

Nike, Inc.

FY2Q26 Preview: Upside to Quarter; Still See Turnaround Risk

The structure of a typical turnaround is unfolding at NKE: 1) clean up inventory/marketplace, 2) return to full price selling, and 3) innovate to drive sustainable sales growth. While we expect a beat for FY2Q26, we walk through the trade-off between sales growth vs. margins.

Click [here](#) to register for our NKE Preview webinar on 12/10/25 at 10:00 AM ET.

Expect a FY2Q26 beat but cautious into FY2H26 due to slower sales recovery. We believe a FY2Q26 beat is likely as guidance and estimates are sufficiently low and already embed tariff risk. For FY2Q26, we expect NKE to beat, with sales better-than-expectations driven by the wholesale channel. NKE guidance was for negative low single-digit (including 1 point from FX) versus the Street of -1.2%. We expect upside in the wholesale channel – driven by restocking – and sequential improvement in the Direct-to-Consumer (DTC) channel as the company is in the final stages of liquidating classic inventory that had been returned to NKE from the marketplace. We expect gross margins to be better than consensus of -300bps and guidance for -300bps to -375bps. For FY2Q26, sentiment remains cautious, but is not nearly as negative as it was entering last quarter. We believe that investors will be focused on: 1) what management expects for the holiday season, 2) DTC performance and response to new innovation and products in the channel, and 3) timing of a return to sustained top-line growth.

FY2H26 lower sales, higher margins: NKE provides quarter-by-quarter guidance, which will be effectively FY2H26 guidance. For FY2H26, while no official annual guidance is expected, we do expect commentary to potentially reflect a slightly lower-than-consensus top line, which may need to be tempered. Consensus expectations are for a return to positive sales growth in FY3Q26 up +1.5% and FY4Q26 up +3.3%. We believe sales may be capped by a more disciplined restocking of the wholesale channel and pressure on sales (but not margins) from the DTC channel. We believe sales growth may be below consensus with a great deal more margin expansion potential. Last year's liquidation of products likely spurred top-line growth at the expense of margins, and as this anniversary, we should see margin expansion before sales recovery.

FY26 largely unchanged, with FY2Q26 upside offset by FY2H26 potential tempering. In our view, FY26 will likely be a slightly down top line year, with significant improvement in product margins and operating margins in the second half of FY26. We believe FY26 operating margins of 6.5% are generally in the right range but with a slight lowering in FY2H26.

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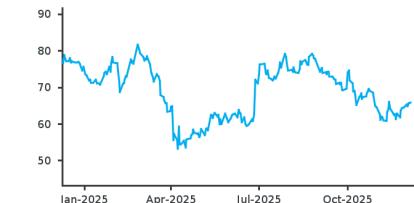
Please see analyst certifications and important disclosures beginning on page 27.

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NKE	EQUAL WEIGHT
	Unchanged
U.S. Specialty Retail, Apparel & Footwear	NEUTRAL
	Unchanged
Price Target	USD 70.00
	Unchanged
Price (08-Dec-25)	USD 63.54
Potential Upside/Downside	+10.2%
Source: Bloomberg, Barclays Research	

Market Cap (USD mn)	93924
Shares Outstanding (mn)	1478.20
Free Float (%)	98.71
52 Wk Avg Daily Volume (mn)	15.8
Dividend Yield (%)	2.59
Return on Equity TTM (%)	21.12
Current BVPS (USD)	9.12
Source: Bloomberg	

Price Performance	Exchange-NYSE
52 Week range	USD 82.44-52.28



Source: IDC
[Link to Barclays Live for interactive charting](#)

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Risk is to FY27 and FY28. We believe the Street's forecast for a return to MSD top-line growth in FY27 and FY28 and ~400bps of operating margin expansion from FY26 to FY28 remains aggressive and that estimates for the out years may be overly optimistic. Turns are iterative in nature, and we typically see margin recovery before sales recovery in sequence but rarely both at the same time.

Wholesale channel recovers by "seasons" not "quarters." FY2H25 felt the worst pressure from the company's reset actions, and from this point forward we expect a stutter-step type recovery, led first by wholesale channel restocking. In FY1H26, we saw improvement in sequential sales offset by margin pressure. The classics franchise management negatively impacted margins in FY1H26 with potential for back-half margin improvement as the company finalizes its clean up of the marketplace. Entering FY2H26, we expect the opposite – margins before sales – with sequential improvement on margins outpacing a return to positive sales growth. We note that GM may continue to be pressured despite its reset actions due the timing of tariffs flowing through. Despite a turnaround strategy that is executing on management's internal plan, we see more pressure in the near term, which could be exacerbated by the overhang of tariff pressures and demand uncertainty over the next few quarters.

Longer-term, NKE moving towards recovery. Longer term, from a fundamental standpoint (ex-tariffs) NKE continues to execute on its re-balancing initiatives, such as driving its product newness cycle, innovation at scale, and marketing efforts across the company. We believe a return to sustained positive sales growth, led by wholesale, is more likely in FY1H27.

Reiterate EW as we see NKE range-bound as a "prove it to me" story for CY26. Thus far and in our view, Mr. Hill's vision highlights three key priorities: 1) product, 2) marketing, and 3) marketplace, which are expected to drive Nike's return to profitable and healthy growth. Mr. Hill is expediting innovation through the company's express lane and pulling forward as much commercial-ready product as possible, while the product launches are being supported with Nike-branded demand creation. We certainly believe that redirecting Nike's large asset base and budget will ultimately lead to market share recovery and top-line growth. However, in the near term, the reset actions will likely take a toll on profit margins and sales growth throughout FY26, as NKE's issues are not short-horizon fixes.

Raising FY2Q26; FY estimates remain below-consensus; PT remains \$70. Our FY26, FY27, and FY28 adj. EPS estimates are \$1.52, \$2.30, and \$2.81, respectively, (from \$1.35, \$2.19, and \$2.65) but remain 8% to 10% below consensus of \$1.68, \$2.51, and \$3.05. Our still-below consensus estimate increase is largely driven by expected FY2Q26 upside and higher GM as the company laps meaningful margin pressure in FY2H26 related to the increase in promo and liquidation efforts which began in earnest in FY2H25. Our PT of \$70 (unchanged) is based on 27x (was 29x) applied to our CY27 EPS estimate of \$2.59 (from \$2.43). We expect NKE shares to trade range-bound until there is evidence of market share gain acceleration and full-price driven selling. We lower our multiple 2x as we believe a sustained profitable top-line recovery will take longer to evolve and FY27 and FY28 consensus margin expansion may prove too aggressive.

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NKE: Quarterly and Annual EPS (USD)

FY May	2025	2026			2027			Change y/y	
	Actual	Old	New	Cons	Old	New	Cons	2026	2027
Q1	0.70A	0.49A	0.49A	0.49A	0.71E	0.68E	0.71E	-30%	39%
Q2	0.78A	0.30E	0.42E	0.38E	0.52E	0.62E	0.61E	-46%	48%
Q3	0.54A	0.33E	0.37E	0.47E	0.53E	0.57E	0.68E	-31%	54%
Q4	0.14A	0.23E	0.24E	0.34E	0.43E	0.43E	0.52E	71%	79%
Year	2.16A	1.35E	1.52E	1.68E	2.19E	2.30E	2.51E	-30%	51%
P/E	29.4		41.9			27.7			

Consensus numbers are from Bloomberg received on 09-Dec-2025; 13:50 GMT

Source: Barclays Research

U.S. Specialty Retail, Apparel & Footwear						NEUTRAL
Nike, Inc. (NKE)						EQUAL WEIGHT
Income statement (\$mn)	2025A	2026E	2027E	2028E	CAGR	Price (08-Dec-2025) USD 63.54
Revenue	46,309	46,890	48,114	50,678	3.1%	Price Target USD 70.00
EBITDA (adj)	4,477	3,649	4,833	5,789	8.9%	Why EQUAL WEIGHT?
EBIT (adj)	3,702	2,865	4,028	4,941	10.1%	Our rating is based on 1) better wholesale performance as the company re-focuses on the channel, 2) the potential for new innovation to drive a return to growth, and 3) efficiencies from the cost savings plan, offset by 1) slower global sneaker consumption, 2) China softness, and 3) franchise management.
Pre-tax income (adj)	3,885	2,849	4,151	5,064	9.2%	
Net income (adj)	3,219	2,250	3,404	4,152	8.9%	
EPS (adj) (\$)	2.16	1.52	2.30	2.81	9.1%	
Diluted shares (mn)	1,488	1,483	1,481	1,477	-0.2%	
DPS (\$)	1.57	1.72	1.88	2.04	9.1%	
Margin and return data	2025A	2026E	2027E	2028E	Average	Upside case USD 85.00
EBITDA (adj) margin (%)	9.7	7.8	10.0	11.4	9.7	Our upside case of \$85 is based on an NTM P/E multiple of 30x applied to our CY27 earnings power of \$2.85 and assumes dissipating competitive pressures, an acceleration of North America DTC sales, and upside from international recovery.
EBIT (adj) margin (%)	8.0	6.1	8.4	9.8	8.1	
Pre-tax (adj) margin (%)	8.4	6.1	8.6	10.0	8.3	
Net (adj) margin (%)	7.0	4.8	7.1	8.2	6.8	
ROIC (%)	14.9	12.9	16.0	18.3	15.5	
ROA (%)	8.6	6.1	9.2	11.0	8.7	
ROE (%)	23.3	16.8	24.8	28.9	23.4	
Balance sheet and cash flow (\$mn)	2025A	2026E	2027E	2028E	CAGR	Downside case USD 56.00
Tangible fixed assets	7,540	7,300	7,217	7,129	-1.9%	Our downside case of \$56 is based on an NTM P/E multiple of 24x applied to our CY27 earnings power of \$2.33 and assumes heightened competition, increasing input costs, and macroeconomic pressures.
Cash and equivalents	9,151	9,186	9,525	10,132	3.5%	
Total assets	36,579	36,907	37,246	38,265	1.5%	
Short and long-term debt	11,018	11,061	11,061	11,061	0.1%	
Other long-term liabilities	2,289	2,404	2,404	2,404	1.6%	
Total liabilities	23,366	23,340	23,325	23,429	0.1%	
Net debt/(funds)	502	365	26	-581	N/A	
Shareholders' equity	13,213	13,567	13,922	14,837	3.9%	
Change in working capital	-1,993	582	438	1,003	N/A	
Cash flow from operations	3,698	3,096	4,845	5,380	13.3%	
Capital expenditure	-422	-513	-722	-760	N/A	
Free cash flow	2,273	1,879	3,166	3,595	16.5%	
Valuation and leverage metrics	2025A	2026E	2027E	2028E	Average	Upside/Downside scenarios
P/E (adj) (x)	29.4	41.9	27.7	22.6	30.4	
EV/sales (x)	2.0	2.0	2.0	1.8	2.0	
EV/EBITDA (adj) (x)	21.1	25.9	19.5	16.1	20.6	
FCF yield (%)	2.4	2.0	3.4	3.8	2.9	
P/BV (x)	7.2	6.9	6.8	6.3	6.8	
Dividend yield (%)	2.5	2.7	3.0	3.2	2.8	
Total debt/capital (%)	37.6	37.1	36.5	35.0	36.6	
Selected operating metrics	2025A	2026E	2027E	2028E	Average	
Sales growth (%)	-9.8	1.3	2.6	5.3	-0.2	
Inventory growth (%)	-0.4	2.8	-0.5	3.2	1.3	
Organic const ccy rev growth (%)	-9.1	-0.5	2.5	5.3	-0.4	

