for Fila, and over 20% for all other brands. In addition, for Double 11, management aims to maintain a disciplined promotional strategy. Hence, operating margin targets also remain unchanged at around 20% for the Anta brand, or around 16% excluding government subsidies and tax rebates which could be a swing factor, around 25% for Fila, and over 25% for all other brands.
- **Puma to focus on China first; Jack Wolfskin's new store performance tracking in line.** Following the completion of Puma's equity acquisition, two Anta nominees have already joined Puma's supervisory board. In the initial phase, management will focus on the China market, where Puma currently contributes only a small portion of its global revenue and could potentially double over time. For Jack Wolfskin, the new-image stores opened in September have performed in line with expectations throughout the Mid-Autumn and National Day holidays, with positive consumer feedback.

Retail Sales Growth Rate (yoy)

	Anta	Fila	Other brands
1Q22	(+) high-teens	(+) mid-SD	(+) 40-45%
2Q22	(-) mid-SD	(-) high-SD	(+) 20-25%
3Q22	(+) mid-SD	(+) low-teens	(+) 40-45%
4Q22	(-) high-SD	(-) low-teens	(+) low-teens
1Q23	(+) mid-SD	(+) high-SD	(+) 75-80%
2Q23	(+) high-SD	(+) high-teens	(+) 70-75%
3Q23	(+) high-SD	(+) low-teens	(+) 45-50%
4Q23	(+) high-teens	(+) 25-30%	(+) 55-60%
1Q24	(+) mid-SD	(+) high-SD	(+) 25-30%
2Q24	(+) high-SD	(+) mid-SD	(+) 40-45%
3Q24	(+) mid-SD	(-) low-SD	(+) 45-50%
4Q24	(+) high-SD	(+) high-SD	(+) 50-55%
1Q25	(+) high-SD	(+) high-SD	(+) 65-70%
2Q25	(+) low-SD	(+) mid-SD	(+) 50-55%
3Q25	(+) low-SD	(+) low-SD	(+) 45-50%
4Q25	(-) low-SD	(+) mid-SD	(+) 35-40%
1Q26	(+) high-SD	(+) low-teens	(+) 40-45%
2Q26	(+) low-SD	(+) low-SD	(+) 25-30%
3Q26	(-) mid-SD	(-) low-SD	(+) 25-30%

Source: Anta Sports, UOB Kay Hian

Earnings Revision/Risk

- **No earnings revisions.**
- Risks: a) Weaker-than-expected retail sales growth, and b) further discounting.

Valuation/Recommendation

- **Maintain BUY; keep target price unchanged at HK\$112.20.** We roll over our DCF-based target price to 2027, and the target price remains unchanged at HK\$112.20. Our target price implies 18.3x 2026F PE and 17.0x 2027F PE. The stock currently trades at 12.3x 2026F PE and 11.4x 2027F PE.

Profit & loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	80,219.0	88,075.5	94,994.4	102,101.7
EBITDA	25,426.0	25,321.9	27,334.5	29,052.2
Deprec. & amort.	6,335.0	4,410.1	4,740.4	4,821.1
EBIT	19,091.0	20,911.8	22,594.2	24,231.2
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	1,203.0	1,203.0	1,370.2	1,534.6
Net interest income/(expense)	1,151.0	915.7	894.0	1,186.2
Pre-tax profit	21,445.0	23,030.5	24,858.3	26,952.0
Tax	(5,784.0)	(6,211.3)	(6,704.3)	(7,269.0)
Minorities	(2,074.0)	(2,227.2)	(2,404.0)	(2,606.5)
Net profit	13,587.0	14,591.9	15,750.0	17,076.6
Net profit (adj.)	13,587.0	14,591.9	15,750.0	17,076.6

Cash flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	20,996.0	20,693.0	22,080.2	23,672.1
Pre-tax profit	21,445.0	23,030.5	24,858.3	26,952.0
Tax	(5,784.0)	(6,211.3)	(6,704.3)	(7,269.0)
Deprec. & amort.	6,335.0	4,410.1	4,740.4	4,821.1
Associates	0.0	0.0	0.0	0.0
Working capital changes	(1,368.0)	(536.3)	(814.2)	(832.0)
Non-cash items	275.0	0.0	0.0	0.0
Other operating cashflows	(450.0)	0.0	(0.0)	0.0
Investing	(7,046.0)	(19,800.0)	(7,500.0)	(7,500.0)
Capex (growth)	(2,716.0)	(4,500.0)	(4,500.0)	(4,500.0)
Investments	(2,185.0)	(17,800.0)	(5,500.0)	(5,500.0)
Others	(2,078.0)	2,500.0	2,500.0	2,500.0
Financing	(13,116.0)	(5,492.7)	(14,812.9)	(15,563.9)
Dividend payments	(6,596.0)	(6,460.7)	(6,958.9)	(7,531.1)
Proceeds from borrowings	302.0	12,500.0	4,500.0	3,500.0
Loan repayment	(1,641.0)	(11,532.0)	(12,354.0)	(11,532.8)
Others/interest paid	(5,181.0)	0.0	0.0	0.0
Net cash inflow (outflow)	834.0	(4,599.7)	(232.7)	608.2
Beginning cash & cash equivalent	11,390.0	12,181.0	7,581.3	7,348.6
Changes due to forex impact	(43.0)	0.0	0.0	0.0
Ending cash & cash equivalent	12,181.0	7,581.3	7,348.6	7,956.8

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,366.0	5,876.2	6,146.3	6,416.5
Other LT assets	59,273.0	74,152.7	76,642.2	79,051.0
Cash/ST investment	12,181.0	7,581.3	7,348.6	7,956.8
Other current assets	47,475.0	49,333.7	51,130.8	52,965.2
Total assets	124,295.0	136,943.9	141,268.0	146,389.4
ST debt	11,532.0	12,354.0	11,532.8	4,906.6
Other current liabilities	21,826.0	23,148.4	24,131.3	25,133.7
LT debt	11,770.0	11,916.0	4,883.2	3,476.6
Other LT liabilities	6,762.0	6,762.0	6,762.0	6,762.0
Shareholders' equity	65,782.0	73,913.2	82,704.4	92,249.8
Minority interest	6,623.0	8,850.2	11,254.2	13,860.7
Total liabilities & equity	124,295.0	136,943.9	141,268.0	146,389.4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	31.7	28.8	28.8	28.5
Pre-tax margin	26.7	26.1	26.2	26.4
Net margin	16.9	16.6	16.6	16.7
ROA	11.5	11.2	11.3	11.9
ROE	21.3	20.9	20.1	19.5
Growth				
Turnover	13.3	9.8	7.9	7.5
EBITDA	15.2	(0.4)	7.9	6.3
Pre-tax profit	(2.0)	7.4	7.9	8.4
Net profit	13.9	7.4	7.9	8.4
Net profit (adj.)	13.9	7.4	7.9	8.4
EPS	16.0	9.0	7.9	8.4
Leverage				
Debt to total capital	27.2	25.9	16.6	8.4
Debt to equity	36.5	34.7	21.0	9.6
Net debt/(cash) to equity	(45.5)	(33.6)	(38.2)	(42.3)

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