



NIKE.inc

EQUITY RESEARCH REPORT

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Market	Profile
Metric	Value
Market Capitalization	\$84.2 Billion
Outstanding Shares	1.476 Billion
52-Week High	\$98.04
52-Week Low	\$52.28
NASDAQ Ticker	NKE
EV/EBITDA	32.4
EV/Sales	101.4
P/E Ratio	30.08

COMPANY OVERVIEW

Introduction

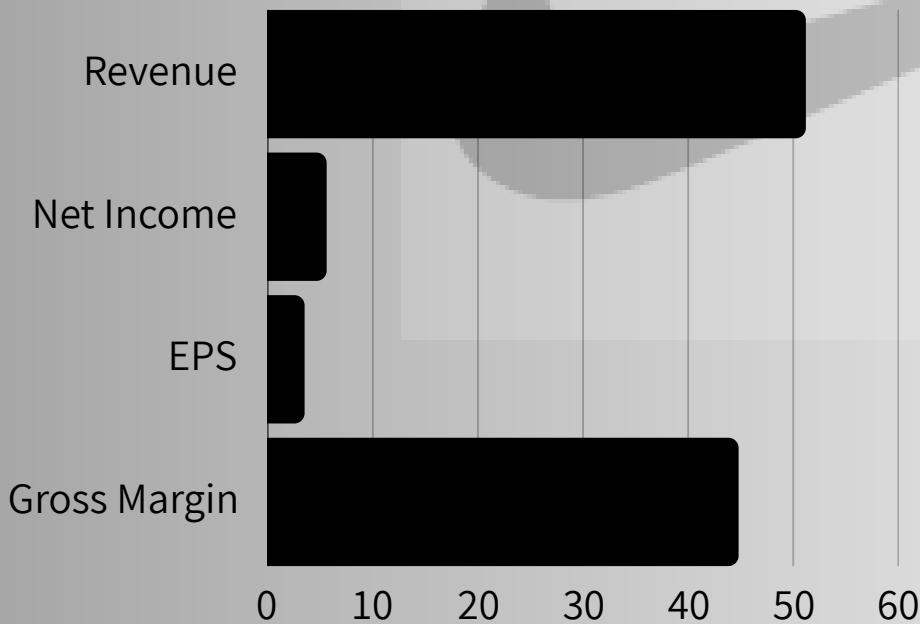
Nike, Inc. (NYSE: NKE) is a global leader in athletic footwear, apparel, equipment, and accessories. With a strong brand portfolio, innovative product pipeline, and extensive global reach, Nike continues to dominate the sportswear industry. This report provides an in-depth analysis of Nike's financial performance, competitive positioning, growth prospects, and valuation. Nike has achieved global recognition for its innovative designs, high-quality materials, and iconic logo, solidifying its position as a top choice for athletes and fitness enthusiasts. The brand offers a wide variety of products tailored to different sports and activities, cementing its reputation as a leader in the sports and fitness industry. Known for its commitment to innovation and excellence, Nike consistently inspires and empowers athletes at every level. The company's presence is undeniable worldwide, and its famous slogan, "Just Do It," is instantly recognizable across the globe.





Company Detail

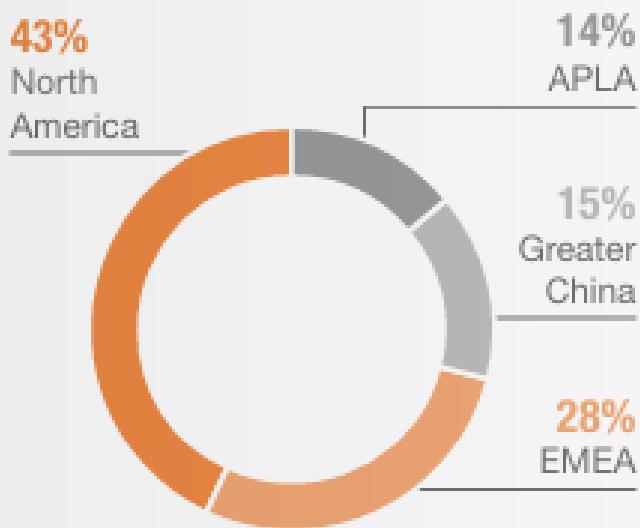
- Founded: 1964 (originally as Blue Ribbon Sports, rebranded to Nike in 1971)
- Headquarters: Beaverton, Oregon, USA
- CEO: John Donahoe
- Core Products: Footwear, apparel, equipment, and accessories
- Key Brands: Nike, Jordan, Converse



Financial Performance

- Revenue: \$51.2 billion (FY2024)
- Net Income: \$5.6 billion
- EPS: \$3.58
- Gross Margin: 44.8%
- Key Growth Regions: North America, Greater China, EMEA

Mission Statement: "Bring inspiration and innovation to every athlete* in the world. (*If you have a body, you are an athlete.)"



Key Quotes from Management:

On Digital Transformation:

"Our investments in digital platforms are driving higher customer retention and lifetime value."

"The Nike App is now a cornerstone of our direct-to-consumer strategy, with over 100 million active users globally."

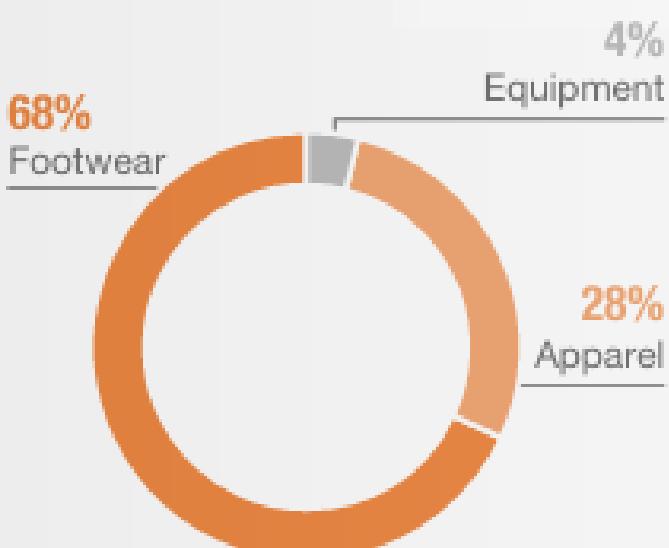
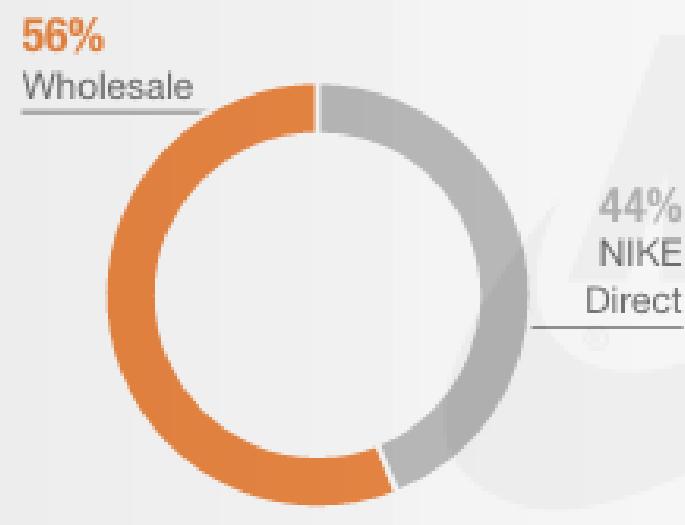
On Sustainability:

"We are on track to achieve our goal of 50% recycled materials in all products by 2025."

"Sustainability is not just a goal; it's a responsibility we owe to the next generation of athletes."

On Global Expansion:

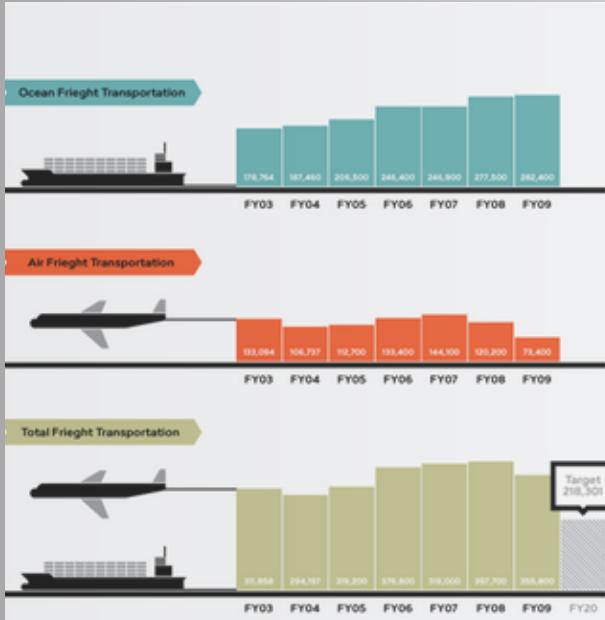
"Emerging markets, particularly in Asia and Latin America, represent significant growth opportunities for Nike. We are committed to building a more inclusive brand that resonates with diverse audiences worldwide."