Note: FY End May

Source: Company data, Bloomberg, Barclays Research

Proprietary PRISM Curve: NKE Fundamentals Are Bottoming

From a fundamental perspective, we attempt to use our proprietary PRISM cycle as a leading indicator of a potential sales inflection (i.e., either from positive to negative or negative to positive). Our PRISM Curve attempts to look for fundamental changes in the business model of a company, driven by proactive management decisions to stabilize margins (e.g., purge inventory, cut costs, share best practices, invest in product and brand). [Figure 1](#) and [Figure 2](#) below depict our model graphically and identify where we would theoretically expect to see sales and margin changes along the business model curve.

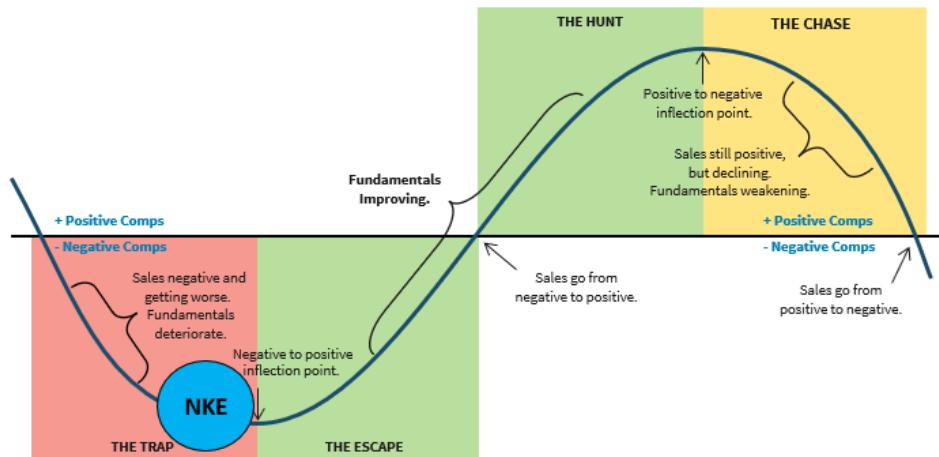
The TRAP Phase

While there are four distinct phases of our PRISM Curve as per the graphics below, we believe NKE is in the latter stage of the “TRAP” phase, where fundamentals are deteriorating as competition in all categories remains stiff and pricing power is fleeting for its core franchises. As market share erodes, the lack of sales is causing operating deleverage. During the TRAP phase, management’s strategy is on the defensive – meaning actions are being taken to change business trends, but the issues have not yet stabilized.

The ESCAPE Phase

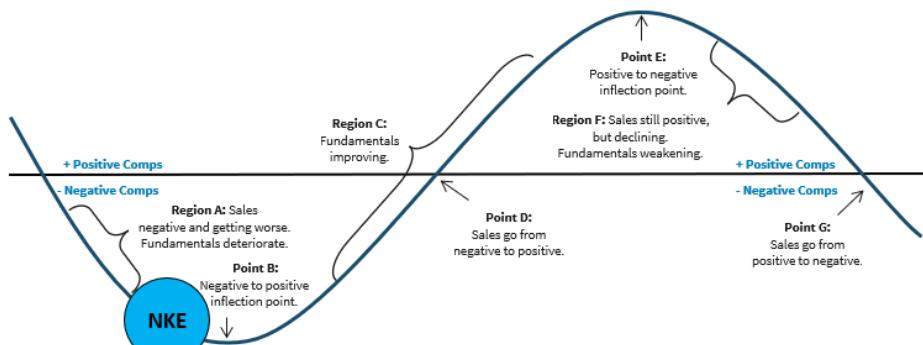
We look for evidence that NKE will transition into the ESCAPE phase in FY2H26 in which issues have been identified and are being proactively corrected. At some point, a company’s management makes the changes necessary to correct problems at the business, and the company passes the negative-to-positive inflection point. During the ESCAPE phase, management’s strategy is on the offense. They are actively taking measures to stem losses and stabilize market share. They are focused on driving full-price, healthy sales and likely will have ratcheted back inventory; they are less focused on their competitors’ actions or the environment around them. Typically, a company will move past this point by driving comps with better merchandising and improved inventory management (growing inventory below sales plan). At this point, a company is not yet showing direct signs that fundamentals are currently improving; instead, it is showing signs that fundamentals are stabilizing and are becoming “less bad.” Management is willing to make difficult strategic decisions, and fundamentals are likely to begin improving in the near future. As the company moves further to the right, it is continuing to comp negatively, but less so, and begins to show marginal signs of improvement. *During the ESCAPE phase, we typically see a margin recovery before we see a return to sustainable positive sales growth.*

FIGURE 1. Phases of PRISM Curve Fundamental Analysis: NKE One Step Closer to Recovery



Source: Barclays Research

FIGURE 2. Phases of PRISM Curve Fundamental Analysis: NKE One Step Closer to Recovery



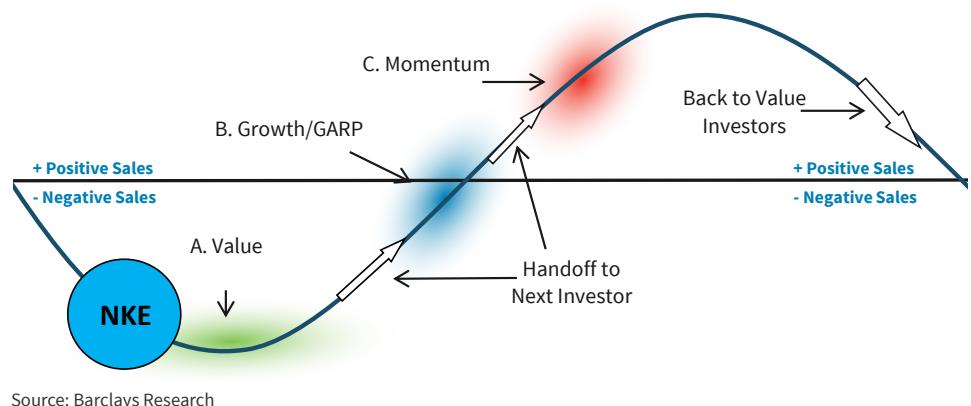
Source: Barclays Research

Three Scenarios for Different Investing Styles

For long-horizon investors it may be tempting to "buy on each dip of the stock," but for those who have a shorter horizon and are more nimble, we choose to look for signs of successful outcomes before getting more positive. We remain Equal Weight rated, as we believe the worst is behind Nike and that each successive downward revision gets it closer to the bottom.

1. **Value Investors:** Based on our PRISM cycle, value investors tend to be more tolerant of ongoing downward estimate revisions so long as each successive revision is "less bad" than the prior and the company is making progress on sales and margin initiatives. In this part of the cycle, there is little visibility on margin expansion, but the valuation multiple is expanding as investors expect the worst to be behind.
2. **GARP/Growth Investors:** Investors in this camp are seeking top-line growth or a visible path to a return to positive sales growth. This often occurs at the end of the Rebase year where there is tangible evidence of product recovery in the marketplace.
3. **Momentum Investors:** Investors here look for sales to have factually returned to positive sales growth in combination with margin expansion and the likelihood of "beat and raise" quarters is fairly well established. A stock will have reached its full valuation multiple, so investors are largely playing for earnings beats.

FIGURE 3. PRISM Curve Implications for Investing Styles



Source: Barclays Research

NKE Recovery Play by Play: FY26 Is the Rebase Year

FY26 is the Rebase Year. The sequence of recoveries is typically a 3-year horizon – Reset in Year 1 (FY25A), Rebase in Year 2 (FY26E), and Regrow in Year 3 (FY27E). The Rebase year is often a stutter-step year as a company stabilizes the business to return to profitable growth. With NKE a battleground stock, we lay out our catalyst roadmap for the next several quarters as we see them playing out. We leave it for different investor styles, risk, and horizons to determine when to time the “buy” of the stock. As for us, we remain sidelined with expectation of downside revision risk. *While we rely heavily on a positive inflection in the sales-to-inventory spread, we note that a positive inflection in the sales-to-inventory growth spread assumes sales growth is, at worst, status quo to current trends. On the FY1Q26 call, the IM Spread did indeed inflect positively, but management commentary suggested recent weaker trends in Greater China and APAC.*

FY2Q26 beat: For FY2Q26, we expect NKE to beat with sales better-than-expected driven from the wholesale channel. NKE guidance was for negative low single-digit (including 1 point from FX), versus the Street of -1.2%. We expect upside in the wholesale channel – driven by restocking – and sequential improvement in the Direct-to- Consumer (DTC) channel as the company is in the final stages of liquidating classics inventory that had been returned to NKE from the marketplace in FY1H26. We expect gross margins slightly better than consensus of -300bps and guidance for -300bps to -375bps.

