Anta Sports (2020 HK)

1H26 Retails Sales Ahead Of Full-Year Guidance; Conservative Outlook For 2H26; 3Q26 Tailwinds But Weather Could Be A Swing Factor

Highlights

- In 2Q26, both the Anta brand and Fila experienced decelerated retail sales momentum vs 1Q26, with pressure persisting particularly in the offline channel and growth driven mainly by the online channel. For 1H26, the Anta brand's performance was ahead of the full-year guidance, while Fila tracked in line, and all other brands remained strong, exceeding guidance.
- Looking ahead to 2H26, management maintains a conservative outlook. Although tailwinds exist for 3Q26, including a low base and the Mid-Autumn Festival falling within the quarter, tepid consumer demand and adverse weather are likely to be the swing factors, with a potential warm winter posing risks to 4Q26 winter product sales. Management remains confident in achieving its full-year retail sales guidance.
- Maintain BUY and raise target price by 8% to HK$107.90.

Analysis

- **The Anta brand's 2Q26 retail sales in line; 1H26 performance ahead of the full-year guidance.** In 2Q26, the Anta brand recorded low single-digit retail sales growth (vs high single-digit growth in 1Q26). By channel, both Anta Core and Anta Kids experienced offline declines, while a strong 618 performance drove a low-teens online growth, reflecting the initial results of online business adjustments. For 1H26, the Anta brand recorded mid-single-digit growth, ahead of its full-year guidance of low single-digit growth, with both Anta Core and Anta Kids posting low single-digit growth offline and the online business expanding at low-teens.
- **Fila's 1H26 performance in line with the full-year guidance.** In 2Q26, Fila recorded low single-digit retail sales growth (vs low-teens growth in 1Q26). For the offline channel, Fila Core and Fila Kids declined, while Fila Fusion posted mid-single-digit growth, supported by a higher outdoor product mix amid adverse weather in April-May. For the online channel, a strong 618 saw Fila again rank first in its category on both Tmall and Douyin, achieving low-teens growth with slightly improved discount levels. For 1H26, Fila delivered mid-single-digit growth, tracking in line with its full-year guidance.

Key Financials

Year to 31 Dec (Rmbm)	2024	2025	2026F	2027F	2028F
Net turnover	70,826	80,219	87,173	93,779	100,978
EBITDA	22,066	25,426	26,354	27,905	29,347
Operating profit	16,595	19,091	20,345	21,971	23,588
Net profit (rep./act.)	15,596	13,587	14,422	15,401	16,678
Net profit (adj.)	11,927	13,587	14,422	15,401	16,678
EPS (Fen)	413.7	480.0	517.0	552.1	597.9
PE (x)	15.5	13.4	12.4	11.6	10.7
P/B (x)	2.9	2.7	2.4	2.2	2.0
EV/EBITDA (x)	8.8	7.8	7.7	7.0	6.3
Dividend yield (%)	3.4	3.5	3.7	3.9	4.3
Net margin (%)	16.8	16.9	16.5	16.4	16.5
Net debt/(cash) to equity (%)	(51.0)	(45.5)	(37.2)	(44.2)	(50.0)
Interest cover (x)	n.a.	n.a.	n.a.	n.a.	n.a.
ROE (%)	21.1	21.3	20.7	19.7	19.2
Consensus net profit	-	-	14,379.1	16,090.5	18,201.7
UOBKH/Consensus (x)	-	-	1.00	0.96	0.92

Source: Anta Sports, Bloomberg, UOB Kay Hian

BUY (Maintained)	
Share Price	HK$74.15
Target Price	HK$107.90
Upside	+45.5%
Previous TP	HK$99.70

Analyst(s)

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Stock Data

GICS sector	Consumer Discretionary
Bloomberg ticker:	2020 HK
Shares issued (m):	2,796.7
Market cap (HK$m):	207,371.8
Market cap (US$m):	26,449.1
3-mth avg daily t'over (US$m):	72.0

Price Performance (%)

52-week high/low				HK$106.30/ HK$66.85
1mth	3mth	6mth	1yr	YTD
1.2	(11.9)	(8.6)	(19.3)	(7.9)