On Financial Performance:

"Our strong balance sheet allows us to invest in innovation while returning value to shareholders through dividends and buybacks."

"We expect mid-single-digit revenue growth for FY2025, driven by our DTC and digital initiatives."



Operational Updates

Supply Chain Optimization:

Implemented AI-driven logistics systems to reduce delivery times and improve inventory management.

Diversified manufacturing locations to mitigate risks from geopolitical tensions.

Marketing and Branding:

Launched a global campaign featuring top athletes to promote the new product lineup.

Increased focus on social media and influencer partnerships to engage younger audiences.

Strengthened diversity and inclusion initiatives across all levels of the organization.

Future Outlook:

• FY2025 Priorities:

- Expand digital capabilities to enhance customer experience and drive higher conversion rates.
- Continue scaling sustainable practices across the supply chain and product lifecycle.

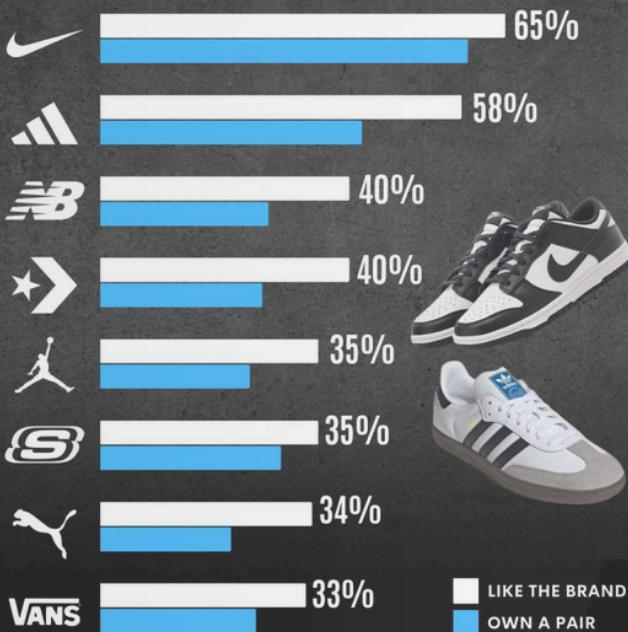
• Long-Term Goals:

- Achieve carbon neutrality by 2030.
- Grow DTC revenue to 50% of total sales by 2027.



INDUSTRY ANALYSIS

AMERICA'S FAVORITE SNEAKER BRANDS



COMPETITORS

The global athletic footwear, apparel, and equipment industry is highly competitive. We face competition from numerous companies specializing in athletic and leisure footwear, apparel, and sports equipment, as well as large diversified companies with broad product lines. Key competitors include adidas, Anta, ASICS, Deckers, Li Ning, Lululemon Athletica, New Balance, On, Puma, Under Armour, and V.F. Corporation, among others.

1. Adidas

Adidas is one of NIKE's primary competitors, offering a wide range of athletic footwear, apparel, and accessories. Known for its innovative products, such as Boost technology, and strong collaborations with celebrities like Kanye West, Adidas competes with NIKE in both performance and lifestyle segments.

2. ASICS

ASICS, headquartered in Kobe, Japan, specializes in performance running shoes and athletic apparel. Known for its advanced shoe technology and focus on comfort, ASICS maintains a strong presence in the U.S. market.





3. Skechers

Skechers, based in Manhattan Beach, California, focuses on lifestyle and performance footwear. It reported record revenue of \$8.97 billion in 2024, reflecting strong U.S. and international growth. Skechers' success is driven by comfort-focused designs, innovative product lines, and expanding global reach.

4. Deckers

Deckers, headquartered in Goleta, California, owns brands like Hoka and Ugg. It reported record revenue of \$4.29 billion in fiscal year 2024, driven by strong demand for Hoka's performance footwear and Ugg's lifestyle products. Deckers' growth reflects effective brand management and market positioning.

5. Crocs

Crocs, based in Broomfield, Colorado, is known for its foam-based clogs and casual footwear. In 2024, it reported \$4.1 billion in revenue and \$950 million in net income. Crocs' success comes from expanding product lines, strong brand loyalty, and increasing global market presence.

6. Lululemon

Lululemon, headquartered in Vancouver, Canada, specializes in premium athletic apparel for yoga, running, and training. It reported \$9.6 billion in revenue in 2024.



COMPANY ANALYSIS

Product Categories

Product Portfolio Organization:

Nike's products are organized into Men's, Women's, and Kids' segments, with specialized offerings under Jordan Brand (basketball-inspired) and Converse (casual sneakers and apparel). This structure caters to diverse consumer needs and drives growth in key markets.

Footwear and Apparel Focus:

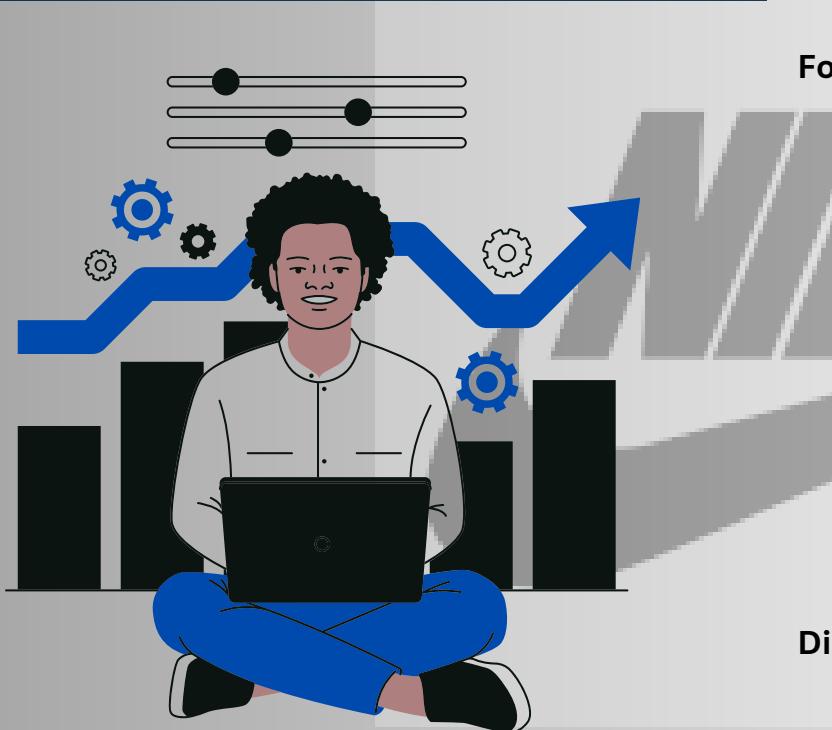
Nike's athletic footwear is designed for specific sports and casual wear, emphasizing innovation, performance, and durability. The apparel line mirrors this commitment, often marketed as coordinated collections by sport or activity, and includes licensed team apparel.

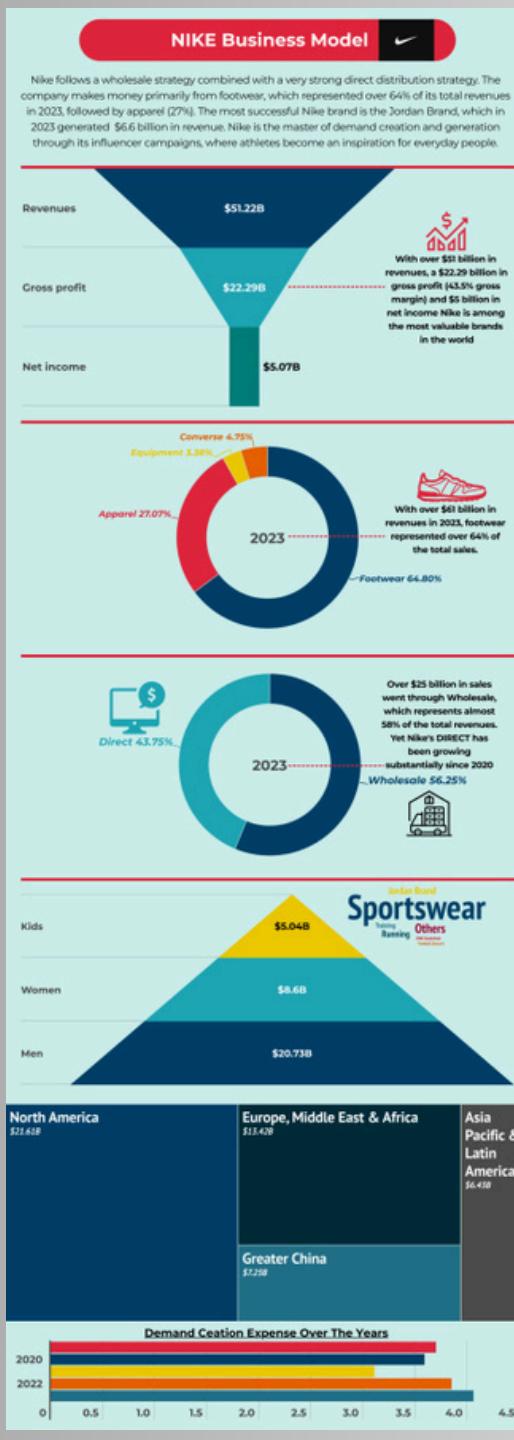
Digital and Consumer Experience:

Nike enhances consumer engagement through digital platforms, including fitness apps, interactive services, and in-store digital features.