FY2H26 lower sales, higher margins: NKE provides quarter-by-quarter guidance, which will be effectively FY2H26 guidance. For FY2H26, while no official annual guidance is expected, we do expect commentary to potentially reflect slightly lower-than-consensus top line, which may need to be tempered. Consensus expectations are for a return to positive sales growth in FY3Q26 of up +1.5% and FY4Q26 of up +3.3%. We believe sales may be capped by the more disciplined restocking of the wholesale channel and pressure on sales (but not margins) in the DTC channel. Instead of positive LSD sales growth in FY2H26, we have slightly positive sales growth with a great deal more margin expansion potential. Last year's liquidation of products likely spurred top-line growth at the expense of margins, and as this anniversaries, we should see margin expansion before sales recovery.

FY26 largely unchanged with FY2Q26 upside offset by FY2H26 lowering. In our view, FY26 will likely be a slightly down top-line year, with significant improvement in product margins and operating margins in the second half of FY26.

Risk is to FY27 and FY28. We believe the Street's forecast for a return to MSD topline growth in FY27 and FY28 and 400bps of operating margin expansion from FY26 to FY28 remains aggressive and that estimates for the out years may be overly optimistic. Turns are iterative in nature and we typically see margin recovery before sales recovery in sequence and rarely both at the same time.

FIGURE 4. Play-by-Play: Barclays vs. Consensus Estimates

(\$mm, except per share)	New Barclays Estimates				Consensus			
	2Q26E	3Q26E	4Q26E	FY26E	2Q26E	3Q26E	4Q26E	FY26E
Total Revenue	\$12,468	\$11,350	\$11,351	\$46,890	\$12,200	\$11,436	\$11,460	\$46,783
Gross Margin	41.1%	42.5%	42.3%	42.0%	40.6%	42.0%	42.0%	41.7%
Operating Margin	6.5%	6.1%	3.9%	6.1%	5.7%	7.6%	5.3%	6.6%
EPS (adjusted, diluted)	\$0.42	\$0.37	\$0.24	\$1.52	\$0.38	\$0.47	\$0.34	\$1.68
(Y/Y Change, in % or bps)	2Q26E	3Q26E	4Q26E	FY26E	2Q26E	3Q26E	4Q26E	FY26E
Total Revenue	0.9%	0.7%	2.3%	1.3%	-1.2%	1.5%	3.3%	1.0%
Gross Margin	-250bps	+100bps	+200bps	-74bps	-302bps	+56bps	+170bps	-108bps
Operating Margin	-475bps	-90bps	+100bps	-188bps	-552bps	+57bps	+244bps	-136bps
EPS (adjusted, diluted)	-45.7%	-31.4%	64.7%	-29.9%	-52.0%	-12.9%	134.6%	-22.4%
New vs. Consensus								
(Difference, in % or bps)	2Q26E	3Q26E	4Q26E	FY26E	2Q26E	3Q26E	4Q26E	FY26E
Total Revenue					2.2%	-0.8%	-0.9%	0.2%
Gross Margin					+52bps	+44bps	+30bps	+34bps
Operating Margin					+77bps	-147bps	-144bps	-53bps
EPS (adjusted, diluted)					13.0%	-21.2%	-29.8%	-9.6%

Source: Barclays Research, Bloomberg consensus estimates.

Bull vs. Bear Debate

Bull view. We think the Bull case is predicated on the following points: 1) the Nike brand with its ~\$5bn of demand creation and innovation strength can invest its way back to market share dominance; 2) new leadership in Elliott Hill with 32+ years of experience in all facets of the Nike business model can reinvigorate not only the brand, but also the corporate culture to drive results; 3) Nike remains the #1 brand globally; 4) channel partners are heavily reliant on Nike's long-term success; and 5) low expectations with FY26 to be a "transition" year. Key positive data points include the following:

- **Early Spring Order Book:** The company is expected to discuss the Spring order book (March 2026), which should be up on a year-over-year basis. This is because they were pulling inventory out of the wholesale marketplace and returning it to vendors in FY3Q25 and FY4Q25.
- **Margin Expansion:** As the liquidation of products from the previous year anniversaries, there should be margin expansion before a sales recovery but this could be offset by tariff headwinds.
- **Product and Operating Margins:** FY26 is expected to be a flat-to-slightly down top-line year, with significant improvement in product margins and operating margins in the second half of FY26.

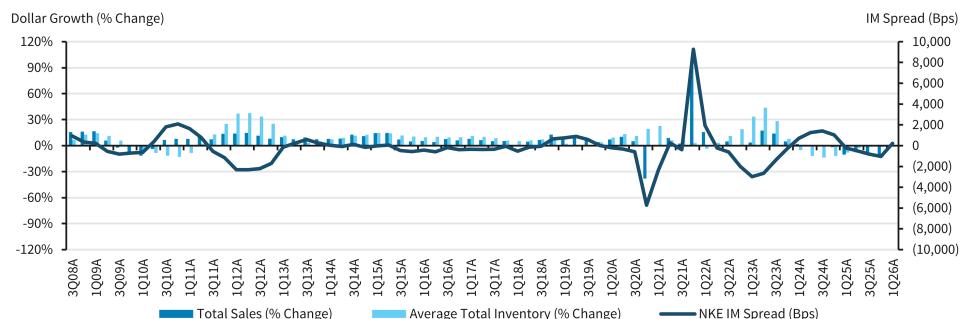
Bear view. We think the Bear case has the following main points: 1) the loss of NKE's historical brand heat and momentum as the company struggles to innovate at scale; 2) unproven and untested product driving future sales into calendar 2026; 3) ongoing margin pressure from negative sales growth, the mix shift to wholesale, promotional pressure, and tariff headwinds, all leading to sub-10% operating margins for the foreseeable future; and 4) competitive threats from new entrants. Key risk data points include the following:

- **Sales-to-Inventory Spread inflected positive in FY1Q26, but non-US sales slowed further:** The sales-to-inventory spread, or inventory management spread ("IM Spread"), is a starting point for margin recovery. This spread could be a leading indicator of anywhere from 6 to 9 months to show up on the income statement. While we rely heavily on a positive inflection in the sales-to-inventory spread, we note that a positive inflection in sales-to-inventory growth spread assumes sales growth is, at worst, status quo to current trends. On the FY1Q26 call, the IM Spread did indeed inflect positive, but management commentary suggested recent weaker trends in Greater China and APAC.
- **FY2H26 Sales Growth Expectations May be Too Optimistic:** We believe the consensus expectations for FY3Q26 sales to be up +1.5% and FY4Q26 sales to be up +3.3% may be too optimistic. This suggests that the anticipated recovery in sales may not materialize as expected.
- **Margins before Sales.** Offsetting what we believe to be overly optimistic sales recovery expectations is likely better-than-consensus gross margin performance as NKE anniversaries aggressive reset and product liquidation measures from FY2H25. ***Often, when resetting the marketplace and inventory pipeline, companies will forego low-quality sales in lieu higher-quality full price selling.***
- **Still see downward pressure on EPS Revisions:** Our estimates remain below consensus expectations. We believe there could be at least one more downward FY2H26 revision for the back half driven by overly-optimistic sales forecasts (as noted above).

Four Catalysts We Watch for Recovery

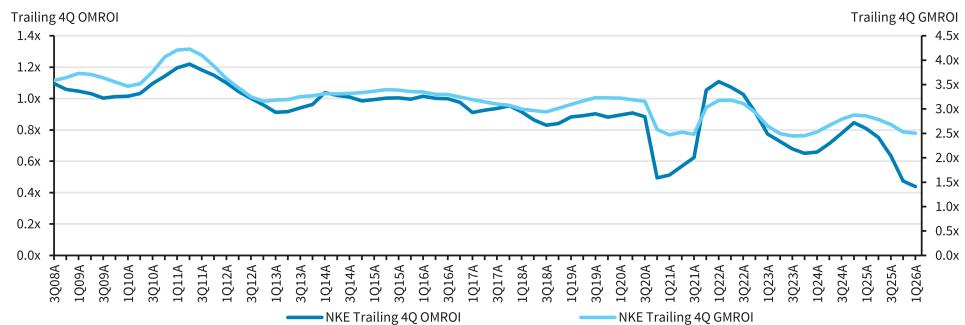
Catalyst #1: Positive sales-to-inventory inflection: CHECK! Occurred in FY1Q26. Based on our proprietary inventory analysis, NKE has posted one quarter of positive sales-to-inventory growth. In FY1Q26 the Inventory Management Spread ("IM Spread") was 220 basis points and improved from (1055) in the prior quarter. NKE's Gross Margin Return on Inventory ("GMROI") has worsened for five consecutive quarters, and its Operating Margin Return on Inventory ("OMROI") has worsened for five consecutive quarters. *While we rely heavily on a positive inflection in the sales-to-inventory spread, we note that a positive inflection in the sales-to-inventory growth spread assumes sales growth is, at worst, status quo to current trends. On the FY1Q26 call, the IM Spread did indeed inflect positively, but management commentary suggested recent weaker trends in Greater China and APAC.*

FIGURE 5. Historical Change in Total NKE Sales Vs. Average NKE Inventory (IM Spread), FY3Q08A - FY1Q26A



Fiscal Year End May
Source: Company data, Barclays Research

FIGURE 6. Historical GMROI/OMROI Analysis, FY3Q08A - FY1Q26A



Fiscal Year End May
Source: Company data, Barclays Research

Catalyst #2: Positive GM inflection supported by clean inventory and new product launches: Forecasted FY2H26.

We look for evidence that margins and earnings have bottomed and NKE is entering a period of sustained "beat-and-raise" financial performance. The first P&L impact metric we look for is positive y/y merchandise margin inflection. We believe the return to GM inflection is centered on more full-price selling driven by cleaning up of the channel coupled with desirable and innovative brand heat products. Recall, we foresee six sources of margin pressure in FY26 from: 1) sales pressure as NKE resets the marketplace; 2) return of demand creation to ~10% of sales; 3) product and channel mix headwinds; 4) return of price concessions, offset by price increases to mitigate tariff impact, to drive wholesale channel restocking; 5) franchise management of AJ1, AF1, and especially Dunk; and 6) negative impact from

tariffs. With the reset actions most aggressively taken in FY2H25 and likely bleeding into FY1H26, we believe this could set up for margin improvement in FY2H26.