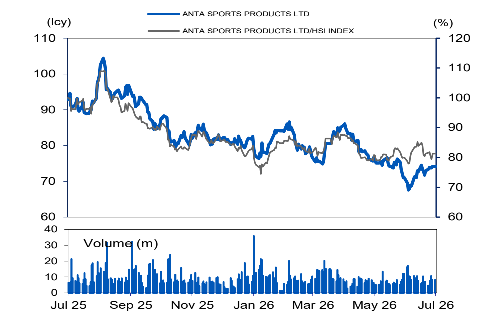
Major Shareholders

	%
Anta International Group Holdings Limited	53.17

Balance Sheet Metrics

FY26 NAV/Share (Rmb)	26.45
FY26 Net Cash/Share (Rmb)	10.33

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 43.33% equity stake of Amer Sports, a global group of iconic sports and outdoor brands, including Arc'teryx, Salomon, Wilson, Peak Performance, and Atomic.

- **All other brands maintained strong momentum.** In 2Q26, all other brands (excluding Jack Wolfskin) recorded 25-30% growth, with Descente/Kolon/Maia Active growing around 20%/over 40%/over 25% growth, respectively. For 1H26, the segment recorded 35-40% growth, above its full-year guidance of over 20% growth.

  For Jack Wolfskin, management noted that the reformation in China is progressing ahead of expectations, with new image stores and product launches scheduled for early-October, while Europe remains in line with expectations. Jack Wolfskin is expected to post a similar loss in 2026 compared to last year (reflecting a narrowing trend, as last year's results only consolidated seven months). Management targets the China business to turn profitable in 2026, with the global business expected to turn profitable from 2027.

- **Inventory and discounts remained healthy.** As of end-2Q26, the Anta brand's inventory stood at five months, flat yoy, with offline discount at 28% off, broadly flat yoy, and online discount at around 50% off, deepening by 2ppt yoy due to a longer 618 period. Fila's inventory was below five months, improving by 0.3 months yoy, with offline discount at 27% off, deepening by 1ppt yoy, and online discount at around 40% off, flat yoy. Other brands maintained inventory levels below four months, with discounts across channels at less than 10% off.

- **Conservative outlook for 2H26; tailwinds to come in 3Q26 but weather and consumer confidence could be swing factors; management confident in achieving full-year guidance.** Looking ahead to 2H26, management maintains a conservative outlook. Although tailwinds exist for 3Q26, including a low base (both the Anta brand and Fila recorded only low single-digit growth in 3Q25) and the Mid-Autumn Festival (25-27 September) falling within the quarter, tepid consumer demand and adverse weather are likely to be the swing factors, with a potential warm winter posting risks to 4Q26 winter product sales. Management remains confident in achieving its full-year retail sales guidance of low single-digit growth for the Anta brand, mid-single-digit growth for Fila and over 20% growth for other brands, which we view as conservative.

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%

Source: Anta Sports, UOB Kay Hian

Earnings Revision/Risk

- **We raise our 2026/27 earnings forecasts by 2%/4%, respectively.** We raise our 2026/27 revenue forecasts by 3%/4%, respectively, to reflect slightly stronger retail sales momentum. We raise our 2026/27 gross margin estimates slightly by 0.1ppt/0.2ppt, respectively, to reflect the well-controlled discount level. We raise our 2026/27 selling and distribution expense ratios slightly by 0.1ppt/0.1ppt, respectively, to reflect the increased A&P expenses this year. Thus, our 2026/27 earnings forecasts are raised by 2%/4%, respectively.

Valuation/Recommendation

- **Maintain BUY and raise target price by 8% to HK$107.90.** We raise our DCF-based target price by 8% to HK$107.90. Our target price implies 18.6x 2026F PE and 17.4x 2027F PE. The stock currently trades at 12.4x 2026F PE and 11.6x 2027F PE.

