

Business analysis report

Business coverage in 2025 sketches a company executing the hard parts—price discipline, inventory control, margin work—while getting punched by demand softness and tariff volatility. In February, Reuters documented a credible early win: founder-CEO Kevin Plank’s full-price push expanded quarterly gross margin +240 bps to 47.5% and nudged guidance up; William Blair’s Sharon Zackfia called the reset a “meaningful catalyst,” but warned it “will take time to unfold” (Mistry, 2025).

By May, Reuters again flagged progress—Q4 gross margin +170 bps to 46.7% on tighter promotions and fresher assortments—while cautioning that management wouldn’t give a full-year view amid trade uncertainty. Analysts split the difference: Sky Canaves at eMarketer said the strategy of shedding low-value sales is “still playing out,” and Drake MacFarlane at MScience argued a “more premium and less promotional” mix could tap a more resilient buyer even in a soft macro (Kanatt & Mishra, 2025).

The summer turn exposed fragility. On Aug. 8, Reuters reported Under Armour’s outlook: sales to decline more sharply, ~\$100M incremental tariff costs, and a 340–360 bps gross-margin hit expected in the current quarter—shares fell roughly 18–20% on the day. Canaves sharpened the bear case: “there’s still little sign of a reversal” in revenue declines or profitability (Kanatt, 2025). Investopedia headlined the same session: stock –18%, \$2.6M quarterly loss vs. a small profit expected; CFO Dave Bergman said full-year profits could be half last year’s level, with pricing and supplier shifts unlikely to help before next fiscal (Trangle, 2025). Retail Dive distilled the call even more bluntly: “tariffs will halve UA’s profitability this year,” while management leans on selective price increases and SKU discipline (Salpini, 2025). Forward-looking work from S&P Global Market Intelligence (Visible Alpha) frames expectations soberly: third straight revenue decline in FY2026 (~–4%) with losses narrowing, then a return to profit in 2027 as the “Brand First” restructuring works through the P&L (Savla, 2025).

Media gives Under Armour credit for doing unglamorous blocking and tackling—pricing power where it exists, fewer promos, cleaner inventory—and calls out execution consistency. The negative thread is not one villain but a stack: tariff noise, U.S. demand softness (especially footwear), and brand heat still rebuilding. Net, 2025 coverage treats the turnaround as probationary: operational gains are real; the burden of proof is sustained demand (and storytelling) that lets premiumization stick without over-relying on price. That’s the needle investors—and parents buying kids’ gear—are watching.

Reference

Kanatt, N. J. (2025, August 8). *Under Armour expects sales to fall more as US tariffs could hit demand*. Reuters.

Kanatt, N. J., & Mishra, S. (2025, May 13). *Under Armour to hike prices amid tariff woes after quarterly revenue beat*. Reuters.

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Salpini, C. (2025, August 8). *Tariffs will halve Under Armour’s profitability this year*. Retail Dive.

Savla, H. (2025, October 6). *Under Armour braces for 2026 sales drop as turnaround efforts continue*. S&P Global Market Intelligence.

Trangle, S. (2025, August 8). *Under Armour stock plunges as retailer projects 50% hit to full-year profits*. Investopedia.