

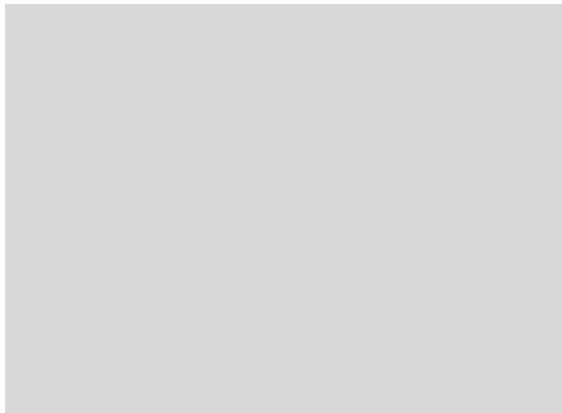
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Nike

NYSE: NKE

Price Target \$xx.xx | Implied Upside: xx.xx% |

Investment Horizon: x years

Team Apex





Analyst Profiles



**Simon
Kurono**



**Teni
Somefun**



**Kyle
Tsuji**



**Patrick
Purcell**

Education:

University of British Columbia
(Bachelor of Commerce, 2nd year
Business, Computer Science, Math)

GPA: 3.87/4.0, 14th in class

Key Experiences:

- Quantitative Researcher at UBC Trading Group
- Fixed Income Summer Analyst at Raffles Advisors
- Data Engineer at Turing

Case Experience:

- Wunderfund Market State Forecasting Machine Learning Competition (Top 6% global rank, 2025)
- Elite Quant Challenge – Machine Learning and Live Trading Competition (Top 7% global rank, 2025)
- Sauder Summit Case Competition (2024)

Education:

University of British Columbia
(Bachelor of Commerce, 2nd year
Intended Specialization: Finance)

GPA: 3.7/4.0

Key Experiences:

- Strive Case Competition Judge 2025
- Analyst (EIT) at CFAC Portfolio Management
- Teacher and travel team member for Sauder LIFT

Case Experience:

- CFAC Stock Pitch Competition (Semi-Finalist, 2025)
- JDC West Jr. Dev Case Competition (Finalist, 2025)
- WestPeak x YWib Stock Pitch Competition (2024)

Education:

University of British Columbia
(Bachelor of Commerce, 2nd year
Intended Specialization: Finance)

GPA: 3.9/4.0, 12th in class

Key Experiences:

- Incoming Illiquids Intern at BCI
- Private Equity Intern at MAK Global Repairs
- Analyst (M&M) at CFAC Portfolio Management
- Co-Founder and Lead Analyst at Pacific Market Insights

Case Experience:

- CFAC Stock Pitch Competition (Semi-Finalist, 2025)
- JDC West Jr. Dev Case Competition (Finalist, 2025)
- WestPeak x YWib Stock Pitch Competition (2024)

Education:

University of British Columbia
(Bachelor of Commerce, 2nd year
Intended Specialization: Finance)

GPA: Dean's List

Key Experiences:

- Analyst at WestPeak Research Association
- Teaching Assistant for Statistics (Comm 191)
- Analyst at Investa Insights
- Ski Instructor at Mt. Norquay

Case Experience:

- CFAC Stock Pitch Competition
- UBC Product Management Case Competition (1st Place)



Investment Opportunities Summary

Why is Nike the best investment today versus Lululemon & Aritzia?

ARITZIA

High quality compounder with limited upside

What's working?

- Strong U.S store expansion and traffic expansion
- Effective brand positioning with Gen Z / millennial consumers
- Consistent execution across retail and e-commerce
- Strong revenue and margin expansion

Why is upside capped?

- Growth expectations already reflected in valuation
- Fashion risk and narrow category exposure - driven by current trends
- Returns are increasingly dependent on flawless execution

Simon Stuff



Downside largely priced in, modest execution drives outsized EPS and multiple recovery

What does the market believe?

- Margin pressure from tariffs
- Slowing growth and prolonged weakness in China
- Perception of lost brand momentum
- Emerging competition lowers Nike's relevance

What is the market missing?

- Earnings are at a cyclical trough due to temporary factors (tariff uncertainty, political tensions)
- Shift back to performance-orientation will restore pricing power and customer loyalty
- Significant operating leverage as inventory normalizes

Simon Stuff



Strong business but out of trend with no clear way to reappeal to customers

What's working?

- Premium brand with loyal customer base
- Strong margins and disciplined cost structure
- Stable demand in core categories, with management adapting new strategies into 2026
- Strong international growth, especially in China

Why upside is lower?

- Domestic growth in U.S lagging significantly
- Going out of trend with the mainstream consumer with no clear direction for recovery
- Recent stock upswing driven by an immaterial change in company leadership, indicating street optimism without a concrete strategy

Simon Stuff

Nike has the most attractive risk-adjusted returns profile and is the best fit to be added into the consumer goods portfolio



Deck Overview

Company Overview

- Nike's principal business involves the **design, development** and worldwide **selling** of **athletic footwear, apparel, equipment, accessories** and **services**
- The company has seen a **stagnation** in both **topline growth** and **number of stores** over the past 5 years, with **EPS declining** due to **margin compression** and **weak guidance** resulting in a **56% downturn** in the **companies** share price over the **past 5 years**
- Nikes operates via **three** main business segments: **Nike, Jordan, and Converse**, allowing for a **diverse** range of options for consumers

Industry Overview

- Nike is a **large brand** with products across the **athletic footwear, apparel, and equipment industries**
- Sportwear** is expected to see an **outsized CAGR** in the next 5 years of **6%**, compared to the **footwear industry CAGR** of **1%**
- Nike competes in a **top-heavy industry** against big names such as **Adidas, Puma, Under Armor, and Hoka**
- While **sticky input costs** and **tariff uncertainty** restrain **margins**, global sporting **events** and dynamic consumer **trends** offer **upside**

Investment Thesis

- Our **thesis** to enter a long position on Nike involves **three key ideas**:
 - By **rebalancing** their channels to **focus** more on **wholesale** than DTC, Nike is unlocking **revenue stability**
 - By **innovating** and **repositioning** towards **sportwear**, Nike is re-aligning with its **roots** and **reconnecting** with its **core consumer**
 - Strong **management reputability** driven by a history of **correctly guiding** the street coincides with **insider confidence** to signify a **turning point** in the stocks trajectory and **limited downside potential** given the current price

Valuation

- Key **catalysts** include the **Fifa World Cup**, a **FY 2027 earnings beat** and an **easing of tariff pressures** following a change in US policy
- Our **key risks** include measures to **mitigate** their **downside** potential but remain a **challenge** in **slowing growth prospects**
 - Wholesale partnerships** may further **compression margins**, but will **stabilize revenue** and
 - An **industry reposition** towards **casual apparel** will only **slow** Nike's **turnaround** by forcing it to **shift focus**
 - The **proliferation** of Nikes **competitors** in the **footwear space** like **On** and **Hoka** will be **overshadowed** by **industry wide CAGR** driving up **volume** across **all companies**