Profit & Loss

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Net turnover	80,219.0	87,173.4	93,779.0	100,978.3
EBITDA	25,426.0	26,353.6	27,905.4	29,346.7
Deprec. & amort.	6,335.0	6,008.9	5,934.1	5,758.5
EBIT	19,091.0	20,344.7	21,971.3	23,588.2
Total other non-operating income	0.0	0.0	0.0	0.0
Associate contributions	1,203.0	1,203.0	1,263.2	1,326.3
Net interest income/(expense)	1,151.0	1,214.5	1,073.7	1,407.9
Pre-tax profit	21,445.0	22,762.2	24,308.1	26,322.4
Tax	(5,784.0)	(6,139.0)	(6,555.9)	(7,099.2)
Minorities	(2,074.0)	(2,201.3)	(2,350.8)	(2,545.6)
Net profit	13,587.0	14,421.9	15,401.4	16,677.7
Net profit (adj.)	13,587.0	14,421.9	15,401.4	16,677.7

Balance Sheet

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Fixed assets	5,366.0	5,265.9	4,964.4	4,662.8
Other LT assets	59,273.0	72,164.2	73,031.6	74,074.6
Cash/ST investment	12,181.0	284.9	4,825.7	11,936.5
Other current assets	47,475.0	48,928.7	50,309.4	51,814.3
Total assets	124,295.0	126,643.7	133,131.1	142,488.2
ST debt	11,532.0	8,062.0	4,724.8	2,889.9
Other current liabilities	21,826.0	22,999.9	24,131.9	25,349.5
LT debt	11,770.0	6,208.0	3,983.2	2,093.3
Other LT liabilities	6,762.0	6,762.0	6,762.0	6,762.0
Shareholders' equity	65,782.0	73,787.5	82,354.2	91,672.9
Minority interest	6,623.0	8,824.3	11,175.1	13,720.7
Total liabilities & equity	124,295.0	126,643.7	133,131.1	142,488.2

Cash Flow

Year to 31 Dec (Rmbm)	2025	2026F	2027F	2028F
Operating	20,996.0	22,352.3	23,437.6	24,694.5
Pre-tax profit	21,445.0	22,762.2	24,308.1	26,322.4
Tax	(5,784.0)	(6,139.0)	(6,555.9)	(7,099.2)
Deprec. & amort.	6,335.0	6,008.9	5,934.1	5,758.5
Associates	0.0	0.0	0.0	0.0
Working capital changes	(1,368.0)	(279.8)	(248.7)	(287.2)
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)	(18,800.0)	(6,500.0)	(6,500.0)
Capex (growth)	(2,716.0)	(3,500.0)	(3,500.0)	(3,500.0)
Investments	(2,185.0)	(17,300.0)	(5,000.0)	(5,000.0)
Others	(2,078.0)	2,000.0	2,000.0	2,000.0
Financing	(13,116.0)	(15,448.4)	(12,396.8)	(11,083.8)
Dividend payments	(6,596.0)	(6,416.4)	(6,834.8)	(7,359.0)
Proceeds from borrowings	302.0	2,500.0	2,500.0	1,000.0
Loan repayment	(1,641.0)	(11,532.0)	(8,062.0)	(4,724.8)
Others/interest paid	(5,181.0)	0.0	0.0	0.0
Net cash inflow (outflow)	834.0	(11,896.1)	4,540.8	7,110.8
Beginning cash & cash equivalent	11,390.0	12,181.0	284.9	4,825.7
Changes due to forex impact	(43.0)	0.0	0.0	0.0
Ending cash & cash equivalent	12,181.0	284.9	4,825.7	11,936.5

Key Metrics

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Profitability				
EBITDA margin	31.7	30.2	29.8	29.1
Pre-tax margin	26.7	26.1	25.9	26.1
Net margin	16.9	16.5	16.4	16.5
ROA	11.5	11.5	11.9	12.1
ROE	21.3	20.7	19.7	19.2
Growth				
Turnover	13.3	8.7	7.6	7.7
EBITDA	15.2	3.6	5.9	5.2
Pre-tax profit	(2.0)	6.1	6.8	8.3
Net profit	13.9	6.1	6.8	8.3
Net profit (adj.)	13.9	6.1	6.8	8.3
EPS	16.0	7.7	6.8	8.3
Leverage				
Debt to total capital	27.2	16.1	9.7	5.3
Debt to equity	36.5	20.4	11.2	5.7
Net debt/(cash) to equity	(45.5)	(37.2)	(44.2)	(50.0)