Licensing and Subsidiaries:

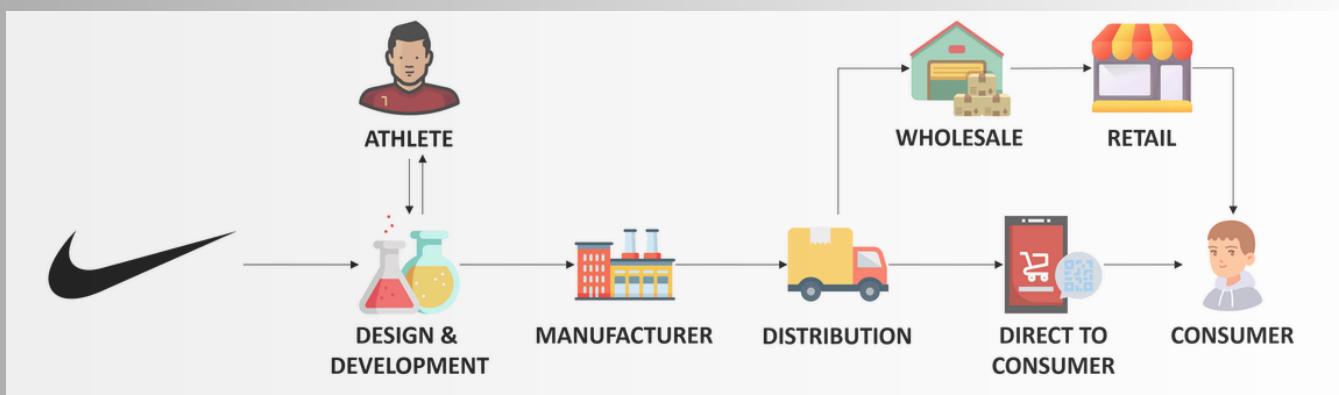
- Nike licenses its trademarks to third-party manufacturers for select products. The Jordan Brand and Converse operate as distinct entities within the portfolio, with Converse focusing on casual footwear.





NIKE BUSINESS MODEL

NIKE's revenue model is built on selling footwear, apparel, and equipment through a multi-channel approach, including direct-to-consumer (DTC) sales (online and physical stores) and wholesale partnerships. This omnichannel strategy ensures global reach and higher profit margins. Additionally, NIKE generates revenue through licensing agreements and collaborations with designers and celebrities, diversifying its income streams. The company reinvests its profits into product innovation, marketing, and sustainability efforts, solidifying its position as a global leader in athletic wear.





SWOT Analysis

Strengths:

1. Strong Brand Equity – Nike is one of the most recognizable and valuable brands globally, known for innovation and quality.
2. Global Distribution Network – Wide-reaching global presence with robust supply chain and retail infrastructure.

Weaknesses:

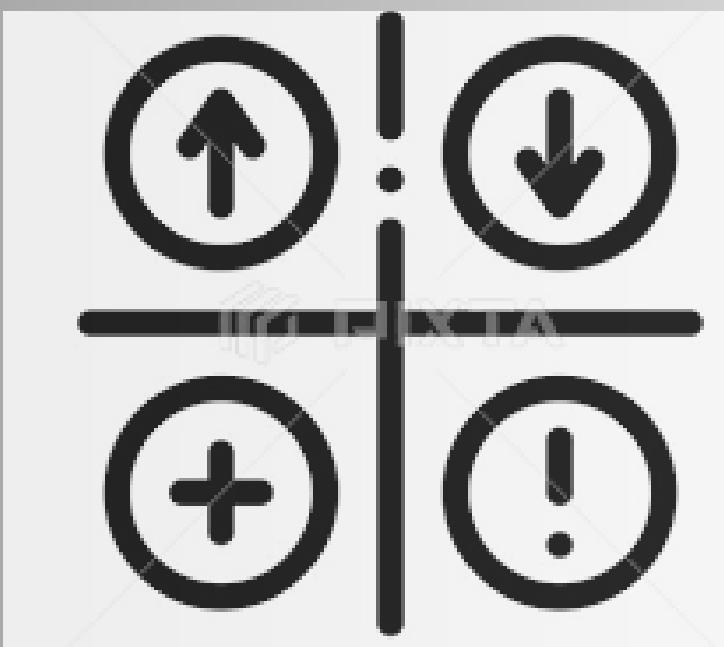
1. Dependence on Footwear Segment – A significant portion of revenue comes from footwear, making it vulnerable to market shifts.
2. High Product Prices – Premium pricing may alienate price-sensitive customers in emerging markets.

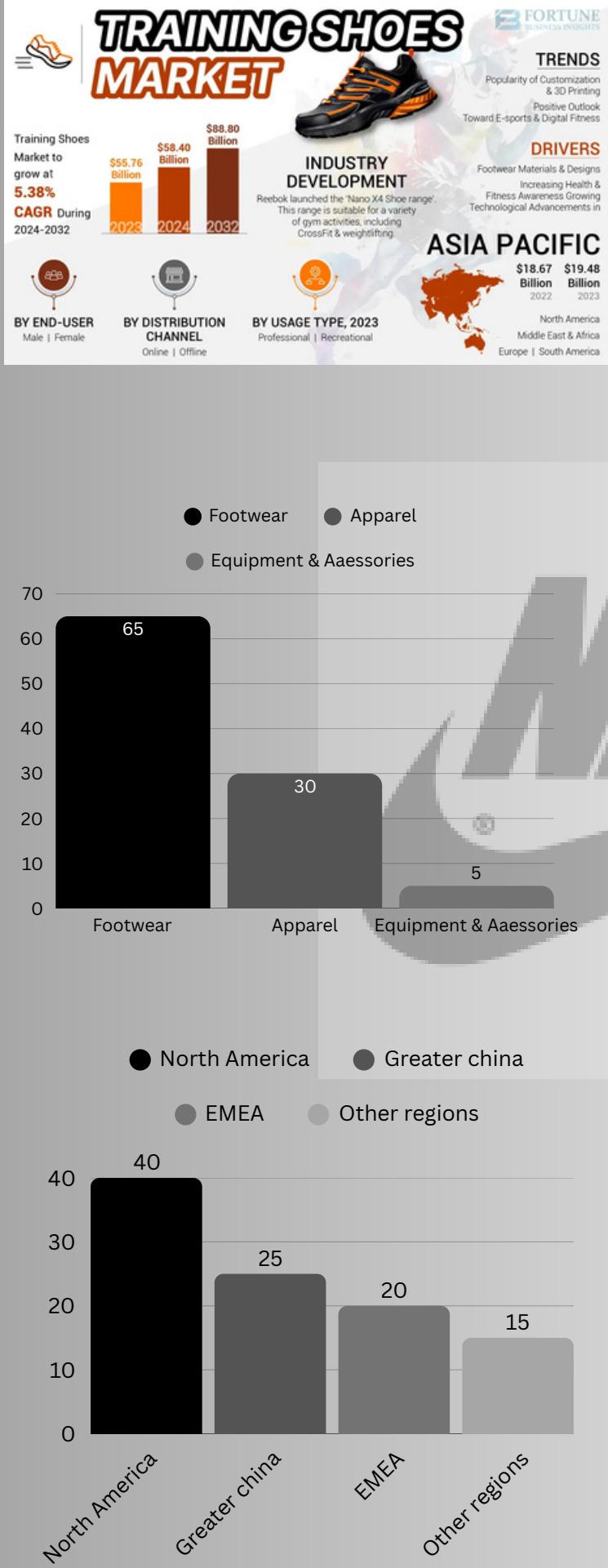
Opportunities:

1. Expansion in Emerging Markets – Rising middle-class populations offer growth potential in Asia.
2. Growth in Digital Sales & Fitness Tech – Increasing focus on e-commerce and integration of tech presents new avenues.

Threats:

1. Intense Competition – Competitors like Adidas, Puma, and constantly challenge market share.
2. Supply Chain Disruptions – Global crises can impact production and distribution.





Key Drivers of Performance

- Pricing Power:** NIKE's ability to implement strategic price increases has significantly contributed to gross margin expansion. This reflects the brand's strong market position and customer loyalty.
- Cost Management:** Effective cost management strategies, including lower ocean freight rates and reduced logistics costs, have helped offset higher product input costs, maintaining profitability.
- Digital Growth:** NIKE's digital platforms continue to gain traction, with digital sales accounting for a significant portion of Direct-to-Consumer (DTC) revenues. This shift towards digital channels enhances customer engagement and operational efficiency.
- Brand Strength:** NIKE's strong brand equity and global recognition enable it to command premium pricing and maintain a competitive edge in the market.
- Innovation and R&D:** Continuous investment in research and development allows NIKE to innovate in product design and technology, keeping the brand relevant and appealing to consumers.