Risks & Catalysts

Recommendation



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Risks & Catalysts

Recommendation



A Brand Synonymous with Sportwear

Nike is the most **globally recognizable** names in both **sportswear** and sports **culture**

Company Overview

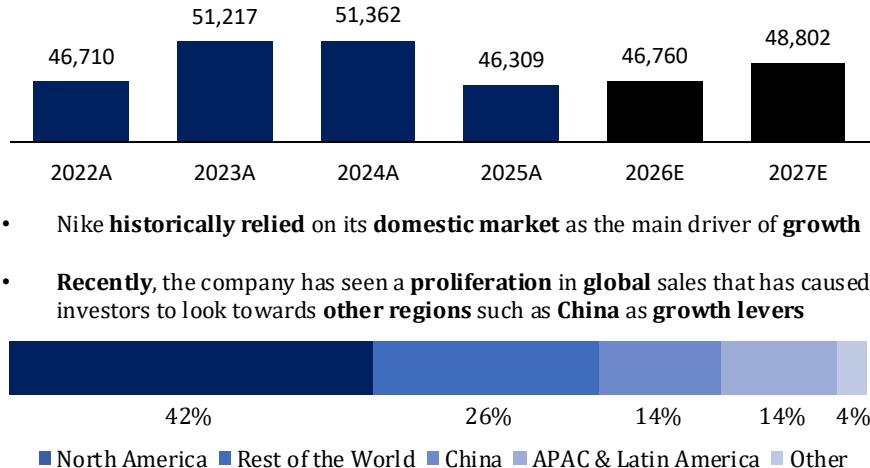
- Nike's principal business involves the **design, development** and worldwide **selling of athletic footwear, apparel, equipment, accessories and services**
- The company is **US-based** and was founded in **Oregon** in **1967**, and offers a variety of products under brands including **Nike, Jordan, and Converse**
- Nearly all of their products are **manufactured outside** of the **United States** by independent contractors located in **China, Vietnam, and Indonesia**
- A key advertising driver of their global brand includes **athlete sponsorships**, including the likes of **Lebron James, Cristiano Ronaldo, and Kylian Mbappé**

(9.8%) FY25 Sales Decline

(42.1%) FY25 EPS Decline

(5.0%) FY25 EBITDA Margin Decline

Revenue Breakdown* (USD mm)



Nike has expanded to become a **globally recognizable brand** with reliance on **foreign markets** to drive growth, led by an **experienced** and well-informed **leadership team** loyal to the **Nike brand**

Key Financials

Revenue (Q2 '26)	\$12.4B	EBITDA (Q2 '26)	\$1.1B
Enterprise Value	\$89.7B	Market Cap	\$86.8B
Debt	\$11.3B	P/EPS	34.4x
Cash & Equivalents	\$8.3B	SS% (annual)	(1.0%)
LTM EPS	\$1.71	Payout Ratio	94.15%
52 week-high	\$82.44	52 week-low	\$52.28

Leadership Team



Elliott Hill



Philip Knight



Mark Parker



Matthew Friend

President and CEO	Co-Founder and Chairman Emeritus	Executive Chairman	Executive VP and CFO
37 y at Co.	57 y at Co.	46 y at Co.	16 y at Co.

*All geographic figures based on FY '25 data

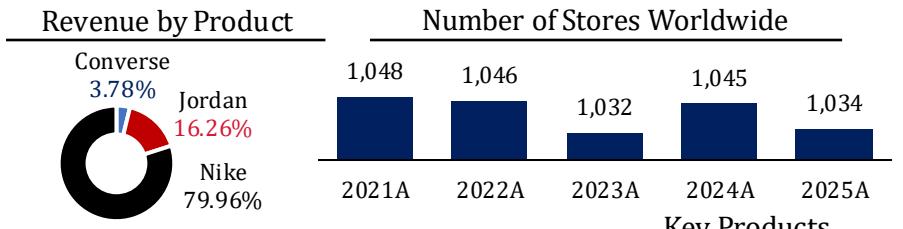


Nike Operates Multiple Globally Recognizable Brands

The main Nike brand serves **everyday athletes**, Jordan targets **basketball and fashion**, while Converse anchors **resilient lifestyle demand**

Product Breakdown

- Nike offers a variety of **sportswear** and **casual fashion** products, with its main three lines being **Nike, Jordan, and Converse**



- Nike is the company's **main business segment**, and consists of **footwear** and **apparel** intended primarily for **athletic use**



Nike Air Force 1 - \$150



Nike Tech Fleece - \$160



Nike Jordan 1 Mid- \$165



Jordan Jumpman Hoodie - \$50



Converse Chuck Taylor All Star - \$90



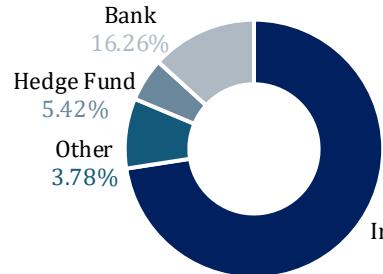
Shai 001 - \$170

- Jordan** is Nikes' everyday **sneaker** and **basketball** brand, with their iconic lines of **Jordan branded footwear and Jumpman apparel**

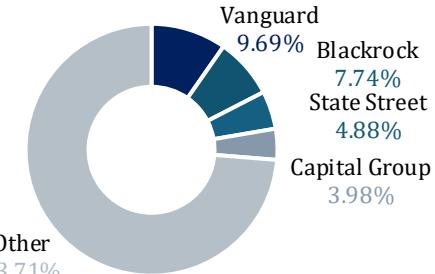
- Converse** designs, distributes, and licenses **casual sneakers, apparel** and **accessories** under the **Converse, Chuck Taylor, and other notable trademarks**

Shareholder Breakdown (Class B)

Ownership by Type



Ownership by Entity



Nike Class B shares are widely held by a range of **entities** operating primarily as **investment advisors**

