

Nike, Inc.

FY2Q26 Review: NA Progress Offset by Greater China Setback

NKE's FY2Q26 beat on Sales, OpEx, and OM, though GM came in-line as tariffs remain a pressure point. We note that NA is improving and inventory remains clean, but pressure in GC and pockets of APLA and demand uncertainty keep us sidelined. We reiterate our EW as we await for signs of sustainability.

NA Progress Offset by Greater China Setback. There is clear evidence of progress in NA with green shoots of marketplace reset, inflection in full price selling, strong wholesale order book, and accelerating market share gains in performance run. However, turns take time to execute, and NKE's FY2Q26 results showed a "two steps forward (in NA), one step back (in China and APLA)" pattern. NKE's "Win Now" strategy is bearing fruit, but with multiple geographies and channels, a full-blown turn at the Nike, Inc.- level is complex, especially with asynchronous turnarounds in motion. NA is showing that the core strategy is working and that same strategy is now being employed in Greater China and APLA. As we always say, recovery of full-price selling is a difficult and inevitable task, as it requires patience and the discipline to forego "low-quality, margin-eroding" sales activity. Never fun...but always the right strategy to re-build brand equity. This is shown in the second consecutive quarter of a positive sales-to-inventory spread.

FY2Q26 beat embedded mixed results; FY3Q26 lowered guidance due to China. NKE's FY2Q26 results were mixed and though we are encouraged by the results within NA with +9% top-line growth driven by wholesale +24%, GC remains a drag as direct was down -18% and wholesale was down -15%. Additionally, GM was down -300bps, which remains pressured by increased product costs as a result of tariffs as well as its steps to finalize the liquidation of its classic inventory that had been returned to NKE from the marketplace. However, on the positive side, the company cited positivity around running, new innovation, and products within the channel, which could lead to margin expansion and acceleration on the top-line. Entering FY2H26, we expect margins before sales – with sequential improvement on margins outpacing sales growth. We note that GM may continue to be pressured despite its reset actions due to 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. However, 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. As such, we believe the shares lack a catalyst

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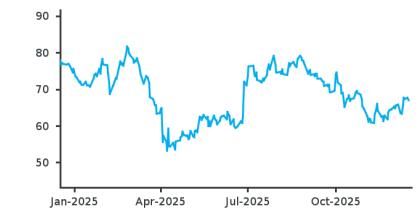
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NKE	EQUAL WEIGHT
	Unchanged
U.S. Specialty Retail, Apparel & Footwear	NEUTRAL
	Unchanged
Price Target	USD 64.00
	lowered -9% from USD 70.00
Price (18-Dec-25)	USD 65.63
Potential Upside/Downside	-2.5%
Source: Bloomberg, Barclays Research	

Market Cap (USD mn)	97014
Shares Outstanding (mn)	1478.20
Free Float (%)	98.68
52 Wk Avg Daily Volume (mn)	15.9
Dividend Yield (%)	2.49
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](#)

U.S. Specialty Retail, Apparel & Footwear

Adrienne Yih

+1 212 526 5257

adrienne.yih@barclays.com

BCI, US

Michael Vu

+1 212 526 9568

michael.vu@barclays.com

BCI, US

Angus Kelleher

+1 212 526 0081

angus.kellehererguson@barclays.com

BCI, US

to materially propel them higher until there is greater visibility on brand recovery and an operating margin inflection. In reaction in the aftermarket, NKE shares traded -10.6% versus S&P 500 flat.

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.

Tariff Exposure Update. In 2Q26, NA GM declined 330bps, including a 520bps impact from tariffs. 3Q26 GM is expected to decline 175bps to 225bps, which includes a 315bps headwind due to higher product costs from tariffs. FY26 net tariff headwind after mitigation efforts of 120bps, equal to \$1.5B in annualized incremental gross product costs, remains unchanged from the prior quarter's guidance.

Quarter in review. NKE reported FY2Q26 EPS of \$0.53 (vs. consensus/Barclays of \$0.38/\$0.42), as its SG&A rate materially beat at 32.5% of sales (vs. cons. 34.8%) due to operating overhead savings and a top-line beat. GM of 40.6% matched consensus, which was at the higher end of the company's prior GM expectation range of down 300bps to down 375bps. Revenue of \$12.43bn beat consensus of \$12.24bn, driven by Nike brand footwear sales of \$7.66bn (vs. cons. \$7.56bn) and Nike brand apparel sales of \$3.91bn (vs. cons. \$3.75bn), partially offset by Nike brand equipment sales of \$550mn (vs. cons. \$554mn). By region, revenue upside was driven by North America (+9.0% y/y ex-FX vs. cons. -0.4%), while EMEA matched consensus (-1.0% y/y ex-FX), partially offset by Greater China (-16.0% y/y ex-FX vs. cons. -9.3%) and APLA (-4.0% y/y ex-FX vs. cons. -0.8%). The company provided guidance for FY3Q26, calling for sales to be down LSD (vs. cons. +1.5%), GM to decline -175bps to -225bps (vs. cons. +60bps), which includes ~315bps of negative tariff impact, and SG&A dollars to be up +LSD (vs. cons. +1.6%).