RISK ANALYSIS

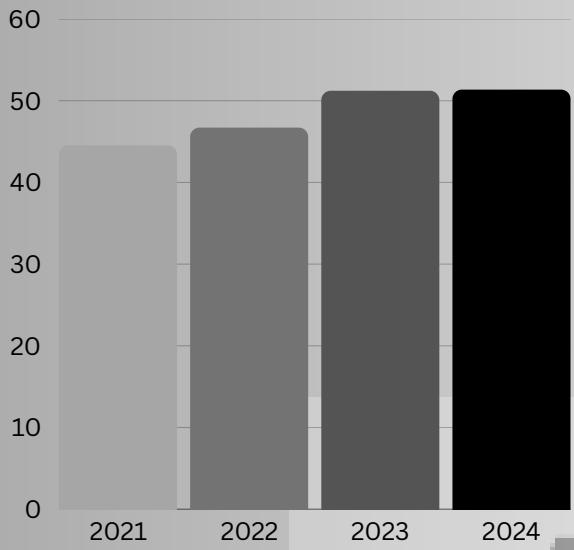


Challenges

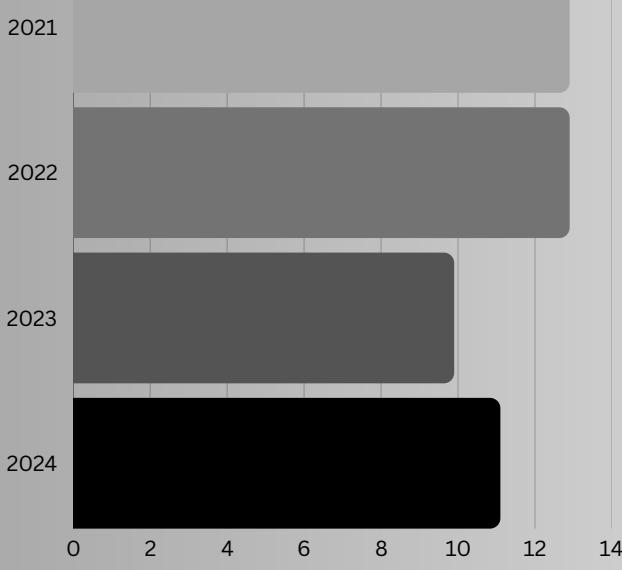
- **Currency Headwinds:** Unfavorable foreign exchange rates have negatively impacted revenues by \$141 million and reduced gross margin by 40 basis points, highlighting the vulnerability to global currency fluctuations.
- **Inventory Management:** While inventory levels decreased by 11% year-over-year to \$7.5 billion, reflecting improved supply chain management, it also indicates cautious consumer demand and potential challenges in aligning inventory with market needs.
- **Supply Chain Disruptions:** Ongoing global supply chain issues could pose risks to production timelines and cost structures, affecting overall operational efficiency.
- **Competitive Pressure:** Intense competition from both established brands and emerging players in the sportswear market could challenge NIKE's market share and pricing strategies.
- **Economic Uncertainty:** Macroeconomic factors such as inflation and economic slowdowns in key market.

FINANCIAL ANALYSIS

● 2021 ● 2022 ● 2023
● 2024



● 2021 ● 2022 ● 2023 ● 2024

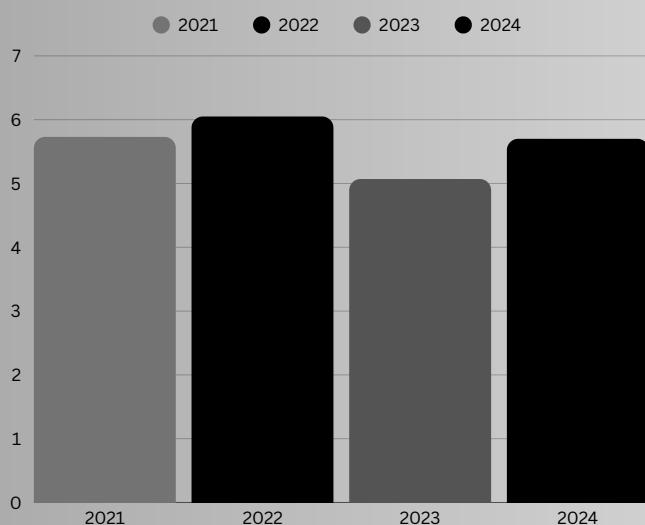
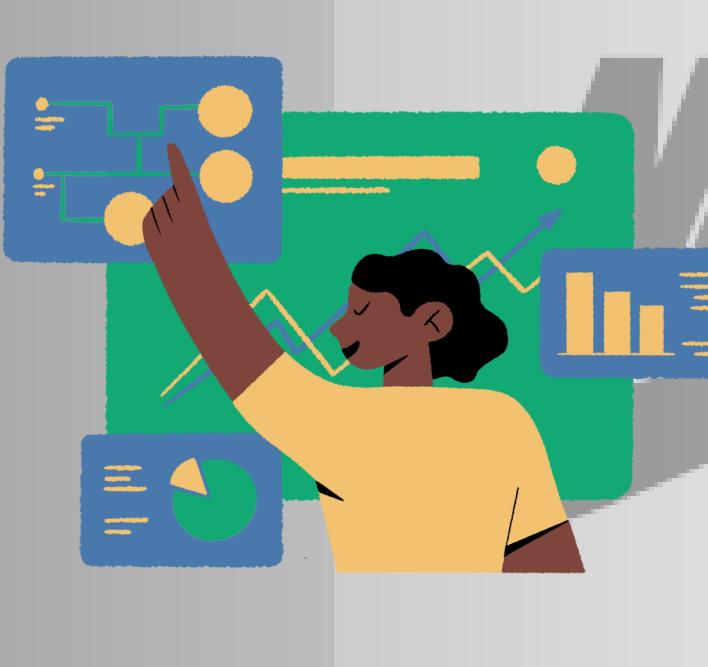


- Revenue Growth: The company experienced steady growth in revenue from \$39,117 million in 2019 to a peak of \$51,362 million in 2024, followed by a gradual decline to \$46,594 million by 2029.
- Gross Profit Stability: Gross profit followed a similar trend, peaking at \$22,887 million in 2024 and slightly tapering off thereafter, maintaining a relatively stable margin above \$20,000 million.
- EBIT Trends: EBIT improved significantly from \$4,772 million in 2019 to \$6,311 million in 2024, indicating improved operational efficiency. However, it gradually declined to \$5,764 million by 2029.
- Net Income Volatility: Net income showed notable fluctuations, rising from \$4,029 million in 2019 to a high of \$6,046 million in 2022, before dipping to \$4,009 million by 2029, reflecting variability in non-operating expenses and taxes.
- Cost Management: The slight decline in EBIT and net income post-2024 may be attributed to increasing operating expenses and fluctuating interest costs, signaling potential areas for cost optimization.

Date of Valuations		
Risk Free Rate		4.48% Alpha spread
Credit Rate		AA- S&P
Credit Spread		0.85%
Cost Of Debt (Rd)		5.33%
Cost Of Debt as per Book Value	(Interest expense / O/S Debt)	3.42%
O/S Debt = Long Term + Short Term		
	Interest	270.60
	LTD	6903
	STD	1000
Cost of Equity (Rating Based Method)		
Risk Free Rate		4.48%
Regression Beta		1.08
ERP (From Damodaran)		4.6%
Cost of Equity (Re)		9.45%
Cost of Equity (Historical Method)		
E(Rm)		12.82%
Rf		4.48%
ERP		8.34%
Calculation of WACC		
WACC	9.19%	
Tax Rate	14.07%	$\rightarrow \text{WACC} = Wd \times Rd \times (1-\text{Tax}) + We \times E$
Wd	5%	
We	95%	

Nike's WACC (Weighted Average Cost of Capital) is 9.19%.

- This means Nike needs to earn at least 9.19% on its investments to keep both its lenders and shareholders happy.
- To calculate WACC, we look at two main things:
 - The cost of equity, which is the return expected by shareholders (calculated as 9.45%), and
 - The cost of debt, which is the interest paid on loans (around 5.33%, before taxes).
- Since interest on debt gets tax benefits, the after-tax cost of debt is a bit lower.
- Nike funds most of its business using equity (95%) and only a small portion with debt (5%).
- Overall, this WACC tells us the average return Nike needs to make from its business activities. If Nike can earn more than 9.19%, it adds value to the company.



Discounted Cash Flow (DCF) Valuation – Nike Inc.