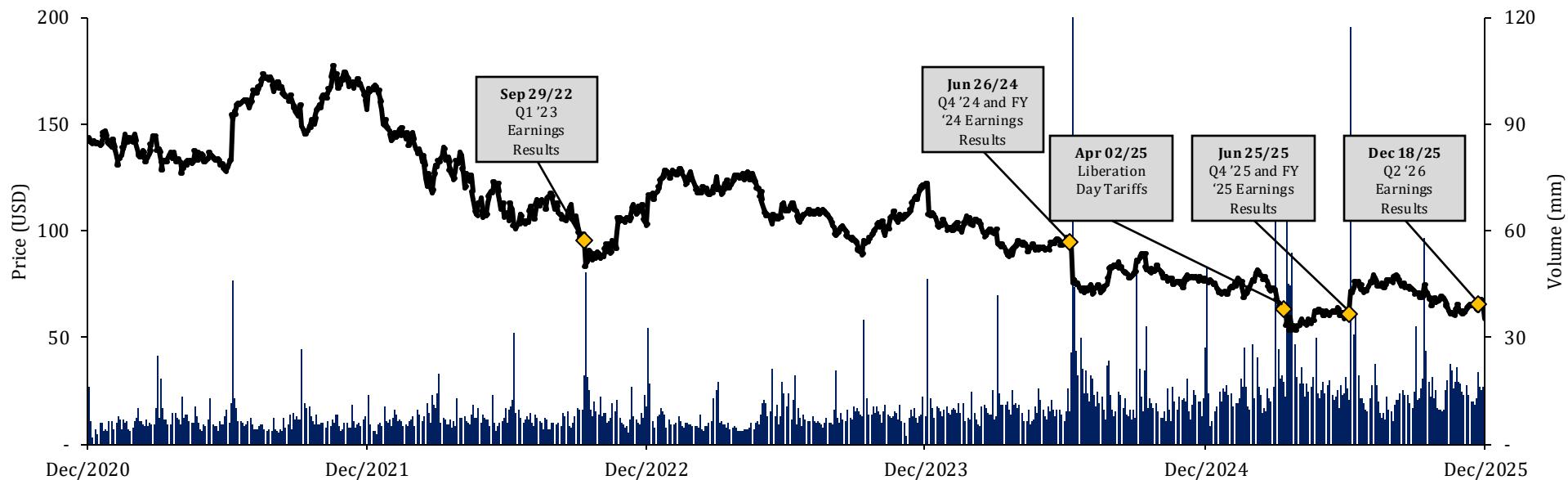
Owner	Ownership %	Incentive
Investment Advisor	72.56%	Diversification and dividend growth for benchmark alignment
Bank	8.77%	Stability and liquidity while providing a steady stream of income via dividends
Hedge Fund Manager	5.42%	Alpha-seeking through events-driven trades (earnings reports)
Other	13.25%	Resilient cash flows, shareholder remuneration, and insider alignment

Nike's ownership is **aligned** with the **incentives** to maintain a **steady stream of income** by offering a range of **products** that appeals to a **wide range of consumers** worldwide



Idiosyncratic Headwinds Depress the Stock

Nike has seen a trend of **disappointing results** leading to a **5-year decline** in the value of the company



Event	Explanation
① Q1 '23 Earnings Results	<ul style="list-style-type: none"> Following surging inventories (44% in the US and 65% in North America), Nike was forced to aggressively discount their products to clear seasonal and excess apparel, weighing heavily on margins and catalyzing investor unease. In a day, the stock dropped almost 13%, the companies biggest single day decline in almost 20 year
② Q4 '24 and FY '24 Earnings Results	<ul style="list-style-type: none"> Nike just missed on revenue (\$12.61B vs \$12.84B) and surpassed EPS expectations (\$1.01 vs \$0.84), yet the main catalyst was a guidance revision from management slashing revenue expectations by 10% in the upcoming quarter and reducing fiscal '25 expectations to a mid-single digit decline citing weak China demand, slowing lifestyle sales, and broader consumer softness
③ Liberation Day Tariffs	<ul style="list-style-type: none"> President Trump announced tariffs on all of the key trade partners for Nike, immediately depressing their margins and increasing the companies' costs. Notable tariffs include a 135% tariff on Chinese goods (now 47.5%), a 32% tariff on Indonesia (now 19%), and a 46% tariff on Vietnam (now 20%)
④ Q4 '25 and FY '25 Earnings Results	<ul style="list-style-type: none"> This report was perceived by the market as the bottom of the trough of Nike's recovery efforts, with revenue (\$11.1B vs \$10.7B) and EPS (\$0.14 vs \$0.13) both beating consensus and management indicating signs of the turnaround effort bearing fruit, leading to a ~16% stock price jump in the session as investors rallied
⑤ Q2 '26 Earnings Results	<ul style="list-style-type: none"> Nike beat both revenue (\$12.1B vs \$11.9B) and EPS (\$0.53 vs \$0.37) but the stock still fell by 10.5% following the results, driven primarily by a 17% decline in Chinese sales coupled with a slower than expected turnaround timeline outlined by their CEO. Elliott Hill was appointed in 2024 following a 5-year decline in company performance to turn things around.



Nike Sentiment Analysis



Company Overview

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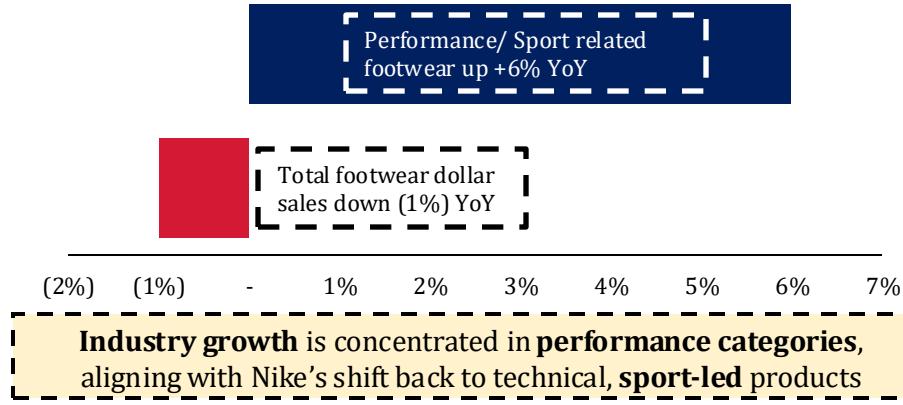
Recommendation



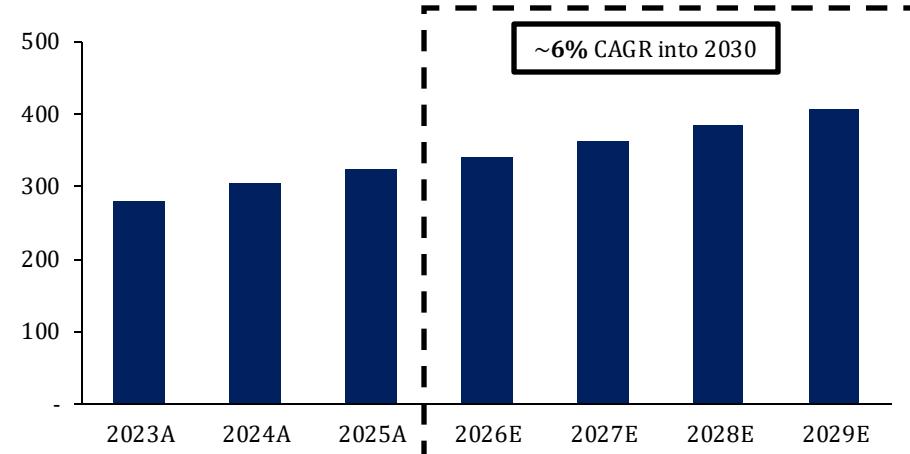
Athletic Footwear, Apparel, and Equipment

Sportswear is expected to outperform regular footwear, and Nike is **best positioned** to capitalize on this trend

Growth in Total Performance Footwear



Global Demand for Sportswear (USD B)



Key Competitor Elements

Competitors	Product Quality	Pricing Power	Category Breadth	Global Scale
Nike	8 segments	8 segments	8 segments	8 segments
adidas	7 segments	7 segments	7 segments	7 segments
On	6 segments	6 segments	6 segments	6 segments
HOKA	5 segments	5 segments	5 segments	5 segments
Under Armour	4 segments	4 segments	4 segments	4 segments