Catalyst #3: Return to sustainable full-price sales growth; accelerating sales growth:

Forecast FY4Q26/FY1Q27. NKE guided to overall FY2Q26 revenue to be down LSD (inclusive of a one point benefit from FX). Recall sales have been down for five out of the past 6 quarters. FY1Q26 had a surprise positive sales due to a pull forward of wholesale shipments. While the company is not back to growth, we see less fixed-cost deleverage as revenue trends make their way back towards a positive inflection. The rate of decline will likely continue to moderate, and we see potential for a return to profitable and sustainable revenue growth in FY1H27 as the company laps heavy clearance activity in FY2H26 and begins to return to full-price selling. Recall on the most recent call, management stated they "*expect a modest headwind to revenue in FY2H26 as they lap aggressive clearance activity in the prior year... the second half will be more full price, it will be more profitable, but there will be a revenue headwind from the compare to the higher level of off-price liquidation in the prior year.*"

Catalyst #4: Positive DTC inflection; sustained sales acceleration as brand recovers:

Forecasted FY27. Evidence of a sustained brand recovery resides in the strength of the innovation pipeline driving positive growth in full-price selling in NKE's DTC channel . We look for evidence that reset actions have begun to materialize in results. Thus far, we know that CEO Elliott Hill is accelerating the product newness cycle, innovation at scale, and marketing efforts across the company under its "Win Now" strategy focusing on five fields of play, three countries, and five cities. We are beginning to see green shoots from the reset actions as early feedback from Nike's wholesale partners has been positive, evidenced by the company's wholesale order books improving sequentially with its holiday orders up in NA, EMEA, and APLA, offset by Greater China. We do point out that the holiday order book includes new points of wholesale distribution (or what we call "non-comp wholesale" doors such as Amazon) that add to the wholesale channel orders inflecting. We find this data point encouraging but still not concrete evidence of a sustained return to growth as order books do not always net to booked revenue growth.

Tariff Exposure

Reach out to request our proprietary Tariff QuikCalc model [here](#).

Tariff exposure update. Based on reciprocal tariff rates as of NKE's FY1Q26 call on 9/30/25, NKE raised its expected impact from tariffs on an annualized gross incremental cost basis to approx. \$1.5bn (up from \$1.0bn). The company expected the net headwind to GM to increase to 120bps (from 75bps) for FY26, with a 175bps impact to FY2Q26. The company continues to expect to mitigate these new costs over time.

Prior tariff commentary. On the FY4Q25 call, NKE stated, "*Currently, China represents roughly 16% of the footwear we import into the United States. And we expect this to reduce to the high single-digit range by the end of fiscal '26, with supply from China reallocated to other countries around the world.*" Management estimates FY26 unmitigated tariff expense at the current 30% China/10% rest of world to be \$1bn with a net impact of ~100bps to FY1Q26 and ~75bps to FY26. Based on its most recent FY25 annual filings "for fiscal 2025, factories in Vietnam, Indonesia, and China manufactured approximately 51%, 28% and 17% of total NIKE Brand footwear ([Figure 8](#)), respectively. For fiscal 2025, factories in Vietnam, China, and Cambodia manufactured approximately 31%, 15% and 15% of total NIKE Brand apparel ([Figure 9](#)), respectively."

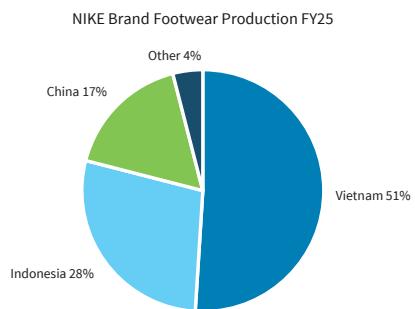
Barclays Tariff "QuikCalc" Model assumptions. We provide our Tariff "QuikCalc" model analysis, which now assumes global tariff assumptions effective 8/7/25, resulting in an incremental ~\$500m in gross tariff impact to FY26. Our prior tariff analysis assumed 30% China and 10% Rest of World (excluding Mexico and Canada). Note our estimate of Tariff on Goods Imported to the US is a gross unmitigated amount for a full year, and we calculate the price increase necessary to mitigate full tariff cost (absent other mitigation strategies). Our updated tariff calculator under 8/7/25 effective rates suggests that for NKE total average unit cost will increase by 8.3% with pass-through to the US market only increasing prices by 7.9% (see [Figure 7](#)).

FIGURE 7. NKE Estimated Tariff Impact on P&L - For Illustrative Purposes Only

	FY 2026E (5)		NO AUR INCREASE (1)		AUR INCREASE ANALYSIS (1)		
	NKE ex Tariff	% of Net Sales	NKE with Tariff	% of Net Sales	NKE with Tariff	% of Net Sales	AUR Increase
Net Sales (6)	\$45,753.2	100.0%	\$45,753.2	100.0%	\$47,336.7	100.0%	3.5%
U.S. Revenues	20,039.9	43.8%	20,039.9	43.8%	21,623.4	45.7%	7.9%
Non-U.S. Revenues	25,713.3	56.2%	25,713.3	56.2%	25,713.3	54.3%	0.0%
EBIT (6)	3,504.0	7.7%	1,920.4	4.2%	3,504.0	7.4%	
U.S. EBIT	1,534.7	7.7%	-48.8	-0.2%	1,534.7	7.1%	
Non-U.S. EBIT	1,969.2	7.7%	1,969.2	7.7%	1,969.2	7.7%	
COS (2) (6)	25,997.2	56.8%	27,580.7	60.3%	27,580.7	58.3%	6.1%
U.S. COS	11,386.8		12,970.3		12,970.3		13.9%
Non-U.S. COS	14,610.4		14,610.4		14,610.4		0.0%
Tariff on U.S. Goods	0.0	0.0%	1,583.5	3.5%	1,583.5	3.3%	
Gross Profit (6)	19,756.0	43.2%	18,172.5	39.7%	19,756.0	41.7%	
U.S. Gross Profit	8,653.1		7,069.6		8,653.1		
Non-U.S. Gross Profit	11,102.9		11,102.9		11,102.9		
COS Breakdown							
Non-Product COS, Incl ROD (3) % of Sales	15.0%				15.0%	15.0%	
Non-Product COS, Incl ROD (3) \$	6,862.98	15.0%			6,862.98	15.0%	14.5%
U.S. Non-Product COS (3)	3,005.98	15.0%			3,005.98	15.0%	13.9%
Non-U.S. Non-Product COS	3,856.99	15.0%			3,856.99	15.0%	
Product COS \$	19,134.2	41.8%					
U.S. Product COS \$	8,380.8	41.8%					
Non-U.S. Product COS \$	10,753.4						
Product Gross Profit \$	26,619.0	58.2%					
U.S. Product GP \$	11,659.1	58.2%					
Non-U.S. Product GP \$	14,959.9	58.2%					
Product Gross Margin %	58.2%						
U.S. Product GM %	58.2%						
Non-U.S. Product GM %	58.2%						
Percent Sourced Outside the US (%)	100%						
U.S. Product from Outside the US (COS \$)	8,380.8						
Non-U.S. Product from Outside the US (COS \$)	10,753.4						
Incrmt'l Tariff on Goods Imported to U.S. (%)	18.9%						
Tariff on Goods Imported to U.S. (\$)	1,583.5						
Percent Increase to Product AUC (4)	8.3%						
Bps impact on Margins	346						

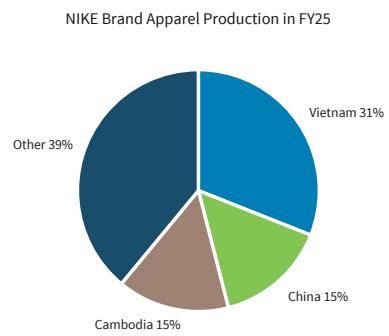
Note: (1) AUR stands for Average Unit Retail. (2) COS stands for Cost of Sales. (3) ROD stands for Rent Occupancy Depreciation. (4) AUC stands for Average Unit Cost. (5) Fiscal Year End May and using forward estimate. (6) Bloomberg consensus forward estimate as of 4/1/25.
Source: Company filings, Company commentary, Barclays Research, Bloomberg

FIGURE 8. NIKE Brand Footwear Production in FY25



Note: FY25 is 12 months ending 5/31/25
Source: Company Filings, Barclays Research

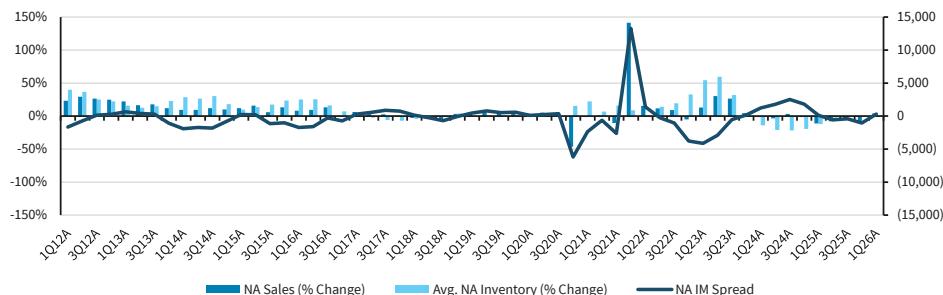
FIGURE 9. NIKE Brand Apparel Production in FY25



Note: FY25 is 12 months ending 5/31/25
Source: Company Filings, Barclays Research