Amount in Million Cash Flow Sheet	1	2	3	4	5
	Eliminations				
	2025	2026	2027	2028	2029
EBIT	6193	6039	5929	5828	5764
Tax	14%	14%	14%	14%	14%
NOPAT	5321	5190	5095	5008	4953
(+) Non Cash Expenses (dep+amort)	884	845	817	792	776
(+/-) Net change in working capital	-803	291	210	192	120
(-) Capex	-803	291	210	192	120
FCFF (EXPLICTED CASH FLOW)	4600	6617	6332	6184	5970
WACC	9.19%				
Growth rate	2.12%				
PV of explicit cash flow		₹ 4,213	₹ 5,550	₹ 4,864	₹ 4,350
discount factor		0.9	0.8	0.8	0.7
Discount factor * fcff		4213	5550	4864	4350
Sum of pv explicit cash flow		22823			
	Gordon growth			Exit multiple	
Terminal Value	55556.10			114720.19	
pv of tv	35794.26			73913.12	
Operating EV	91350.37			188633.31	
Non operating assets					
Short-term investments	3234			3234	
Long-term investments	0			0	
Total value of firm	95541.37			192824.31	
Actual year					
Less: Debt & Debt E.	8903			8903	
Less: NCI	0			0	
Add: Cash	9860			9860	
Market Value	95541.37			192824.31	
DIS SHARE ASSUMING DILUTION	1529.7			1529.7	
Value per share	\$ 62.46			\$ 126.05	

- Free Cash Flow Forecast (2025–2029):
- Nike's future cash flows were estimated to grow from ₹4,600 million in 2025 to ₹5,970 million in 2029.
- Discounting the Cash Flows:
- These future amounts were brought to present value using a discount rate (WACC) of 9.19%, totaling ₹22,823 million.

- Terminal Value - Gordon Growth Method:
- Assumes Nike will grow forever at 2.12% after 2029. This gives a terminal value of ₹55,556 million.
- Terminal Value - Exit Multiple Method:
- Uses a market-based multiple (EV/EBITDA of 20.6 from 2027), resulting in a terminal value of ₹114,720 million.
- Adding Non-Operating Assets:
- Cash and short-term investments (₹3,234 million + ₹9,860 million) are added to the valuation.
- Subtracting Net Debt:
- Net debt of ₹8,903 million is deducted to get the value of equity.
- Final Equity Value – Exit Multiple:
- The total equity value using this method is ₹192,824 million.
- Per Share Valuation:
- Based on 1,529.7 million shares:
- Gordon Growth = \$62.46 per share
- Exit Multiple = \$126.05 per share

		WACC									
62		8.2%	8.44%	8.69%	8.94%	9.19%	9.44%	9.69%	9.94%	10.19%	
LTV	1.12%	65.8	62.7	59.8	57.1	54.5	52.2	50.0	47.9	46.0	
	1.37%	68.3	64.9	61.9	59.0	56.3	53.9	51.5	49.4	47.3	
	1.62%	70.9	67.4	64.1	61.1	58.2	55.6	53.2	50.9	48.8	
	1.87%	73.8	70.0	66.5	63.3	60.3	57.5	54.9	52.5	50.3	
	2.12%	76.9	72.8	69.1	65.6	62.5	59.5	56.8	54.2	51.9	
	2.37%	80.3	75.9	71.9	68.2	64.8	61.7	58.8	56.1	53.5	
	2.62%	84.0	79.2	74.9	71.0	67.3	64.0	60.9	58.0	55.4	
	2.87%	88.0	82.9	78.2	73.9	70.0	66.5	63.2	60.1	57.3	
	3.12%	92.4	86.8	81.8	77.2	73.0	69.1	65.6	62.4	59.4	

		WACC									
126		8.19%	8.44%	8.69%	8.94%	9.19%	9.44%	9.69%	9.94%	10.19%	
Exit Multiple	16.6x	103.9	103.5	103.0	102.6	102.1	101.7	101.2	100.8	100.4	
	17.6x	110.0	109.5	109.1	108.6	108.1	107.6	107.2	106.7	106.3	
	18.6x	116.1	115.6	115.1	114.6	114.1	113.6	113.1	112.6	112.1	
	19.6x	122.2	121.7	121.1	120.6	120.1	119.5	119.0	118.5	118.0	
	20.6x	128.3	127.7	127.2	126.6	126.1	125.5	125.0	124.4	123.9	
	21.6x	134.4	133.8	133.2	132.6	132.0	131.5	130.9	130.3	129.8	
	22.6x	140.5	139.9	139.3	138.6	138.0	137.4	136.8	136.2	135.7	
	23.6x	146.6	146.0	145.3	144.7	144.0	143.4	142.8	142.1	141.5	
	24.6x	152.7	152.0	151.3	150.7	150.0	149.3	148.7	148.1	147.4	

Return on Equity (ROE)

Analysis

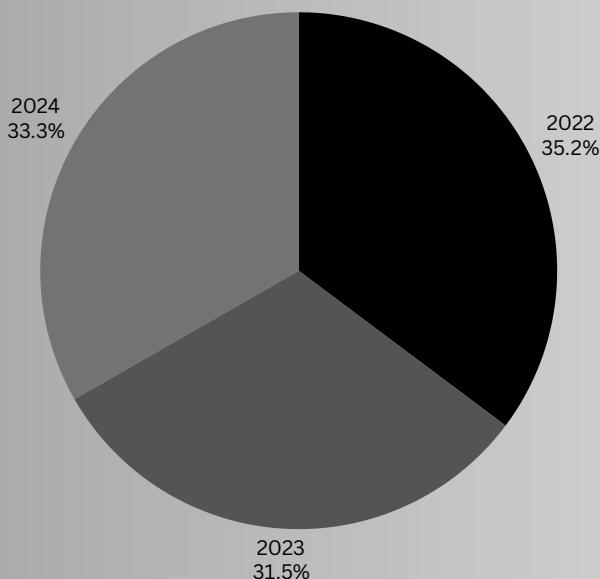
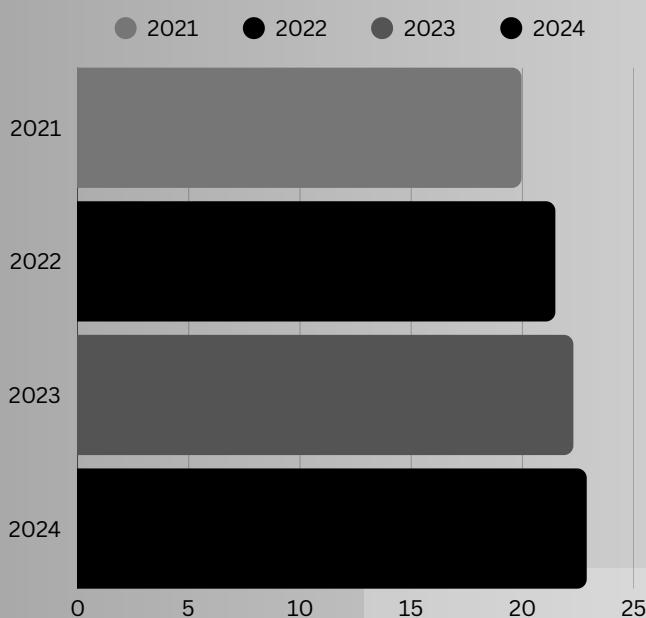
- Nike's Return on Equity (ROE) demonstrates strong value creation for shareholders in the early part of the analysis period. The ROE peaked at 55.0% in 2021, reflecting high net profit margins and efficient asset utilization. This surge was a result of increased profitability post-pandemic, operational recovery, and favorable market conditions.
- However, from 2022 onward, there is a consistent downward trend, with ROE declining to 17.6% in 2028. This decline is largely attributed to a decreasing equity multiplier—from 4.61x (2020) to 2.83x (2028)—indicating a shift towards lower financial leverage. Simultaneously, net profit margins remained volatile, peaking at 12.9% in 2021–2022 and tapering off to 8.6% by 2028. These dynamics signal a maturing business adopting a more conservative capital structure, focused on sustainable long-term returns rather than short-term financial engineering.

Return on Assets (ROA)

Analysis

- The Return on Assets (ROA) portrays Nike's efficiency in utilizing its assets to generate profit. ROA increased significantly from 6.4% in 2020 to 11.4% in 2021, mirroring the surge in profitability and asset turnover during that period. However, in the years following, ROA gradually declined, reaching 6.2% in 2028.
- This pattern reflects a normalization in operations, with net profits and asset turnover ratios stabilizing post-COVID recovery. Although ROA declines, it remains positive throughout the period, suggesting that the company continues to generate acceptable returns on its asset base. A gradual decline in asset turnover—from 0.95x in 2020 to 0.72x in 2028—also indicates reduced efficiency in asset utilization, which may warrant operational optimizations going forward.