Competitor Commentary

- Nike** uniquely excels across all categories, a result of its strong **economic moat** and ability to turn sport-specific performance into **mass adoption**
- Adidas** is the closest peer, with similar technical quality and pricing power but smaller scale than Nike and **less independent growth engines**
- On** and **Hoka** demonstrate that performance commands premium ASP's, but their **narrow category** and **limited scale** restrain them
- Under Armour** highlights the downside of missing pricing power, solid brand with **lack of scalability**

Nike Exhibits Performance at Scale

Positioning Map

Nike ranks among the **top** amongst its competitors in terms of **pricing power** and **product quality**



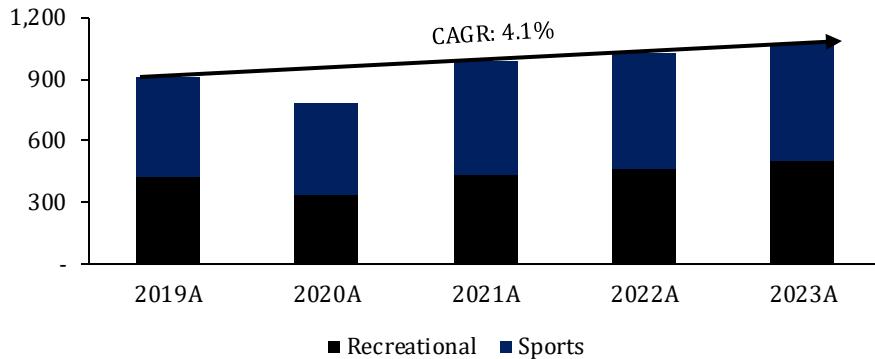
*Hoka is owned by Deckers Outdoor Corporation



Macroeconomic Overview

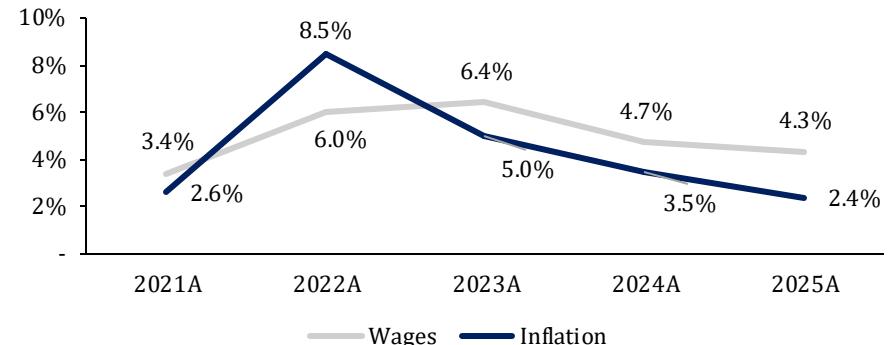
Despite sticky inflation and tariff pressures, secular trends and key events drive strong upside potential for Nike

Market Size by Subsector (USD B)



Consumers spending habits have been resilient and grown at a substantial pace despite macroeconomic uncertainty

U.S. Inflation vs. Wage Growth



Easing inflation and increasing wage growth stabilize purchasing power for the consumer

Headwinds & Tailwinds

Icons	Headwind
	Sticky Input Costs: Even as inflation eases, the apparel supply chain cost structure is still resetting, which has applied pressure to company margins in the near term
	Tariff Uncertainty and China Specific Volatility: Tariffs and China exposure create near-term earnings volatility for Nike due to sourcing and demand sensitivity
	Elevated Competitive Intensity: Increased competition has intensified promotional activity across the sector, pressuring pricing power and margins as brands compete for share in a value-conscious consumer environment.

Icons	Tailwind
	Major Sporting Events: Global events in the US (FIFA - World Cup & Olympics) through 2026 present an opportunity to drive increased global demand.
	Health and Wellness Adoption: A long-term shift toward active lifestyles and preventative health continues to support durable demand for performance apparel, benefiting Nike.
	Women's Sports Expansion: Accelerating participation and commercialization of women's sports represents a high-growth, higher-margin opportunity for Nike

Despite near-term macro pressures, Nike benefits from structural tailwinds in women's sports, health and wellness, and U.S.-hosted global sporting events, positioning the company for recovery as execution normalizes



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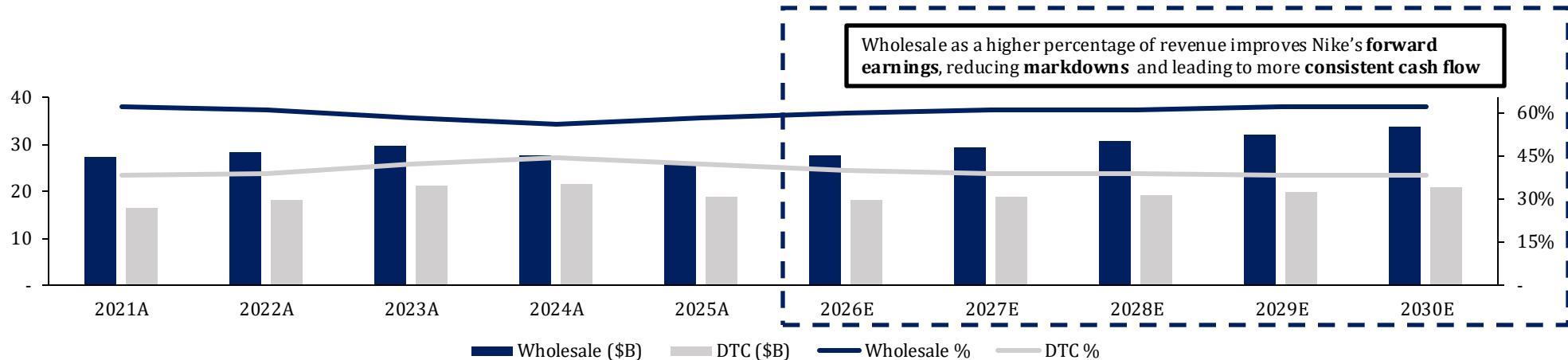
Recommendation



Channel Rebalancing Unlocks Volume

Nike's return to wholesale reveals **hidden demand** and restores **distribution leverage**

Revenue by Channel Mix



Inventory Volatility Compression



Potential Wholesale Vendors/Partners

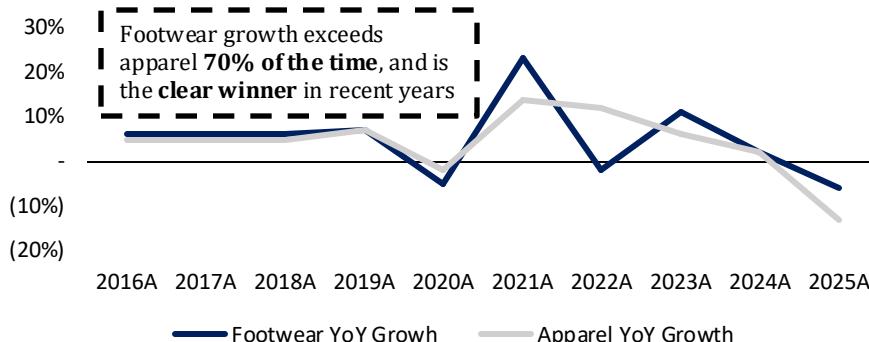
	Customer Segment	Impact
	Global performance athletes, families, team sports, very broad customer segment & many niches	Demand visibility & stability, reinforcing Nike's "back to sport" positioning
	Youth/sneaker consumers (strong in UK/Europe) who care about fashion and styling	Brand heat and premium ASP support, international distribution leverage
	Footwear-first consumer, highly responsive to product launches, franchises and trend cycles	Footwear scale with shared risk, prior high Nike exposure makes it clear why wholesale matters