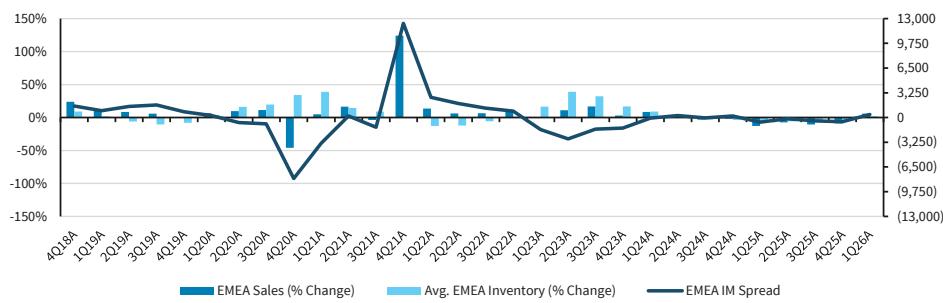
Regional Inventory Charts

FIGURE 10. NKE North America Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY1Q12A - FY1Q26



Source: Company data, Barclays Research

FIGURE 11. NKE EMEA Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY1Q18A - FY1Q26



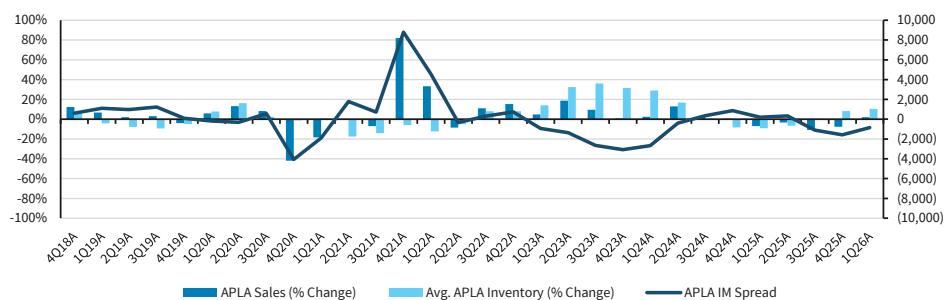
Source: Company data, Barclays Research

FIGURE 12. NKE Greater China Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY1Q12A - FY1Q26



Source: Company data, Barclays Research

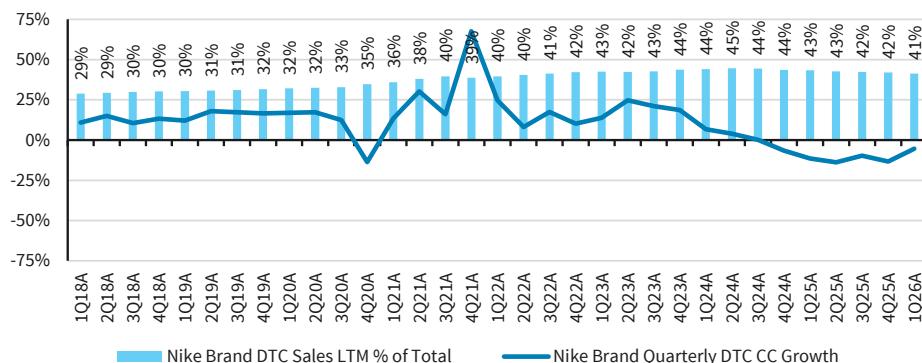
FIGURE 13. NKE APLA Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY4Q18A - FY1Q26A



Source: Company data, Barclays Research

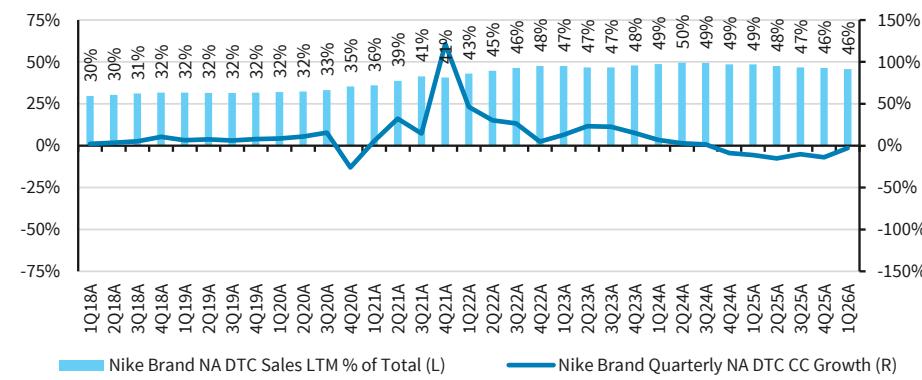
Sales Mix Charts

FIGURE 14. Total Company LTM % of Sales from Direct-to-Consumer ("DTC"), FY1Q18A - FY1Q26



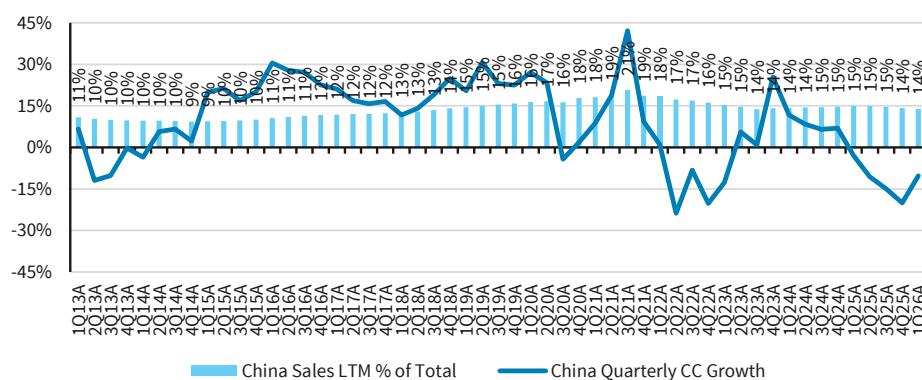
Source: Company data, Barclays Research

FIGURE 15. NA LTM % of Sales from Direct-to-Consumer ("DTC"), FY1Q18A - FY1Q26



Source: Company data, Barclays Research

FIGURE 16. NKE Greater China LTM % of Sales from Greater China (Constant Currency), FY1Q13A - FY1Q26

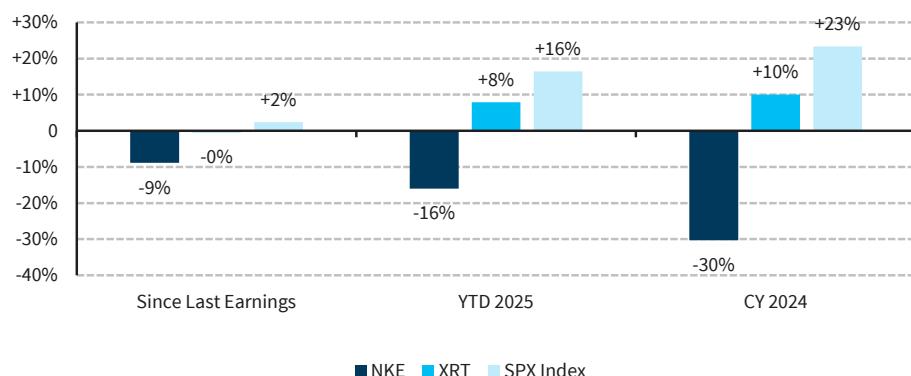


Source: Company data, Barclays Research

NKE Stock Performance, Sentiment Mixed

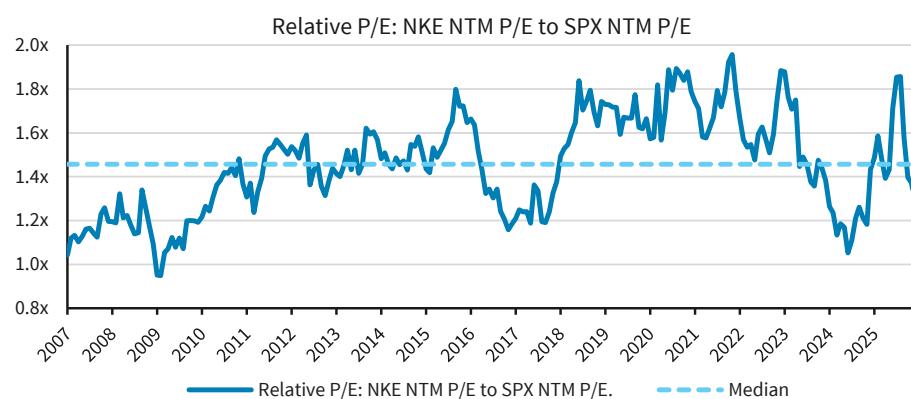
Since the last quarterly results on 9/30/25 through 12/8/25, NKE shares are -9% vs. the S&P 500 +2% and the XRT (flat). YTD through 12/8/25, NKE shares are -16% vs. the S&P 500 +16% and the XRT +8%. In 2024, NKE shares were -30% vs. the S&P 500 +23% and the XRT +10%.

FIGURE 17. NKE Historical Stock Performance



Note: Pricing as of 12/8/25 market close.
Source: Bloomberg, Barclays Research

FIGURE 18. Relative NTM P/E Ratio Suggests NKE Valuation Is Trending Near Historical Median