RELATIVE VALUATION

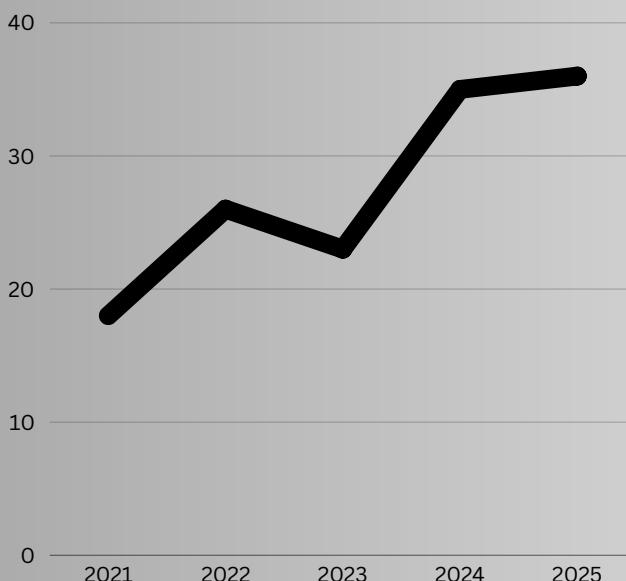
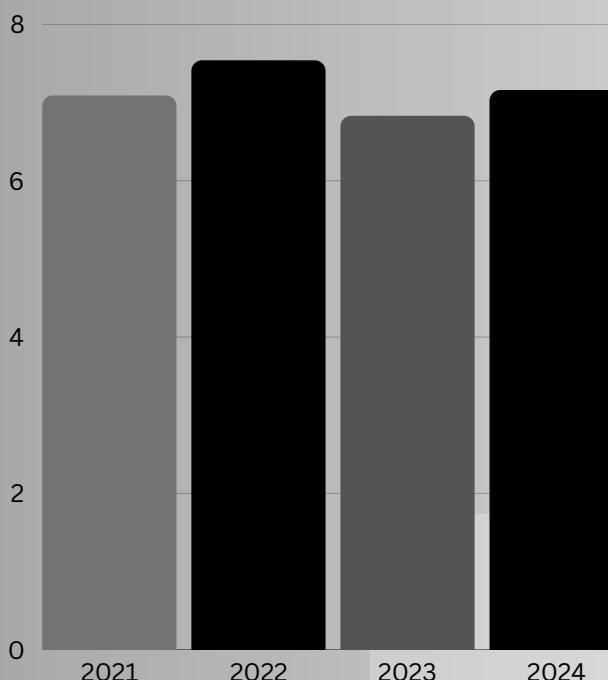


Nike Inc. has been valued using the Trading Comparables methodology, based on industry EV/EBITDA, EV/EBIT, EV/Sales, and P/E multiples. The analysis incorporates both historical (LTM) and forward-looking (FY1 and FY2) estimates, using financial data sourced from Marketscreener.com. Key assumptions include total debt of \$7.91 billion, cash and cash equivalents of \$11.58 billion, and investments amounting to \$22.55 billion. The diluted share count is estimated at 1,529.7 million shares, with no dilution from ESOPs or warrants due to their out-of-the-money status. The current market price of Nike shares as of May 31, 2024, stands at \$93.30.

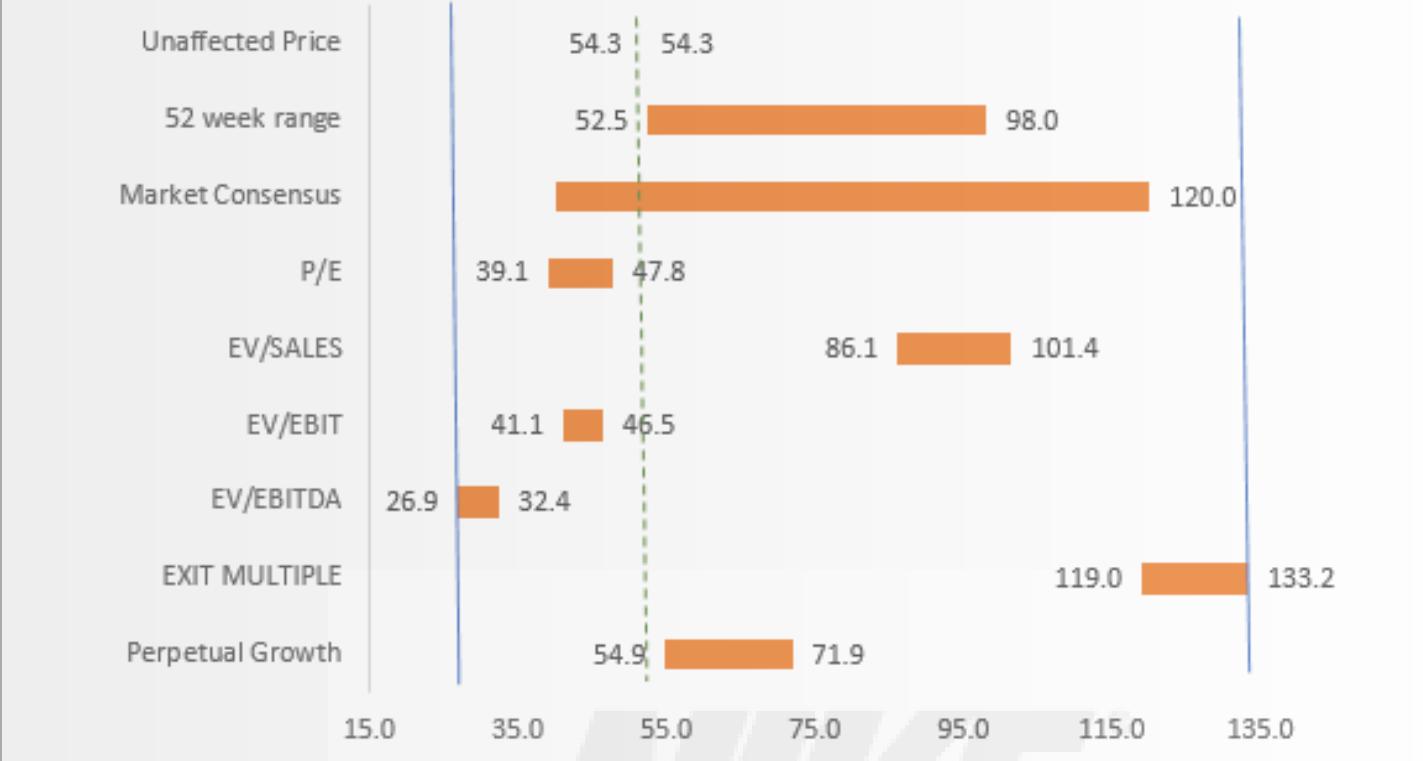
The EV/EBITDA valuation suggests a per-share value ranging from \$26.9 to \$32.4, based on implied equity values derived from LTM and forward EV/EBITDA multiples. Similarly, the EV/EBIT approach yields a higher valuation range of \$41.1 to \$46.5 per share. Using the EV/Sales multiples, the implied equity valuation significantly increases, estimating Nike's value between \$86.1 and \$101.4 per share, driven by strong revenue-based comparisons. Meanwhile, the P/E-based valuation, which considers FY1 and FY2 earnings estimates, indicates a per-share value in the range of \$39.1 to \$47.8.

VALUATION ANALYSIS

● 2021 ● 2022 ● 2023 ● 2024



- The valuation analysis for Nike Inc. incorporates multiple methodologies to derive a comprehensive range of potential share prices. These methods include Perpetual Growth, Exit Multiple, EV/EBITDA, EV/EBIT, EV/Sales, P/E, Market Consensus, and the 52-week trading range, with a comparison against the unaffected share price of \$54.3.
- The Perpetual Growth method estimates Nike's valuation in the range of \$54.9 to \$71.9, while the Exit Multiple method projects a higher valuation, ranging from \$119.0 to \$133.2, reflecting more optimistic long-term growth expectations. On the other hand, multiples-based approaches such as EV/EBITDA and EV/EBIT yield more conservative estimates, with ranges of \$26.9 to \$32.4 and \$41.1 to \$46.5, respectively. The EV/Sales method gives a stronger valuation, between \$86.1 and \$101.4, indicating the company's strength in top-line performance.
- The P/E multiple suggests a valuation range of \$39.1 to \$47.8, in line with earnings projections. The Market Consensus offers a wide range from \$40.0 to \$120.0, capturing varied analyst opinions. The 52-week price range of the stock falls between \$52.5 and \$98.0, showing historical price movements in the market.



CONCLUSION

RECOMMENDATION

- The Unaffected Price of \$54.3 represents the stock's value before any speculation or acquisition premium. By aggregating these valuation techniques, the final consolidated valuation range for Nike Inc. is \$27 to \$133 per share. This broad range reflects both the conservative and aggressive valuation perspectives, offering a holistic view of Nike's potential value based on different strategic and market-based assumptions.
- Nike is well-positioned to sustain moderate returns through operational improvements, strategic investments, and disciplined capital allocation. However, improving asset efficiency and optimizing capital costs will be crucial for enhancing shareholder value in the coming years.
- Investors should consider the sensitivity of valuation outcomes to underlying assumptions, especially revenue forecasts and market comparables, while also factoring in prevailing market conditions and investor sentiment.
- Investors currently holding Nike shares may continue to hold their position, given its fair valuation and long-term potential. New investors may consider entering on price corrections below \$85, while those with a high-risk appetite and longer investment horizon may accumulate gradually.