Nike's focus on wholesale **reduces inventory risk**, reinstates focus on **historically strong partners**, and as a result contributes to more **stable cash flows** and improved **investor sentiment** surrounding the company

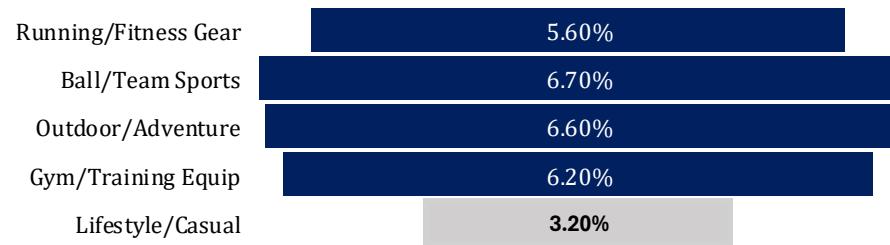
Innovation + Performance Repositioning Reignite Brand

As Nike shifts its focus back to **performance sport gear**, it re-capitalizes on its **core brand image**

Growth in Footwear vs Apparel



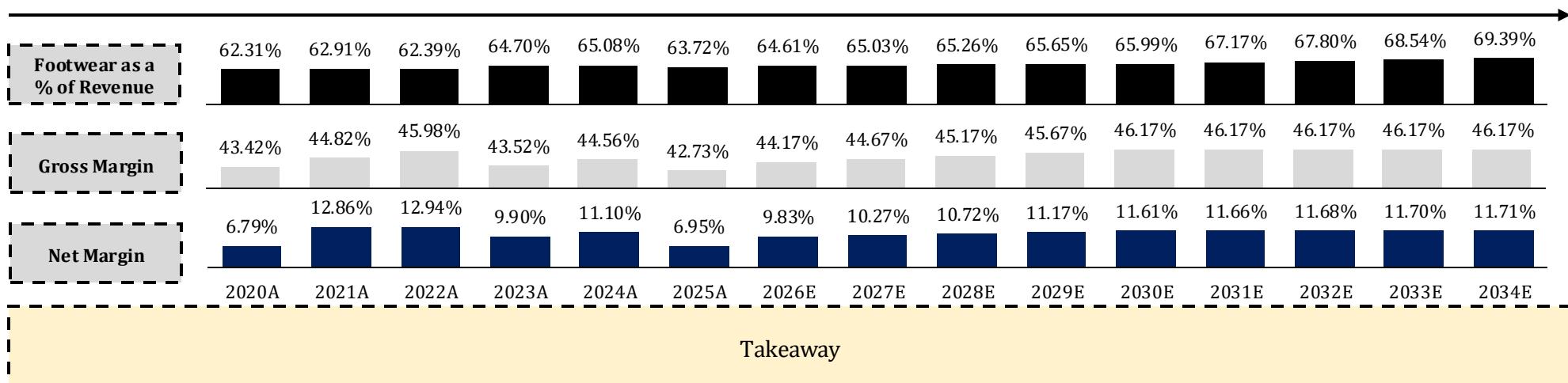
Sports Equipment vs Lifestyle CAGR to 2035



Nike's shift to **focus on sportswear over apparel** aligns well with industry CAGR's

Product Innovation Timeline & Margin Impacts

- Product innovation timeline, showing recent and upcoming performance launches (ie horizontal timeline with new running platforms, tech etc)
- Make the changes in % footwear, gross and net margin all show in tandem with the product innovation timeline





Capped Downside Potential With Strong Upside

Nike is suffering from analyst pessimism limiting downside and uncapping upside potential

Investor Disinterest

- 5 Year Decline:** Nike stock has fallen 59.51% over the past 5 years, peaking around \$266B in 2021, and haven fallen to \$84B as of 2025
- Revenue Decline:** Revenue has stagnated but not declined over this period
- Margin Compression:** Margins down the statement have fallen, catalyzed by dragging Chinese's demand, increasing input costs driven by tariffs, and dependence on wholesale partners undermining higher margin DTC
- Shifting Sentiment:** With the proliferation of AI, as well as the emergence of key competitors like On and Koha, investors have shifted their focus towards different names, as Nike is no longer viewed as the defacto footwear king

Tariffs have **compressed margins**, investors are **uninterested**, and growth is **stagnant**

However, Nike remains the **largest footwear and sports apparel company in the world**

3.9% Industry CAGR into 2032

Vs.

2.5% Nike CAGR into 2032

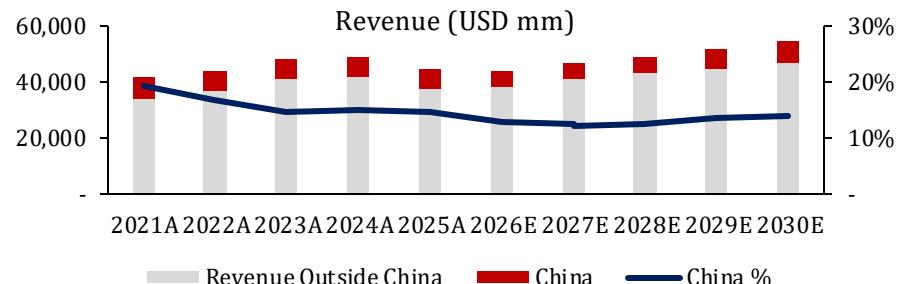
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1.39% upside if the market leader can match the market

Nike has **limited downside potential** as the company is trading at a **discount** to the **industry CAGR** and **misses in small markets** like **China** drive **down the share price**, while **upside is uncapped** through **consistent guidance beats** and **insider confidence**

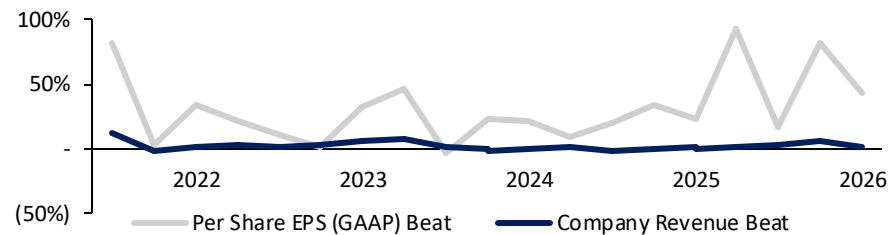
Outsized Chinese Perception

- China is seen as a key growth lever for Nike, but the recent 71.94% miss on Greater China revenue caused investors to pull back from the equity