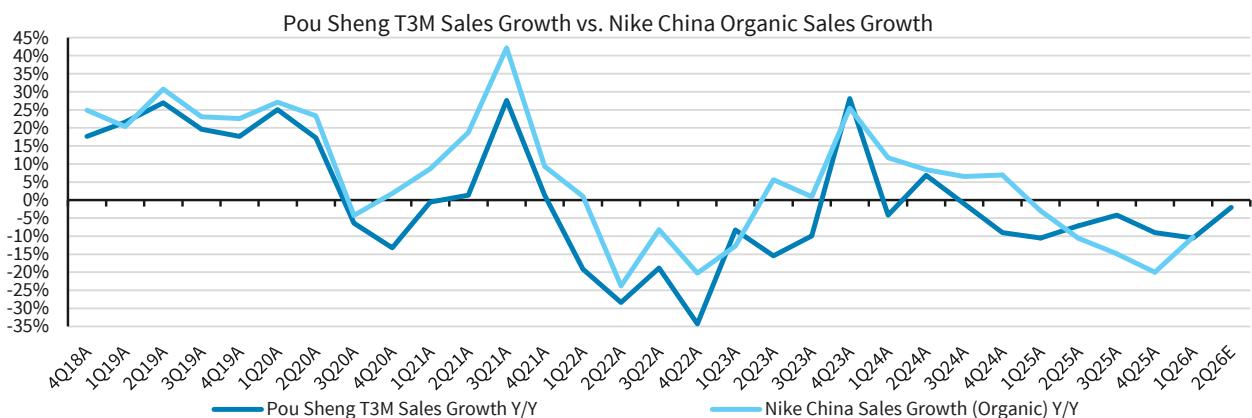


Pricing as of 12/8/25 market close.
Source: Bloomberg, Barclays Research

Pou Sheng / Pou Chen / Apptopia Analysis

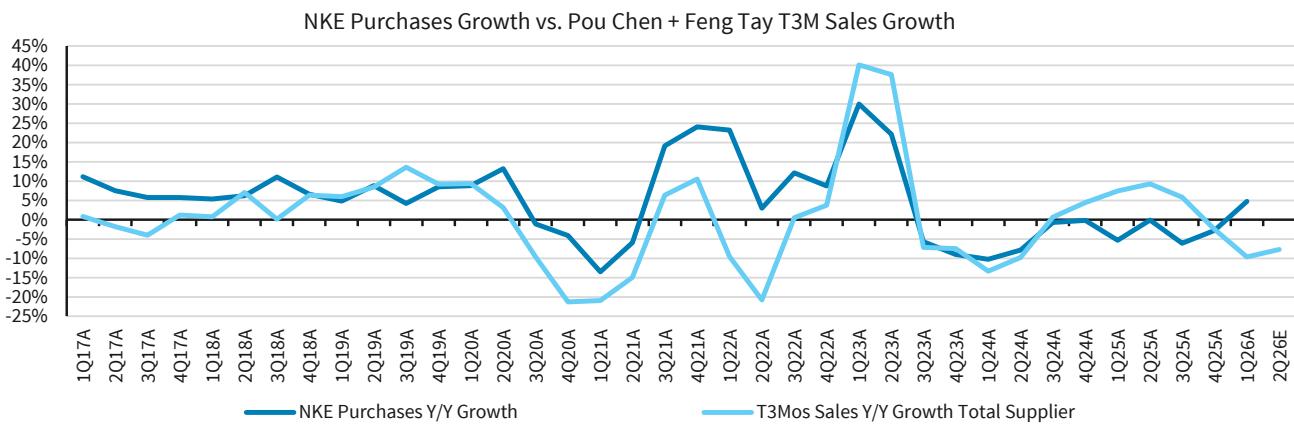
- Pou Sheng (China retailer) revenue was down -2.6%** for September/October, a notable sequential improvement from down -10.2% in the prior three months. This sequential uptick suggests stabilization at the retail level and hints at a more resilient underlying China trend.
- Supplier checks show combined revenue for Pou Chen and Feng Tay fell -7.7%** in September/October, improving sequentially from down -9.6% in the prior three months. While still negative, the smaller drop suggests Nike's inventory orders may be stabilizing.
- Apptopia app data projects North America down -5%**, in line with consensus. While NA is expected to lead the global brand recovery, growth will be challenged by lapping higher use of promos which could weigh on traffic.

FIGURE 19. Pou Sheng Sales Growth vs. NKE China Sales Growth (Constant Currency)



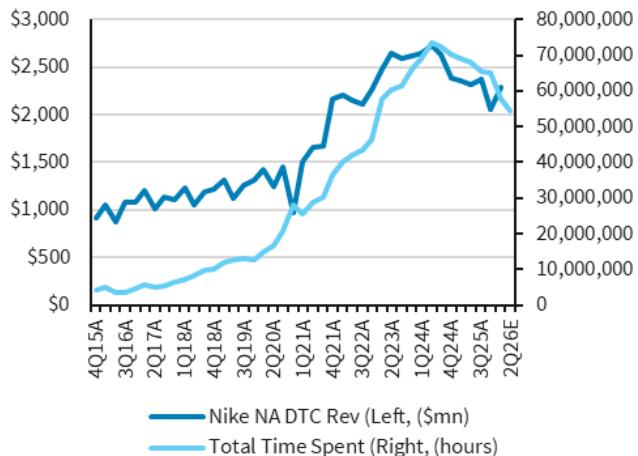
Source: Bloomberg, Company Filings, Barclays Research

FIGURE 20. NKE Purchases Growth vs. Combined Pou Chen + Feng Tay T3M Sales Growth



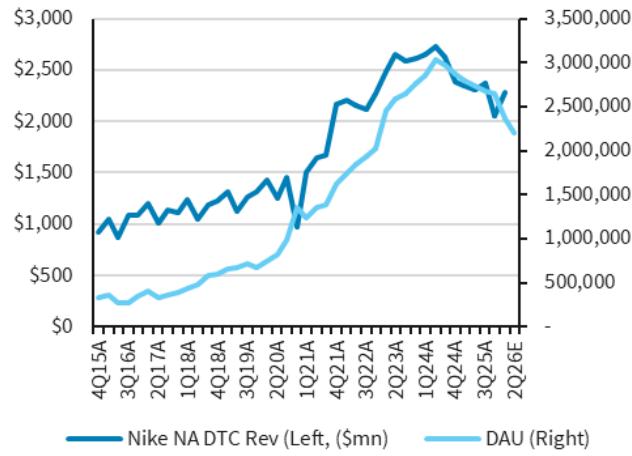
Source: Bloomberg, Company Filings, Barclays Research

FIGURE 21. NKE Quarterly NA DTC Rev vs. Quarterly Session Time



Source: Apptopia, Bloomberg, Barclays Research

FIGURE 22. NKE Quarterly NA DTC Rev vs. Quarterly DAU



Source: Apptopia, Bloomberg, Barclays Research

Company Commentary

DKS Conference Commentary (12/3/25):

- "We've got a great relationship with **Nike**. We're really excited about what's going on from a **Nike** standpoint. What they did with the running construct around the 9-box and the Pegasus, and the Structure and Vomero have just been out of this world and how much market share they've picked up. I think **Nike's** got a huge – it's great for our industry, it's great for our business. It's great for **Nike** too. But I think there's a lot of opportunity ahead with **Nike**."

DKS Earnings Call (11/25/25):

- "As previously announced, Ann Freeman, a long-time former **Nike** executive, is now serving as Foot Locker North America President. Ann brings deep industry expertise and leadership experience, and she is supported by a high-caliber team of senior leaders, a combination of key executives from Foot Locker, all of whom are well-respected by the Stripers, Blue Shirts, and our brand partners, experienced leaders from DICK'S, and talent from other world-class companies."
- "In North America, as we talked about, it's being led by Ann Freeman, a long-time **Nike** executive that we've got a tremendous amount of respect for, and the brands have a tremendous amount of respect for."
- "We just got **Nike**'s running construct in last week, and when you take a look at some things like that, there's just a huge opportunity. That product is being sold at full price, so yes, we're really confident that there'll be a meaningful increase in their gross margin, and we'll give you some more color on that at the end of the fourth quarter."

DKS Conference Commentary (9/4/25):

- "So there are some brands that have come out with some really terrific product that's really kind of bought the consumer's interest, whether that's **Nike**'s new running construct, which has been just fantastic around PEG structure and Vomero has been great."
- "Went to a more Premium Footwear business, which gave us access to new products that **Nike** and some other brands wouldn't sell to us. So we changed our entire Footwear business."

JD Sports (covered by Richard Taylor) 1H26 Earnings Call (9/24/25):

- "On the other hand, running has moved back above the 50% mark where it was in financial year '20, especially with the development of performance running with On, Hoka, Salomon, Adidas Evo and the new **Nike** running product, Vomero 18 and Pegasus."
- "... Asics, New Balance, Adidas are doing some really good stuff in the performance categories and we've seen some new product from **Nike** that's hit the ground running, pardon the pun."

ASO Earnings Call (12/9/25):

- "Lastly, investments in delivering more on-trend product for both Jordan Brand and **Nike** helped drive high-single digit growth in the combined brands and is helping bring in new higher income customers into Academy."
- "We believe that our improved access to basketball game shoes from Jordan and performance running shoes from **Nike** such as the Vomero, coupled with the expansion of fashion apparel across both these brands, is helping us attract many of these new \$100,000-plus households that I mentioned earlier in my remarks."

- "...depending upon the quarter, we've seen the combined **Nike**, Jordan grow in the high-single to low-double digits. I think you should expect that. We expect to happen again next year based off of further rollout of Jordan into more doors and continued access and rollout of more fashion product within **Nike**. It's going to be a growth driver for us, similar to what we saw this year."

Model Changes

FIGURE 23. Model Changes (in \$ millions, except per share data)