APPENDIX

NIKE.inc

		NIKE.inc									
(in USD millions)		12 months 31-May-20	12 months 31-May-21	12 months 31-May-22	12 months 31-May-23	12 months 31-May-24	12 months 31-May-25	12 months 31-May-26	12 months 31-May-27	12 months 31-May-28	12 Months 31-May-29
NIKE, Inc. Revenues											
NIKE Brands Revenue By:											
FOOTWEAR	23,305	28,021	29,143	33,135	33,427	31,087	28,911	26,887	25,005	23,255	
Growth %	-3.79%	20.24%	4.00%	13.70%	8.59%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%	-7.00%
APPAREL	10953	12865	13567	13843	13775	14,528	15,322	16,160	17,044	17,976	
Growth %	-5%	17%	5%	2%	5.48%	5.47%	5.47%	5.47%	5.47%	5.47%	5.47%
EQUIPMENT	1280	1382	1624	1727	2075	2,173	2,275	2,382	2,495	2,612	
Growth %	-9%	8%	18%	6%	5%	5%	5%	5%	5%	5%	5%
GLOBAL BRAND DIVISIONS	30	25	102	58	45	35	27	21	16	12	
Growth %	-29%	-17%	308%	-43%	33%	-23%	-23%	-23%	-23%	-23%	-23%
TOTAL NIKE BRAND REVENUE	35568	42293	44436	48763	49322	47823	46536	45451	44560	43855	
CONVERSE	1846	2205	2346	2427	2082	2,195	2,315	2,441	2,574	2,714	
Growth %	-3%	19%	6%	3%	5%	5%	5%	5%	5%	5%	5%
CORPORATE	-11	40	-72	27	-42	38	-34	31	-28	25	
Growth %	57%	-464%	-280%	-138%	-190%	-190%	-190%	-190%	-190%	-190%	-190%
TOTAL NIKE INC. REVENUE	37,403	44,538	46,710	51,217	51,362	50,056	48,816	47,922	47,105	46,594	
Growth %	-4.38%	19.08%	4.88%	9.65%	0.28%	6.16%	5.24%	5.33%	4.26%	5.25%	



		NIKE.inc									
(in USD million except per Share Data)		12 months 31-May-19	6193 Months 31-May-20	12 months 31-May-21	12 months #####	12 months 31-May-23	12 months 31-May-24	12 months	12 months	12 months	12 months
Income Statement											
Net Operating Revenues - Reported	\$ 39,117	\$ 37,403	\$ 44,538	\$ 46,710	\$ 51,217	\$ 51,362	\$ 50,056	#####	#####	#####	#####
Cost Of Sales	21643	21162	24576	25231	28925	28475	27783	27094	26598	26145	25861
Gross Profit	\$ 17,474	\$ 16,241	\$ 19,962	\$ 21,479	\$ 22,292	\$ 22,887	\$ 22,273	#####	#####	#####	#####
Demand Creation Expense	3753	3592	3114	3850	4060	4285	4230	4125	4050	3981	3937
Operating Overhead Expense	8949	9534	9911	10954	12317	12291	11851	11557	11346	11152	11031
Total Selling and Administrative Expense	12702	13126	13025	14804	16377	16576	16081	15682	15395	15133	14968
Total Depreciation and Amortisation	720	1,119	797	840	859	844	884	845	817	792	776
EBIT	4772	3115	6937	6675	5915	6311	6193	6039	5929	5828	5764
Interest Expense	49	89	262	205	-6	-161	270.60	246.63	246.63	195.43	195.43
Other Expense	-78	139	14	-181	-280	-228	0	0	0	0	0
Income before Tax (PAT)	4801	2887	6661	6651	6201	6700	5922.11	5792.70	5682.10	5632.25	5568.94
Income tax	772	348	934	605	1131	1000	833	815	799	792	784
Net Income	4029	2539	5727	6046	5070	5700	4205	4133	4065	4047	4009
Projections											
% of sale percent											
Cost of Sales	55.33%	56.58%	55.18%	54.02%	56.48%	55.44%	55.50%	55.50%	55.50%	55.50%	55.50%
Demand creation expense	9.59%	9.60%	6.99%	8.24%	7.93%	8.34%	8.45%	8.45%	8.45%	8.45%	8.45%
Operating overhead expense	22.88%	25.49%	22.25%	23.45%	24.05%	23.93%	23.68%	23.68%	23.68%	23.68%	23.68%
Income before tax	16.08%	12.05%	14.02%	9.10%	18.24%	14.93%	14.07%	14.07%	14.07%	14.07%	14.07%

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		NIKE.inc											
(in USD million, except per Share Data)													
Balance Sheet as of:		31-May-19	2018	2017	2016	2015	2014	2013	2012	2011	2010	31-May-20	31-May-21
ASSETS													
Current Assets:													
Cash and equivalents	4466	6348	9889	8574	7441	9860	10190	12126	12909	16632	19222	clfr	
Short-term investment	197	429	3587	4423	3224	1722	1722	1722	1722	1722	1722	last year	
Accounts receivable	4272	2749	4463	4667	4131	4427	4580	4467	4385	4210	4264	drw	
Inventories	5622	7367	6854	8420	8454	7519	8227	8024	7877	7742	7658	dim	
Prepaid expense and other current assets	1968	1653	1498	2129	1942	1854	2067	2016	1979	1945	1924	percent	
TOTAL CURRENT ASSETS	16525	20556	26291	22123	25262	25382	26786	29364	29871	32352	34789		
Non-current assets:													
Property, Plant and equipment	4744	4816	4904	4791	5081	5000	5449	5314	5216	5128	5073		
Operating lease right-of-use assets	0	3097	3113	2926	2923	2710	2710	2710	2710	2710	2710	last year	
Identifiable intangible assets	283	274	249	286	274	259	109	128	100	73	53		
Goodwill	154	223	242	284	281	240	240	240	240	240	240	last year	
Deferred income tax and other assets	2011	2326	2921	3821	3770	4511	4511	4511	4511	4511	4511	last year	
TOTAL NON-CURRENT ASSETS	7192	10786	11449	12108	12329	12728	13107	12921	12785	12671	12595		
TOTAL ASSETS	23717	31142	37740	40321	37521	38110	39894	42224	42655	45023	47385		
LIABILITIES AND SHAREHOLDERS EQUITY													
Current Liabilities:													
Current portion of long-term debt	6	3	0	500	0	1000	1000	0	2000	0	0		
Notes Payable	9	248	2	10	6	6	6	6	6	6	6	last year	
Accounts Payable	2612	2249	2836	3288	2862	2851	3123	3046	2990	2939	2907	dpa	
Current portion of operating lease liabilities	0	445	467	420	425	477	477	477	477	477	477	last year	
Accrued Liabilities	5010	5104	6063	6220	5723	5725	5725	5725	5725	5725	5725	last year	
Income taxes payable	229	156	306	222	240	524	524	524	524	524	524	last year	
TOTAL CURRENT LIABILITIES	7866	8284	9674	10730	9256	10593	10865	9788	11732	9681	9649		
Non-current Liabilities:													
Long-term debt	2464	9406	9413	8920	8927	7903	6903	7903	3903	5903	5903		
Operating lease liabilities	0	2413	2921	2777	2784	2564	2564	2564	2564	2564	2564	last year	
Deferred income tax and other liabilities	3347	2604	2955	2613	2558	2618	2618	2618	2618	2618	2618	last year	
Commitments and Contingencies	0	0	0	0	0	0	0	0	0	0	0		
Redeemable preferred stock	0	0	0	0	0	0	0	0	0	0	0		
TOTAL NON-CURRENT LIABILITIES	6311	15003	15299	14310	14271	13087	12087	13087	9087	11087	11087		
Shareholders' Equity:													
Common Stock (stated value)													
Class A convertible - 319 and 319 shares outstanding	3	3	3	3	3	3	3	3	3	3	3		
Class B - 1,243 and 1,253 shares outstanding	7163	8299	9965	11484	12412	13409	13409	13409	13409	13409	13409		
Capital in excess of stated value	231	-86	-380	318	231	93	53	53	53	53	53	unrealized	
Accumulated other comprehensive income	1643	-191	3179	3476	1258	965	3476	5945	\$372	10790	13184		
Retained Earnings (deficit)													

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(in USD million except per Share Data)

Cash Flow Statement

	2018	2017	2016	2015	2014
	2018	2017	2016	2015	2014
Cash From Operating Activities					
Net Income	4,205	4,133	4,065	4,047	4,009
Depreciation and amortization	884	845	817	792	776
Share-based compensation expense					
Change in assets and liabilities:					
Trade accounts receivable	(153)	113	82	75	47
Inventories	(708)	204	147	134	84
Prepaid expenses and other current assets	(213)	51	37	34	21
Accounts payable and accrued expenses	272	(77)	(56)	(51)	(32)
Net Cash Provided by Operating Activities	4,286	5,269	5,093	5,032	4,906
Cash From Investing Activities					
Capital Expenditure	(1,263)	(658)	(682)	(678)	(701)
Net Cash Used for Investing Activities	(1,263)	(658)	(682)	(678)	(701)
Cash From Financing Activities					
Cash dividends paid	(1,694)	(1,665)	(1,638)	(1,630)	(1,615)
Debt Raised					
Debt Repaid	(1,000)	-	(2,000)	-	-
Net Cash Provided by/(Used for) Financing Activities	(2,694)	(1,665)	(3,638)	(1,630)	(1,615)
Net Increase/(Decrease) in Cash and Cash Equivalents, Beginning	330	2,946	773	2,723	2,590
Cash and Cash Equivalents, End of Period	9,860	10,190	13,136	13,909	16,632
Source					