China only needs to **match global growth** to meet expectations, mitigating **downside risk** and **uncapping the regions upside**

Earnings Surprise & Insider Confidence



Dec 24: Tim Cook bought \$3M of Nike shares

- Apple CEO and Nike board member
- Professional who understands Chinese market and supply chain with 30+ years of experience

Beating expectations and **insider investments** signal a turning point towards the **upside**



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Revenue Build

Years	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue Build									
Revenue Segments:	46,817	48,605	51,099	54,097	57,318	62,221	66,263	70,465	74,822
Nike	45,574	47,345	49,786	52,704	55,815	60,571	64,454	68,520	72,772
Footwear	30,248	31,609	33,347	35,515	37,823	41,795	44,930	48,299	51,922
Apparel	12,835	12,964	13,353	13,753	14,166	14,591	15,028	15,479	15,944
Equipment	2,443	2,725	3,038	3,388	3,778	4,137	4,448	4,693	4,858
Global Brand Divisions	48	48	48	48	48	48	48	48	48
Converse	1,320	1,323	1,367	1,439	1,543	1,686	1,843	1,976	2,081
Corporate	(78)	(64)	(53)	(46)	(40)	(36)	(33)	(31)	(30)
Assumptions									
Revenue Growth	1.1%	3.8%	5.1%	5.9%	6.0%	8.6%	6.5%	6.3%	6.2%
Nike Growth	1.9%	3.9%	5.2%	5.9%	5.9%	8.5%	6.4%	6.3%	6.2%
Footwear Growth	2.5%	4.5%	5.5%	6.5%	6.5%	10.5%	7.5%	7.5%	7.5%
Apparel Growth	(1.0%)	1.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment Growth	11.5%	11.5%	11.5%	11.5%	11.5%	9.5%	7.5%	5.5%	3.5%
Global Brand Divisions Growth	-	-	-	-	-	-	-	-	-
Converse Growth	(22.0%)	0.3%	3.3%	5.3%	7.3%	9.3%	9.3%	7.3%	5.3%
Corporate Growth	(20.0%)	(18.0%)	(16.0%)	(14.0%)	(12.0%)	(10.0%)	(8.0%)	(6.0%)	(4.0%)

Key Assumptions:

- Revenue will be split into subcategories: Nike, Converse, and Corporate
- The Nike subcategory will be further split into Footwear, Apparel, Equipment, and Global Brand Divisions
- Growth in the Nike division will outperform expectations in the short term, while Converse and Corporate maintain their growth within \$50M of consensus
- In the long-term, revenue will normalize and fall below consensus, reflecting a 5-7-year turnaround instead of the street's expected 7-9 years



DCF Summary

Unlevered Free Cash Flow Calculation

Years	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
EBIT	3,806	4,406	5,090	5,851	6,683	7,472	8,167	8,903	9,683
Times: (1 - Tax Rate)	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%
Equals: NOPAT	3,116	3,607	4,167	4,790	5,471	6,117	6,686	7,289	7,928
Plus: Depreciation & Amortization	746	708	696	707	724	755	794	837	884
Less: Change In Working Capital	1,065	(480)	(529)	(571)	(591)	(875)	(793)	(828)	(863)
Less: Capital Expenditures	(515)	(632)	(766)	(811)	(917)	(996)	(1,060)	(1,127)	(1,197)
Equals: Unlevered Free Cash Flow	4,412	3,204	3,568	4,115	4,688	5,002	5,627	6,171	6,751
Discount Period	1	2	3	4	5	6	7	8	9
Equals: Present Value of Unlevered Free Cash Flow	4,033	2,678	2,727	2,875	2,995	2,922	3,005	3,013	3,014

Perpetuity Growth Method

Perpetuity Growth Rate	2.00%
Present Value of Terminal Value	93,360
Terminal Value as % of Enterprise Value	77.4%
Plus: Present Value of Forecast FCF	27,262
Forecast Period as % of Enterprise Value	22.6%
Equals: Enterprise Value	120,621
Less: Debt	(11,018)
Plus: Cash (as at Valuation Date)	7,464
Less: Non-controlling Interest	-
Equals: Equity Value	117,067
Divided By: Fully Diluted Shares Outstanding	1,478.20
Equals: Implied Share Price	79.20
Current Share Price	60.00
Implied Upside	31.99%

Our DCF gave us an implied **upside** of 31.99% and an implied share price of \$79.20



Comparable Company Analysis

Comparable Companies: Peer Universe			EV/EBITDA				P/E		
Company Name	Year End	Ticker	2024A	LTM 2025	NTM 2026	2024A	LTM 2025	NTM 2026	
Adidas	31-Dec	ETR: ADS	18.48x	11.93x	8.08x	38.55x	24.05x	16.79x	
On	31-Dec	NYSE: ONON	56.02x	22.27x	17.77x	59.30x	53.51x	29.29x	
Deckers Outdoor Corporation	31-Mar	NYSE: DECK	13.51x	10.24x	11.05x	19.08x	14.26x	15.62x	
Asics	31-Dec	TSE: 7936	22.51x	16.65x	14.54x	43.00x	29.67x	25.54x	
Under Armour	31-Mar	NYSE: UAA	8.78x	9.84x	15.26x				
Puma	31-Dec	ETR: PUM	7.39x	20.20x	13.12x				
Minimum			7.39x	9.84x	8.08x	19.08x	14.26x	15.62x	
Median			15.99x	14.29x	13.83x	40.78x	26.86x	21.17x	
Mean			21.11x	15.19x	13.31x	39.99x	30.37x	21.81x	
Maximum			56.02x	22.27x	17.77x	59.30x	53.51x	29.29x	
Nike Inc	31-May	NYSE: NKE	11.97x	23.62x	21.48x	15.23x	34.38x	30.58x	

Given Nike's position as the **global market leader** in athletic apparel and footwear, we took the **75th percentile** of comparable company's valuation to better reflect the **relative value** of the company

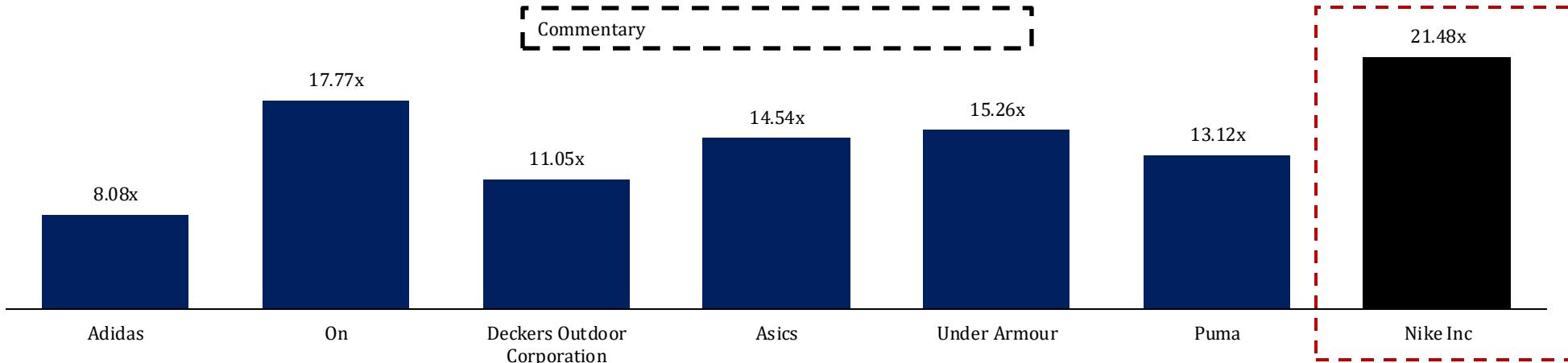
Metric	Implied Share Price (USD)			Implied Return (%)		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
EV/EBITDA 2024A	40.66	79.27	103.42	-31%	35%	76%
EV/EBITDA 2025E	23.82	34.57	77.49	-59%	-41%	32%
EV/EBITDA 2026E	26.92	36.95	42.80	-54%	-37%	-27%