(\$mm, except per share)	New					Old					Consensus							
	2Q26E	3Q26E	4Q26E	FY26E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	
North America Revenue	\$5,366	\$4,779	\$4,691	\$19,856	\$20,119	\$21,125	\$4,910	\$4,809	\$4,707	\$19,445	\$19,953	\$20,951	\$5,184	\$4,917	\$4,868	\$20,006	\$20,990	\$22,063
EMEA Revenue	3,358	2,996	3,216	12,900	13,290	13,821	3,359	2,970	3,170	12,830	13,218	13,746	3,398	2,998	3,168	12,885	13,615	14,338
Greater China Revenue	1,552	1,606	1,427	6,098	6,324	6,879	1,552	1,653	1,405	6,123	6,350	6,907	1,545	1,638	1,434	6,129	6,422	6,776
APAC/Latam Revenue	1,784	1,552	1,651	6,476	6,804	7,212	1,784	1,552	1,659	6,484	6,812	7,221	1,719	1,509	1,625	6,349	6,716	7,059
Converse	394	404	356	1,519	1,526	1,587	401	404	356	1,527	1,534	1,595	355	355	334	1,425	1,470	1,542
Other Revenue	15	14	11	41	52	55	15	14	11	41	52	55	na	na	na	na	na	na
Total Revenue	\$12,468	\$11,350	\$11,351	\$46,890	\$48,114	\$50,678	\$12,021	\$11,402	\$11,308	\$46,450	\$47,918	\$50,475	\$12,200	\$11,436	\$11,460	\$46,783	\$49,188	\$51,725
Adj Gross Profit	5,127	4,822	4,798	19,691	21,044	22,738	4,883	4,616	4,554	18,996	20,553	22,154	4,954	4,808	4,810	19,489	21,340	22,802
Operating Expenses	4,322	4,131	4,357	16,826	17,016	17,797	4,318	3,990	4,114	16,437	16,706	17,471	4,260	3,943	4,199	16,384	16,874	17,416
Adj. Operating income	805	692	442	2,865	4,028	4,941	565	626	440	2,559	3,847	4,683	694	865	612	3,105	4,466	5,386
Adj Net Income	\$627	\$546	\$349	\$2,250	\$3,404	\$4,152	\$438	\$495	\$348	\$2,008	\$3,255	\$3,940	\$545	\$691	\$483	\$2,472	\$3,651	\$4,395
EPS (adjusted, diluted)	\$0.42	\$0.37	\$0.24	\$1.52	\$2.30	\$2.81	\$0.30	\$0.33	\$0.23	\$1.35	\$2.19	\$2.65	\$0.38	\$0.47	\$0.34	\$1.68	\$2.51	\$3.05
Gross Margin	41.1%	42.5%	42.3%	42.0%	43.7%	44.9%	40.6%	40.5%	40.3%	40.9%	42.9%	43.9%	40.6%	42.0%	42.0%	41.7%	43.4%	44.1%
Operating Expenses % of Sales	34.7%	36.4%	38.4%	35.9%	35.4%	35.1%	35.9%	35.0%	36.4%	35.4%	34.9%	34.6%	34.9%	34.5%	36.6%	35.0%	34.3%	33.7%
Operating Margin	6.5%	6.1%	3.9%	6.1%	8.4%	9.8%	4.7%	5.5%	3.9%	5.5%	8.0%	9.3%	5.7%	7.6%	5.3%	6.6%	9.1%	10.4%
New vs. Old																New vs. Consensus		
(% Change)	2Q26E	3Q26E	4Q26E	FY26E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	
North America Revenue	9%	-1%	0%	2%	1%	1%	3%	-3%	-4%	-1%	-4%	4%	0%	2%	0%	-2%	-4%	
EMEA Revenue	0%	1%	1%	1%	1%	1%	-1%	0%	2%	0%	0%	1%	0%	1%	-1%	0%	0%	
Greater China Revenue	0%	-3%	2%	0%	0%	0%	0%	-2%	-1%	-1%	-2%	2%	3%	1%	2%	2%	2%	
APAC/Latam Revenue	0%	0%	0%	0%	0%	0%	4%	3%	2%	2%	1%	1%	5%	4%	3%	1%	2%	
Converse	-2%	0%	0%	-1%	-1%	-1%	11%	14%	7%	7%	4%	11%	14%	11%	11%	4%	3%	
Other Revenue	0%	0%	0%	0%	0%	0%	na	na	na	na	na	na	na	na	na	na	na	
Total Revenue	4%	0%	0%	1%	0%	0%	2%	-1%	-1%	0%	-2%	1%	0%	0%	-2%	-2%	-2%	
Adj Gross Profit	5%	4%	5%	4%	2%	3%	4%	0%	0%	1%	0%	1%	0%	1%	-1%	0%	0%	
Operating Expenses	0%	4%	6%	2%	2%	2%	1%	5%	4%	3%	2%	1%	5%	4%	3%	1%	2%	
Adj. Operating income	42%	10%	0%	12%	5%	6%	16%	-20%	-28%	-8%	-10%	-8%	16%	-20%	-28%	-10%	-8%	
Adj Net Income	43%	10%	0%	12%	5%	5%	15%	-21%	-28%	-9%	-10%	-9%	15%	-21%	-28%	-10%	-9%	
EPS (adjusted, diluted)	43%	10%	0%	12%	5%	6%	13%	-21%	-30%	-10%	-9%	-9%	13%	-21%	-30%	-10%	-9%	
Gross Margin	0.50%	2.00%	2.00%	1.10%	0.85%	0.98%	0.52%	0.44%	0.30%	0.34%	0.35%	0.78%	0.52%	0.44%	0.30%	0.34%	0.35%	
Operating Expenses % of Sales	-1.25%	1.40%	2.00%	0.50%	0.50%	0.50%	-0.25%	1.92%	1.74%	0.86%	1.06%	1.45%	-0.25%	1.92%	1.74%	0.86%	1.06%	
Operating Margin	1.75%	0.60%	0.00%	0.60%	0.34%	0.47%	0.77%	-1.47%	-1.44%	-0.53%	-0.71%	-0.66%	0.77%	-1.47%	-1.44%	-0.53%	-0.71%	

Source: Company Filings, Bloomberg, Barclays Research

Income Statement

FIGURE 24. Income Statement (in \$ millions, except per share data)

