



**UNDER ARMOUR®**

**LILLIAN BUI - GAURAV SAINI**

# Company Overview

- Founded 1996, Kevin Plank
- Cotton soaks sweat
- Created and sold moisture-wicking performance apparel
- Keep athletes:
  - cool in warm weather
  - warm in cool weather
  - dry and light during performance
- Now a global leader in performance apparel
- ~ \$3+ billion company



# Industry Overview

- Sportswear industry
- Demands increasing for more versatile apparel
- Current established brands compete by producing new styles
  - Nike, Puma, Adidas
- Opportunity for new brands to enter market
  - “Athleisurewear” - Lululemon, PINK



# Key Competitor: Columbia Sportswear

- Over 70 years old
- Founded by Paul Lamfrom - father of current chairman Gert Boyle
- Born, raised, still operates in Portland, Oregon
- Focus: keep people cool, warm, dry, protected
- ~ \$4+ billion company



# Company Financial Overview

- Surpassed Adidas to become 2nd most popular Sportswear company
- Revenue in 2014: \$3.04 Billion
- Expected Revenue in 2025: \$20 Billion
- Employees
  - Part Time: 6400
  - Full Time: 4300
- More than 25,000 retail stores worldwide
- Purchased apps
  - my fitness pal
  - map my fitness

# Profitability Ratios

Profitability Ratios	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
Operating Margin (TTM)	10.23	9.75	10.45
Operating Margin (for past 5 years)	11.27	8.15	12.36
Net Profit Margin (TTM)	5.82	6.65	7.97
Net Profit Margin (for past 5 years)	6.79	5.98	9.01

**Operating Margin:** Under Armour generally better than Columbia, but not quite as good as industry

**Net Profit Margin:** Under Armour has been more profitable than Columbia, but not during this past year - both are below industry average

# Management Effectiveness

Management Effectiveness	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
Return on Equity (TTM)	15.39	10.83	15.45
Return on Equity (for past 5 years)	17.10	9.05	23.31
Return on Assets (TTM)	8.56	8.39	9.54
Return on Assets (for past 5 years)	11.76	7.2	13.23

Both companies underperform compared to the industry, but Under Armour is still more profitable than Columbia

# Efficiency

Efficiency	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
Asset Turnover (TTM)	1.45	1.26	0.88
Inventory Turnover (TTM)	2.52	2.31	1.78

Both companies are higher than industry average, but Under Armour is still selling more in a single period than Columbia is, showing that Under Armour is more efficient than Columbia.



# Financial Strength Ratios (MRQ)

Financial Strength Ratios (MRQ)	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
Current Ratio	2.09	3.24	1.96
Quick Ratio	1.07	1.79	0.88
Total Debt-Equity	58.93	--	15.51
Long Term Debt-Equity	36.64	--	7.18

Columbia Sportswear has more liquid assets available to cover current liabilities. Both companies are higher than the industry average.

# Growth Rates

Growth Rates	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
Sales Growth (TTM) vs. 1 year ago	28.41	22.55	15.67
Sales Growth (for past 5 years)	29.21	11.05	14.46
EPS (TTM) vs. 1 year ago	14.22	29.76	n/a
EPS Growth (for past 5 years)	32.65	14.50	18.41

Over the past 5 years, Under Armour has grown more than Columbia Sportswear and the industry average.

# Valuation

Valuation	Under Armour (NYSE: UA)	Columbia (NASDAQ: COLM)	Industry
P/E Ratio (TTM)	99.13	27.64	27.32
P/E High (for past 5 years)	71.60	28.98	37.30
P/E Low (for past 5 years)	39.14	15.39	18.13
Beta	0.60	1.35	0.82
Price/Sales (TTM)	5.60	1.75	3.13
Price/Cash Flow (TTM)	67.32	18.84	20.19

Under Armour is valued much higher than Columbia Sportswear and is also less volatile than Columbia and the market.

# Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"><li>● Profitable - good sales</li><li>● Runaway growth</li><li>● Great Advertising</li><li>● Their endorsed athletes are on top of their respected sport</li><li>● Bright Future</li></ul>	<ul style="list-style-type: none"><li>● Lack of presence overseas</li><li>● Significantly Behind Nike</li></ul>