Metric	Implied Share Price (USD)			Implied Return (%)		
	25th Percentile	Median	75th Percentile	Lower Limit	Median	75th Percentile
P/E 2024A	\$ 129.89	\$ 157.24	\$ 181.53	121%	168%	209%
P/E 2025E	\$ 36.88	\$ 45.86	\$ 60.84	-37%	-22%	4%
P/E 2026E	\$ 31.68	\$ 40.64	\$ 50.83	-46%	-31%	-13%

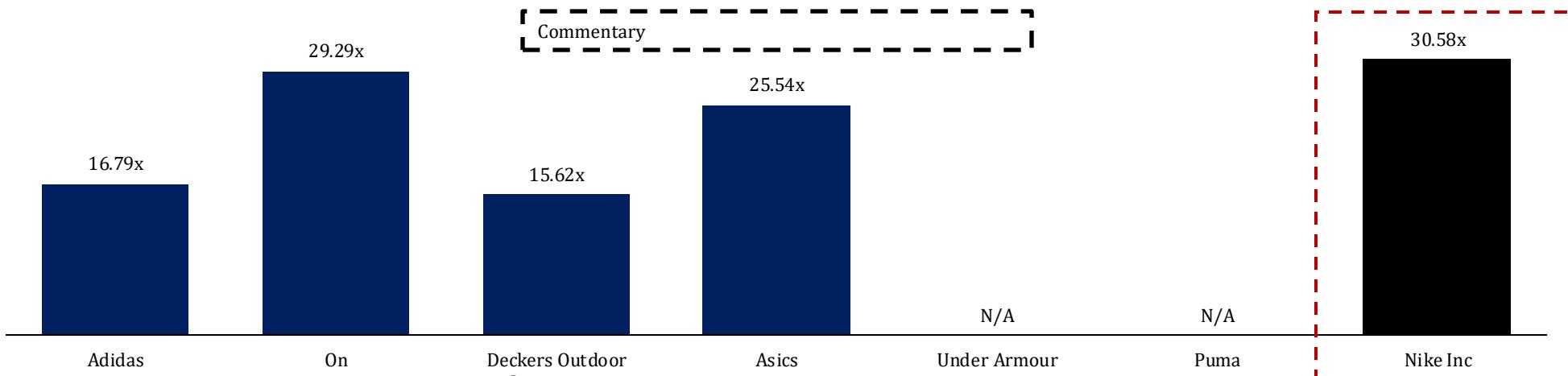
Our CCA gave us implied **downsides** of **27.11%** and **13.42%** and an implied share prices of **\$42.80** and **\$50.83**

Comparable Company Analysis II

EV/EBITDA



P/E



takeaway



Precedent Transaction Analysis



Company Overview

Industry Overview

Investment Thesis

Valuation

Risks & Catalysts

Recommendation



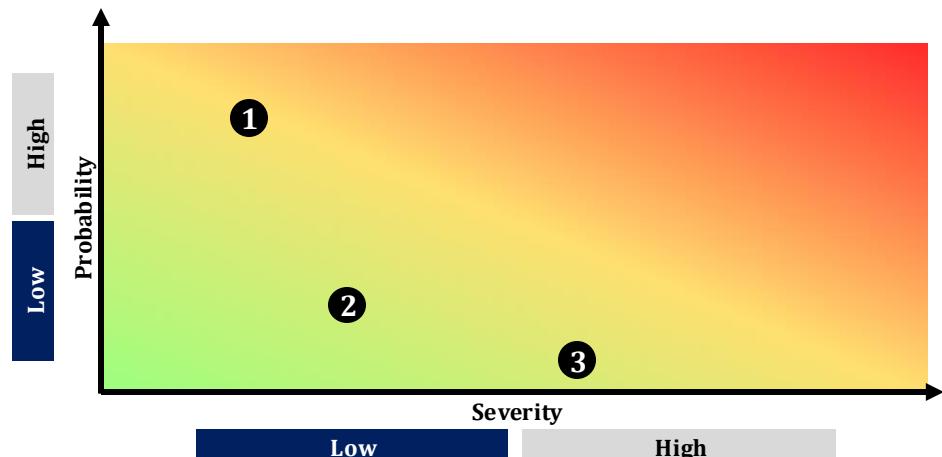
Nike is Well-Positioned for a Turnaround

Key catalysts and limited downside potential imply a strong buying opportunity for the long-term investor

Catalysts

- Aug '26: Fifa World Cup** Despite **Adidas** being the **main sponsor**, Nike would benefit from beating expectations in **Q1 '27** driven by an **outperformance** related to the **Fifa World Cup**
- May '27: FY2027 Earnings Beat** Finally signalling a **turnaround** in the stock, a **beat** and **optimistic guidance** will signify to investors the turnaround was **successful**
- Jan 20/29: Tariff Pressures Ease** Following a **change in the US presidency**, **global trade** will return to a state of **predictability** and **expand Nike's margins**

Risk Heat Map



Risks & Mitigations

Risk	Mitigation
① Risk 1: Wholesale partnerships compress margins further	<ul style="list-style-type: none"> Wholesale is expected to compress margins vs DTC marketing, which is why both our and the streets model account for a margin compression into fiscal 2026 Patrick fiulll
② Risk 2: Industry repositions towards casual apparel	<ul style="list-style-type: none"> An industry repositioning does not harm Nike, it just indicates a slowing on growth vs optimistic expectations Further, Nike's diversified portfolio of apparel and brand exposure through Converse Our model projects below industry levels of growth in the first 2 years, allowing the company to reposition itself to best suit the consumer profile of whichever direction the trend favors
③ Risk 3: Competitors dilute Nike's market share	<ul style="list-style-type: none"> The rapid growth of competitors like On and Hoka have been a key depressant of investor confidence in Nike's growth Despite tripling and quadrupling in size over the past 5 years, On and Hoka together only account for roughly 2% of the global footwear industry. Given that this industry is expected to grow at a 6% CAGR, even their proliferation will not significantly impact Nikes growth prospects, as the market leader need only maintain its current position to unlock growth prospects