DUPONT ANALYSIS									
	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026	Year 2027	Year 2028
	Return on Equity								
Net profit	2,539	5,727	6,046	5,070	5,700	4,205	4,133	4,065	4,047
Average Shareholders Equity	8,547.50	10,411.00	14,024.00	14,642.50	14,217.00	15,685.71	18,175.49	20,623.45	23,045.93
Return on equity	29.7%	55.0%	43.1%	34.6%	40.1%	26.8%	22.7%	19.7%	17.6%
ROE-Dupont Equation									
Net Profit	2,539	5,727	6,046	5,070	5,700	4,205	4,133	4,065	4,047
Revenue	37,403	44,538	46,710	51,217	51,362	50,056	48,816	47,922	47,105
Net Profit Margins (A)	6.8%	12.9%	12.9%	9.9%	11.1%	8.4%	8.5%	8.5%	8.6%
Revenue	37,403	44,538	46,710	51,217	51,362	50,056	48,816	47,922	47,105
Average Total Asset	39,388.00	50,212.00	57,900.50	59,086.50	56,586.00	58,056.76	61,035.66	63,612.44	65,167.56
Asset Turnover Ratio (B)	0.95x	0.89x	0.81x	0.87x	0.91x	0.86x	0.80x	0.75x	0.72x
Average Total Asset	39,388.00	50,212.00	57,900.50	59,086.50	56,586.00	58,056.76	61,035.66	63,612.44	65,167.56
Average Shareholder Equity	8,547.50	10,411.00	14,024.00	14,642.50	14,217.00	15,685.71	18,175.49	20,623.45	23,045.93
Equity Multiplier (C)	4.61x	4.82x	4.13x	4.04x	3.98x	3.70x	3.36x	3.08x	2.83x
Return on Equity (A*B*C)	29.7%	55.0%	43.1%	34.6%	40.1%	26.8%	22.7%	19.7%	17.6%

	Return on Assets								
Net profit	2,539	5,727	6,046	5,070	5,700	4,205	4,133	4,065	4,047
Avg. Total Assets	39,388.00	50,212.00	57,900.50	59,086.50	56,586.00	58,056.76	61,035.66	63,612.44	65,167.56
Return on Assets	6.4% ▲	11.4% ▲	10.4% ⇒	8.6% ▲	10.1% ▼	7.2% ▼	6.8% ▼	6.4% ▼	6.2%
ROA-Dupont Equation									
Net Profit	2,539	5,727	6,046	5,070	5,700	4,205	4,133	4,065	4,047
Revenue	37,403	44,538	46,710	51,217	51,362	50,056	48,816	47,922	47,105
Net Profit Margins (A)	6.8% ▼	12.9% ▲	12.9% ⇒	9.9% ▲	11.1% ▼	8.4% ▼	8.5% ▼	8.5% ▼	8.6%
Revenue	37,403	44,538	46,710	51,217	51,362	50,056	48,816	47,922	47,105
Average Total Asset	39,388.00	50,212.00	57,900.50	59,086.50	56,586.00	58,056.76	61,035.66	63,612.44	65,167.56
Asset Turnover Ratio (B)	0.95x ▲	0.89x ⇒	0.81x ⇒	0.87x ▲	0.91x ⇒	0.86x ⇒	0.80x ▼	0.75x ▼	0.72x
Return on Asset (A*B)	6.4% ▼	11.4% ▲	10.4% ⇒	8.6% ▲	10.1% ▼	7.2% ▼	6.8% ▼	6.4% ▼	6.2%

Workbook Views		Show		Zoom		Window				Macros						
Comparable Companies		(All numbers are in millions except per share)														
Industry Geography Currency	F18	F32	K59	K65	K63	K74	L59	L65	L63	L74	M59	M65	M63	M74	P65	
	Market Cap		EV		LTM Multiples			FY1 Multiple				FY2 Multiple				
	Peer Group Companies	Market Cap	EV	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	EV/Sales	EV/EBITDA	EV/EBIT	P/E	Growth
Crocs	6,725	6,916	1.69	7.05	7.60	7.08	1.69	6.18	6.59	7.08	1.65	6.45	6.94	9.08	3.78%	
DECK	5,478	4,121	0.84	3.21	3.39	5.90	0.96	4.18	4.44	7.21	0.83	3.50	3.70	6.08	8.09%	
Lulu	50,212	49,662	5.06	20.28	21.29	29.41	5.16	19.03	22.26	32.39	4.70	17.19	20.20	28.29	11.06%	
SKX	11,533	7,166	0.80	6.58	8.16	18.04	0.80	6.47	7.92	18.03	0.73	6.07	7.37	17.14	7.92%	
		Mean	2.1x	9.3x	10.1x	15.1x	2.2x	9.0x	10.3x	16.2x	2.0x	8.3x	9.6x	15.1x		
		Median	1.3x	6.8x	7.9x	12.6x	1.3x	6.3x	7.3x	12.6x	1.2x	6.260x	7.2x	13.1x		
		25th Percentile	0.8x	5.7x	6.5x	6.8x	0.9x	5.7x	6.1x	7.2x	0.8x	5.4x	6.1x	8.3x		
		75th Percentile	2.5x	10.4x	11.4x	20.9x	2.6x	9.6x	11.5x	21.6x	2.4x	9.1x	10.6x	19.9x		

Name of Target Compar			Nike												
			75th Percent				3								
Metrics	Industry Multiple Range			Implied EV-Nike		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Nike		Diluted Shares Q/S	Implied Per Share Value-Nike	
	Lower	10%	Higher	Lower	Higher						Lower	Higher			
LTM EV/EBITDA	7,107	9.3x	11.4x	66,270	80,997	0	7903	0	11582	0	69,943	84,670	1523.7	45.7	55.4
FY1 EV/EBITDA	4,339	8.7x	10.6x	37,535	45,876	0	7903	0	11582	0	41,208	49,549	1523.7	26.9	32.4
FY2 EV/EBITDA	4,325	8.2x	10.0x	35,563	43,466	0	7903	0	11582	0	39,236	47,139	1523.7	25.6	30.8
Nike Valuation Range as per Trading Comps												26.9	32.4		
Metrics	Industry Multiple Range			Implied EV-Nike		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Nike		Diluted Shares Q/S	Implied Per Share Value-Nike	
	Lower	10%	Higher	Lower	Higher						Lower	Higher			
LTM EV/EBIT	6,311	10.3x	12.6x	65,011	79,458	0	7903	0	11582	22550	91,234	105,681	1523.7	59.6	69.1
FY1 EV/EBIT	3,543	10.4x	12.7x	36,696	44,850	0	7903	0	11582	22550	62,319	71,073	1523.7	41.1	46.5
FY2 EV/EBIT	3,544	9.5x	11.6x	33,734	41,231	0	7903	0	11582	22550	59,957	67,454	1523.7	33.9	44.1
Nike Valuation Range as per Trading Comps												41.1	46.5		
Metrics	Industry Multiple Range			Implied EV-Nike		Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments	Implied Equity-Nike		Diluted Shares Q/S	Implied Per Share Value-Nike	
	Lower	10%	Higher	Lower	Higher						Lower	Higher			
LTM EV/Sales	51,362	2.3x	2.8x	1,16,941.17	1,42,928.10	0	7903	0	11582	22550	143,164	169,151	1523.7	93.6	110.6
FY1 EV/Sales	45,881	2.3x	2.8x	1,05,514.09	1,28,961.67	0	7903	0	11582	22550	131,737	155,165	1523.7	86.1	101.4
FY2 EV/Sales	45,451	2.2x	2.7x	98,811.14	1,20,763.18	0	7903	0	11582	22550	125,034	146,932	1523.7	81.7	96.1
Nike Valuation Range as per Trading Comps												86.1	101.4		
Metrics	Industry Multiple Range					Minority Interest	Total Debt	Debt Equivalent	Cash & Cash Eq	Investments			Diluted Shares Q/S	Implied Per Share Value-Nike	
	Lower	10%	Higher	Lower	Higher						Lower	Higher			
FY1 P/E	2.13	19.5x	23.8x											41.5	50.7
FY2 P/E	2.05	17.9x	21.9x											36.8	44.9
Nike Valuation Range as per Trading Comps												39.1	47.8		

Calculation of Diluted Shares-Nike

Basic Shares o/s 1,517.6
Diluted Shares o/s 1,529.7

Nike CMP (31 May 2024)	93.3	ESoPS/Warrants etc. Treasury Stock Method		
O/S	Exercise Price	Notional	Net Dilution	
		ITM? Shares Issued Cash Buyback	Dilution	
	73.7	117.5 No - - -	-19.12	FALSE
		Yes - - -		

Nike	2024	2025	2026
Sales	51362	45881	45451
EBITDA	7107	4339	4325
EBIT	6,311	3,543	3,544
NI	5,700	3,175	3,158
EPS	3.73	2.13	2.05

Source- Marketscreener.com

(Taken on 08-04-2025)