	FY24A	1Q25A	2Q25A	3Q25A	4Q25A	FY25A	1Q26A	2Q26E	3Q26E	4Q26E	FY26E	1Q27E	2Q27E	3Q27E	4Q27E	FY27E	FY28E
(\$ mm, except per share)	May-24	Aug-24	Nov-24	Feb-25	May-25	May-25	Aug-25	Nov-25	Feb-26	May-26	May-26	Aug-26	Nov-26	Feb-27	May-27	May-27	May-28
Income Statement																	
Revenue	51,362.0	11,589.0	12,354.0	11,269.0	11,097.0	46,309.0	11,720.0	12,468.0	11,350.3	11,351.3	46,889.7	11,946.6	12,740.8	11,683.2	11,743.2	48,113.8	50,678.3
COGS	28,412.0	6,332.0	6,965.0	6,594.0	6,628.0	26,519.0	6,777.0	7,341.0	6,528.1	6,552.9	27,199.0	6,728.8	7,310.5	6,485.9	6,544.2	27,069.4	27,940.4
Adj. Gross Profit	22,950.0	5,257.0	5,389.0	4,675.0	4,469.0	19,790.0	4,943.0	5,127.0	4,822.2	4,798.5	19,690.7	5,217.8	5,430.3	5,197.3	5,199.0	21,044.4	22,737.9
Adj. Demand Creation Expense	4,285.0	1,226.0	1,122.0	1,088.0	1,253.0	4,689.0	1,188.0	1,412.9	1,311.5	1,395.2	5,307.6	1,211.0	1,443.8	1,350.0	1,443.4	5,448.1	5,738.7
Adj. Operating Overhead Expense	11,912.0	2,822.0	2,883.0	2,799.0	2,895.0	11,399.0	2,828.0	2,909.6	2,819.2	2,961.4	11,518.2	2,811.0	2,896.8	2,855.2	3,004.9	11,567.8	12,057.8
Adj. Operating Expenses	16,197.0	4,048.0	4,005.0	3,887.0	4,148.0	16,088.0	4,016.0	4,322.5	4,130.7	4,356.6	16,825.8	4,022.0	4,340.6	4,205.1	4,448.3	17,016.0	17,796.5
Adj. Operating Income	6,753.0	1,209.0	1,384.0	788.0	321.0	3,702.0	927.0	804.5	691.5	441.9	2,864.9	1,195.8	1,089.7	992.2	750.7	4,028.4	4,941.3
Other Expense (Income)	(228.0)	(55.0)	(8.0)	(38.0)	25.0	(76.0)	23.0	35.0	18.0	22.0	98.0	(10.0)	(10.0)	(10.0)	(40.0)	(40.0)	
Adj. EBIT	6,981.0	1,264.0	1,392.0	826.0	296.0	3,778.0	904.0	769.5	673.5	419.9	2,766.9	1,205.8	1,099.7	1,002.2	760.7	4,068.4	4,981.3
Net Interest Expense (Income)	(161.0)	(43.0)	(24.0)	(18.0)	(22.0)	(107.0)	(18.0)	(24.1)	(18.1)	(22.1)	(82.3)	(18.0)	(24.1)	(18.1)	(22.1)	(82.3)	
Adj. EBT	7,142.0	1,307.0	1,416.0	844.0	318.0	3,885.0	922.0	793.6	691.6	442.0	2,849.2	1,223.8	1,123.8	1,020.3	782.8	4,150.7	5,063.6
Adj. Income Taxes	1,097.6	256.0	253.0	50.0	107.0	666.0	195.0	166.7	145.2	92.8	599.7	220.3	202.3	183.7	140.9	747.1	911.5
Adj. Net Income	6,044.4	1,051.0	1,163.0	794.0	211.0	3,219.0	727.0	627.0	546.4	349.2	2,249.5	1,003.5	921.5	836.7	641.9	3,403.6	4,152.2
Adj. EPS	\$3.95	\$0.70	\$0.78	\$0.54	\$0.14	\$2.16	\$0.49	\$0.42	\$0.37	\$0.24	\$1.52	\$0.68	\$0.62	\$0.57	\$0.43	\$2.30	\$2.81
GAAP EPS	\$3.73	\$0.70	\$0.78	\$0.54	\$0.14	\$2.16	\$0.49	\$0.42	\$0.37	\$0.24	\$1.52	\$0.68	\$0.62	\$0.57	\$0.43	\$2.30	\$2.81
Avg. Diluted Shares	1,529.7	1,502.0	1,490.0	1,478.1	1,477.7	1,487.6	1,479.0	1,480.1	1,482.3	1,484.5	1,482.6	1,484.3	1,482.1	1,480.3	1,478.9	1,481.4	1,476.8
Dividends declared	\$1.45	\$0.37	\$0.40	\$0.40	\$0.40	\$1.57	\$0.40	\$0.44	\$0.44	\$0.44	\$1.72	\$0.44	\$0.48	\$0.48	\$0.48	\$1.88	\$2.04
YOY % Change in Dollars																	
Sales Growth (%)	0.3%	-10.4%	-7.7%	-9.3%	-12.0%	-9.8%	1.1%	0.9%	0.7%	2.3%	1.3%	1.9%	2.2%	2.9%	3.5%	2.6%	5.3%
Sales Growth (%) (Constant Currency)	0.3%	-9.1%	-8.8%	-6.9%	-11.5%	-9.1%	-0.7%	-0.5%	-1.3%	0.4%	-0.5%	1.6%	2.2%	2.9%	3.5%	2.5%	5.3%
Gross Profit (%)	3.0%	-8.1%	-9.7%	-16.9%	-20.7%	-13.8%	-6.0%	-4.9%	3.1%	7.4%	-0.5%	5.6%	5.9%	7.8%	8.3%	6.9%	8.0%
Demand Creation Expense (%)	5.5%	14.7%	0.7%	7.6%	14.8%	9.4%	-3.1%	25.9%	20.5%	11.4%	13.2%	1.9%	2.2%	2.9%	3.5%	2.6%	5.3%
Operating Overhead Expense (%)	-3.3%	-7.4%	-4.9%	-2.6%	-2.1%	-4.3%	0.2%	0.9%	0.7%	2.3%	1.0%	-0.6%	-0.4%	1.3%	1.5%	0.4%	4.2%
Op. Expenses (%)	-1.1%	-1.7%	-3.4%	0.0%	2.4%	-0.7%	-0.8%	7.9%	6.3%	5.0%	4.6%	0.1%	0.4%	1.8%	2.1%	1.1%	4.6%
Operating Income (%)	14.2%	-24.6%	-24.2%	-54.7%	-79.7%	-45.2%	-23.3%	-41.9%	-12.2%	37.7%	-22.6%	29.0%	35.4%	43.5%	69.9%	40.6%	22.7%
EBIT Income (%)	12.7%	-21.7%	-26.7%	-52.9%	-82.7%	-45.9%	-28.5%	-44.7%	-18.5%	41.8%	-26.8%	33.4%	42.9%	48.8%	81.2%	47.0%	22.4%
EBT Income (%)	15.2%	-20.7%	-26.3%	-53.3%	-82.0%	-45.6%	-29.5%	-44.0%	-18.1%	39.0%	-26.7%	32.7%	41.6%	47.5%	77.1%	45.7%	22.0%
Adj. Net Income (%)	19.2%	-27.5%	-26.3%	-47.0%	-86.1%	-46.7%	-30.8%	-46.1%	-31.2%	65.5%	-30.1%	38.0%	47.0%	53.1%	83.8%	51.3%	22.0%
Adj. EPS (%)	24.3%	-25.5%	-24.2%	-45.3%	-85.9%	-45.2%	-29.8%	-45.7%	-31.4%	64.7%	-29.9%	37.5%	46.8%	53.3%	84.5%	51.4%	22.4%
% of Sales Ratios																	
Gross Margin (%)	44.7%	45.4%	43.6%	41.5%	40.3%	42.7%	42.2%	41.1%	42.5%	42.3%	42.0%	43.7%	42.6%	44.5%	44.3%	43.7%	44.9%
Demand Creation Expense (%)	8.3%	10.6%	9.1%	9.7%	11.3%	10.1%	10.1%	11.3%	11.6%	12.3%	11.3%	10.1%	11.3%	11.6%	12.3%	11.3%	11.3%
Operating Overhead Expense (%)	23.2%	24.4%	23.3%	24.8%	26.1%	24.6%	24.1%	23.3%	24.8%	26.1%	24.6%	23.5%	22.7%	24.4%	25.6%	24.0%	23.8%
Op. Expense Rate (%)	31.5%	34.9%	32.4%	34.5%	37.4%	34.7%	34.3%	34.7%	36.4%	38.4%	35.9%	33.7%	34.1%	36.0%	37.9%	35.4%	35.1%
Operating Margin (%)	13.1%	10.4%	11.2%	7.0%	2.9%	8.0%	7.9%	6.5%	6.1%	3.9%	6.1%	10.0%	8.6%	8.5%	6.4%	8.4%	9.8%
Other Expense (%)	-0.4%	-0.5%	-0.1%	-0.3%	0.2%	-0.2%	0.2%	0.3%	0.2%	0.2%	0.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%
EBIT Margin (%)	13.6%	10.9%	11.3%	7.3%	2.7%	8.2%	7.7%	6.2%	5.9%	3.7%	5.9%	10.1%	8.6%	8.6%	6.5%	8.5%	9.8%
EBT Margin (%)	13.9%	11.3%	11.5%	7.5%	2.9%	8.4%	7.9%	6.4%	6.1%	3.9%	6.1%	10.2%	8.8%	8.7%	6.7%	8.6%	10.0%
Net Margin (%)	11.8%	9.1%	9.4%	7.0%	1.9%	7.0%	6.2%	5.0%	4.8%	3.1%	4.8%	8.4%	7.2%	7.2%	5.5%	7.1%	8.2%
Tax Rate (%)	15.4%	19.6%	17.9%	5.9%	33.6%	17.1%	21.1%	21.0%	21.0%	21.0%	21.0%	18.0%	18.0%	18.0%	18.0%	18.0%	18.0%
YOY Bps Change in Margin																	
Gross Margin (bps)	1.16%	1.15%	-0.98%	-3.77%	-4.42%	-1.95%	-3.19%	-2.50%	1.00%	2.00%	-0.74%	1.50%	1.50%	2.00%	2.00%	1.75%	1.13%
Demand Creation Expense (bps)	0.42%	2.32%	0.76%	1.52%	2.64%	1.78%	-0.44%	2.25%	1.90%	1.00%	1.19%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Overhead Expense (bps)	-0.86%	0.80%	0.69%	1.71%	2.62%	1.42%	-0.22%	0.00%	0.00%	0.00%	-0.05%	-0.60%	-0.60%	-0.40%	-0.50%	-0.52%	-0.25%
Op. Expense Rate (bps)	-0.44%	3.12%	1.45%	3.23%	5.26%	3.21%	-0.66%	2.25%	1.90%	1.00%	1.14%	-0.60%	-0.60%	-0.40%	-0.50%	-0.52%	-0.25%
Operating Income (bps)	1.60%	-1.96%	-2.43%	-7.00%	-9.68%	-5.15%	-2.52%	-4.75%	-0.90%	1.00%	-1.88%	2.10%	2.10%	2.40%	2.50%	2.26%	1.38%
Other Expense (bps)	0.10%	-0.40%	0.50%	-0.21%	1.23%	0.28%	0.67%	0.35%	0.50%	-0.03%	0.37%	-0.28%	-0.36%	-0.24%	-0.28%	-0.29%	0.00%
EBIT Margin (bps)	1.50%	-1.57%	-2.92%	-6.79%	-10.91%	-5.43%	-3.19%	-5.10%	-1.40%	1.03%	-2.26%	2.38%	2.46%	2.64%	2.78%	2.55%	1.37%
EBT Margin (bps)	1.80%	-1.46%	-2.89%	-7.05%	-11.14%	-5.52%	-3.41%	-5.10%	-1.40%	1.03%	-2.31%	2.38%	2.46%	2.64%	2.77%	2.55%	1.36%
Net Margin (bps)	1.87%	-2.14%	-2.37%	-5.01%	-10.14%	-4.82%	-2.87%	-4.39%	-2.23%	1.17%	-2.15%	2.20%	2.20%	2.35%	2.39%	2.28%	1.12%
Tax Rate (bps)	-2.87%	7.57%	-0.03%	-11.14%	19.64%	1.78%	1.56%	3.13%	15.08%	-12.65%	3.91%	-3.15%	-3.00%	-3.00%	-3.00%	-3.05%	0.00%

Fiscal Year End May

Source: Company Filings, Barclays Research

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Nike, Inc. (NKE, 08-Dec-2025, USD 63.54), Equal Weight/Neutral, CD/CE/D/E/J/K/L/M/N

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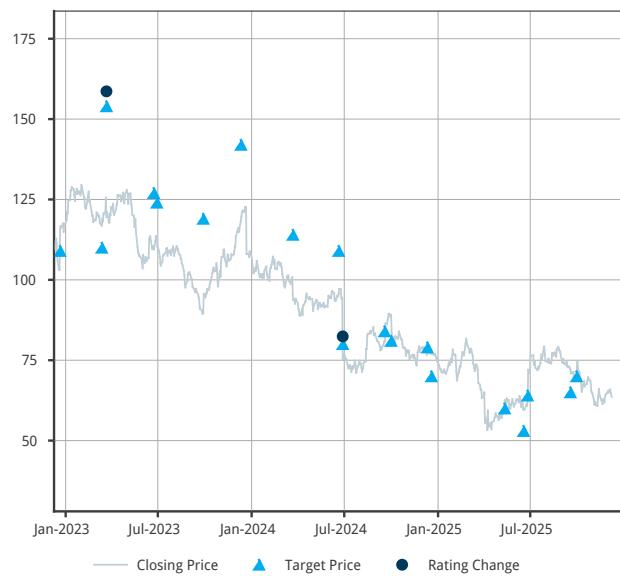
Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 63.54** (08-Dec-2025)

Rating and Price Target Chart - USD (as of 08-Dec-2025)

Currency=USD



Source: IDC, Barclays Research

[Link to Barclays Live for interactive charting](#)

Publication Date	Closing Price*	Rating	Adjusted Price Target
30-Sep-2025	69.73		70.00
18-Sep-2025	72.75		65.00
26-Jun-2025	62.54		64.00
18-Jun-2025	61.90		53.00
12-May-2025	58.91		60.00
19-Dec-2024	77.10		70.00
11-Dec-2024	76.74		79.00
01-Oct-2024	89.13		81.00
18-Sep-2024	80.64		84.00
28-Jun-2024	94.19	Equal Weight	80.00
20-Jun-2024	95.00		109.00
22-Mar-2024	100.82		114.00
11-Dec-2023	115.91		142.00
28-Sep-2023	89.63		119.00
29-Jun-2023	113.37		124.00
23-Jun-2023	109.98		127.00
22-Mar-2023	125.61	Overweight	154.00
13-Mar-2023	117.49		110.00
21-Dec-2022	103.21		109.00

On 09-Dec-2022, prior to any intra-day change that may have been published, the rating for this security was Equal Weight, and the adjusted price target was 83.00.

Source: Bloomberg, Barclays Research

*This is the closing price referenced in the publication, which may not be the last available closing price at the time of publication.

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Valuation Methodology: Our price target of \$70 is based on an NTM P/E multiple of 27x applied to our CY27 EPS estimate of \$2.59.

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