Company Overview

Industry Overview

Investment Thesis

Valuation

Risks & Catalysts

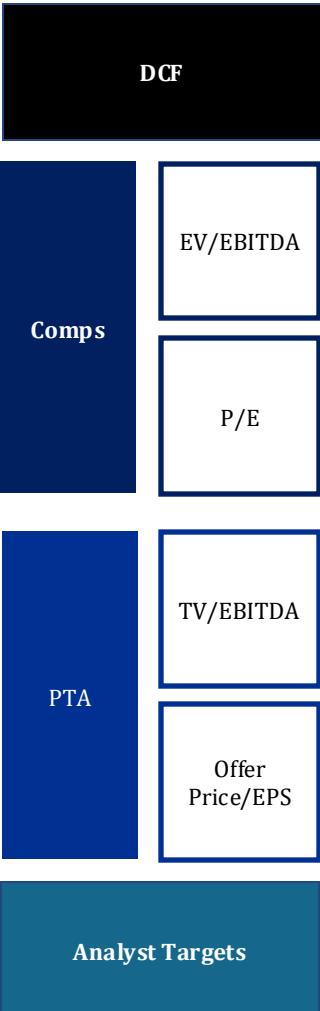
Recommendation



Add Nike to the Consumer Goods Portfolio

Nike reflects the **best risk-adjusted return** profile of Nike, Aritzia, and Lululemon

Football Field



Price Target

Select Broker Summary

With a price target of \$xx.xx and an implied **upside of xx.xx%**, Nike is the best positioned company to be added to a **risk-adjusted portfolio** of consumer staple companies



Appendix

Appendix Map



Justification of Relative Comparison

Overview of **comparative metrics** and **justification** of each competitor's score

Scoring Dimensions (8-point scale)

Product Quality / Technical Performance

1

What it measures: Proven performance credibility (running training, team sports), athlete validation
Why it matters: Fastest growing and most margin-accretive segments

Pricing Power (ASP Support)

2

What it measures: Ability to sustain premium pricing without excess discounting, brand trust/ differentiation
Why it matters: Pricing power determines gross margin resilience

Category Breadth

3

What it measures: Exposure across multiple sport and apparel categories, can capture demand across cycles
Why it matters: Broader category exposure reduces reliance on any single trend

Global Scale & Distribution

4

What it measures: Global retail footprint, marketing reach and supply chain leverage
Why it matters: Scale is critical in a higher-cost, fragmented industry

Score Justification Summary



- High scores across all dimensions due to **performance credibility at global scale**, supported with proprietary technology and elite athlete validation
- Durable pricing power with breadth and can sustain **premium ASP's across multiple regions**



- Comparable technical credibility with strong positioning in football and running, recognized innovation and global reach with very similar pricing power
- Smaller revenue base and **less independent growth engines** than Nike, more concentrated and less diversified globally. Nike wins on category breadth and scale.



- Exceptional performance perception commanding premium ASPs in running due to strong technical differentiation and consumer trust
- Structural limits to monetization, with **narrow category focus and limited global distribution** restraining earnings power relative to the more scaled Nike



- Strong niche performance credibility, with a well-established reputation in running and comfort-driven footwear, justifying a premium price ceiling
- Concentration in a single category and **smaller global footprint cap pricing power** and operating leverage



- Solid technical foundation and credible products in training and team sports, justifying mid-quality scores
- Weak pricing translation a result of **limited lifestyle appeal and brand heat** that reduces ASPs and prevent consistent conversion of product quality into margins



Positioning Map Considerations

Company	Key Products	Average Selling Price (USD)	Quality
Nike	<ul style="list-style-type: none"> Air Force 1 – \$110 Air Zoom Pegasus – \$130 Dunk Low – \$115 	\$120	<ul style="list-style-type: none"> Strong innovation pipeline and breadth; quality perception remains solid but recent criticism around durability and over-distribution. Brand power still elite
On	<ul style="list-style-type: none"> Cloud 5 – \$140 Cloudmonster – \$170 Cloudnova – \$150 	\$150	<ul style="list-style-type: none"> Premium, minimalist aesthetic with high perceived quality; strong cushioning tech. Some concerns around upper durability but brand momentum very strong
Hoka	<ul style="list-style-type: none"> Clifton 9 – \$145 Bondi 8 – \$165 Speedgoat 5 – \$155 	\$155	<ul style="list-style-type: none"> Known for comfort and performance, especially in running. High functional quality; aesthetics polarizing but loyalty is high
Adidas	<ul style="list-style-type: none"> Ultraboost – \$190 Stan Smith – \$100 Samba – \$100 	\$125	<ul style="list-style-type: none"> Strong heritage and design credibility; performance quality solid, lifestyle strength resurging. Innovation perceived as less consistent than Nike
Lululemon	<ul style="list-style-type: none"> Align Leggings – \$98 ABC Pant – \$128 Blissfeel Running Shoe – \$148 	\$130	<ul style="list-style-type: none"> Exceptional fabric quality and durability; premium feel and pricing justified. Footwear quality improving but brand strongest in apparel.
Aritzia	<ul style="list-style-type: none"> Super Puff Jacket – \$250 Wilfred Sweater – \$148 Effortless Pant – \$128 	\$160	<ul style="list-style-type: none"> High material quality and construction; fashion-forward premium. Less technical than athletic peers but strong perceived value
Asics	<ul style="list-style-type: none"> Gel-Kayano – \$160 Gel-Nimbus – \$165 Metaspeed Sky – \$250 	\$170	<ul style="list-style-type: none"> Best-in-class running biomechanics; very high performance credibility. Brand less lifestyle-driven but quality reputation excellent
Under Armour	<ul style="list-style-type: none"> Curry Basketball Shoe – \$140 HOVR Phantom – \$140 Tech 2.0 Tee – \$30 	\$100	<ul style="list-style-type: none"> Functional performance focus; quality solid but brand heat inconsistent. Apparel strong value, footwear less differentiated
Puma	<ul style="list-style-type: none"> RS-X – \$110 Deviate Nitro – \$160 Suede Classic – \$80 	\$115	<ul style="list-style-type: none"> Good balance of style and performance; quality perception mid-tier. Strong in lifestyle, improving in running
Sketchers	<ul style="list-style-type: none"> Go Walk – \$75 Arch Fit – \$90 D'Lites – \$85 	\$85	<ul style="list-style-type: none"> Comfort-led, value positioning; quality adequate but not premium. Strong mass-market appeal, limited technical credibility





Revenue Build vs Consensus

Income Statement



Balance Sheet



WACC Calculation & Justifications

WACC Breakdown

Capital Structure	
Equity	95,536
<i>% Equity</i>	89.66%
Debt	11,018
<i>% Debt</i>	10.34%
Total Capitalization	106,554

Justification

Weighted Average Cost of Capital (WACC)	
Expected Market Return	10.51%
Risk Free Rate	4.16%
Market Risk Premium	6.35%
Beta	0.93
Cost of Equity	10.07%
Pre-Tax Cost of Debt	4.15%
Effective Tax Rate	18.13%
After Tax Cost Of Debt	3.40%
WACC	9.38%