Inventory. Based on our proprietary inventory analysis, NKE has posted two consecutive quarters of positive sales-to-inventory growth. In FY2Q26 the Inventory Management Spread ("IM Spread") was 302 basis points and improved from 220 basis points in the prior quarter. NKE's Gross Margin Return on Inventory ("GMROI") has worsened for six consecutive quarters, and its Operating Margin Return on Inventory ("OMROI") has worsened for six consecutive quarters.

Lowering our below-consensus estimates and PT to \$64 (from \$70). Our FY26, FY27, and FY28 adj. EPS estimates are \$1.47, \$2.25, and \$2.76, respectively, (down from \$1.52, \$2.30, and \$2.81) driven by lower GM and slightly lower sales, partially offset by SG&A leverage. Our PT of \$64 (from \$70) is based on 25x (was 27x) applied to our CY27 EPS estimate of \$2.54 (from \$2.59). We lower our multiple two turns 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.

CONTENTS

Proprietary PRISM Curve: NKE Fundamentals Are Bottoming	6
Tariff Exposure	8
Summary Results	11
Inventory Management Spread, GMROI, and OMROI	12
Variance Table	13
Model Changes	14
Income Statement	15

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	0.68E	0.68E	0.70E	-30%	39%
Q2	0.78A	0.42E	0.53A	0.38E	0.62E	0.73E	0.64E	-32%	38%
Q3	0.54A	0.37E	0.29E	0.47E	0.57E	0.48E	0.68E	-46%	66%
Q4	0.14A	0.24E	0.16E	0.34E	0.43E	0.35E	0.51E	14%	119%
Year	2.16A	1.52E	1.47E	1.68E	2.30E	2.25E	2.51E	-32%	53%
P/E	30.3		44.6			29.2			

Consensus numbers are from Bloomberg received on 18-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 (18-Dec-2025) USD 65.63
Revenue	46,309	46,610	47,930	50,581	3.0%	Price Target USD 64.00
EBITDA (adj)	4,477	3,541	4,810	5,772	8.8%	Why EQUAL WEIGHT?
EBIT (adj)	3,702	2,762	4,008	4,926	10.0%	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	2,762	4,057	4,975	8.6%	
Net income (adj)	3,219	2,184	3,326	4,079	8.2%	
EPS (adj) (\$)	2.16	1.47	2.25	2.76	8.5%	
Diluted shares (mn)	1,488	1,483	1,481	1,476	-0.3%	
DPS (\$)	1.57	1.63	1.76	1.92	6.9%	
Margin and return data	2025A	2026E	2027E	2028E	Average	Upside case USD 78.00
EBITDA (adj) margin (%)	9.7	7.6	10.0	11.4	9.7	Our upside case of \$78 is based on an NTM P/E multiple of 28x applied to our CY27 earnings power of \$2.79 and assumes dissipating competitive pressures, an acceleration of North America DTC sales, and upside from international recovery.
EBIT (adj) margin (%)	8.0	5.9	8.4	9.7	8.0	
Pre-tax (adj) margin (%)	8.4	5.9	8.5	9.8	8.2	
Net (adj) margin (%)	7.0	4.7	6.9	8.1	6.7	
ROIC (%)	14.9	12.5	15.8	18.0	15.3	
ROA (%)	8.6	5.9	8.9	10.7	8.5	
ROE (%)	23.3	16.1	23.6	27.5	22.6	
Balance sheet and cash flow (\$mn)	2025A	2026E	2027E	2028E	CAGR	Downside case USD 50.00
Tangible fixed assets	7,540	7,513	7,430	7,342	-0.9%	Our downside case of \$50 is based on an NTM P/E multiple of 22x applied to our CY27 earnings power of \$2.29 and assumes heightened competition, increasing input costs, and macroeconomic pressures.
Cash and equivalents	9,151	8,985	9,410	10,099	3.3%	
Total assets	36,579	37,145	37,585	38,717	1.9%	
Short and long-term debt	11,018	11,282	11,282	11,282	0.8%	
Other long-term liabilities	2,289	2,292	2,292	2,292	0.0%	
Total liabilities	23,366	23,277	23,263	23,376	0.0%	
Net debt/(funds)	502	401	-24	-713	N/A	
Shareholders' equity	13,213	13,869	14,322	15,340	5.1%	
Change in working capital	-1,993	586	536	1,106	N/A	
Cash flow from operations	3,698	2,924	4,750	5,282	12.6%	
Capital expenditure	-422	-511	-719	-759	N/A	
Free cash flow	2,273	1,699	3,137	3,562	16.2%	
Valuation and leverage metrics	2025A	2026E	2027E	2028E	Average	Upside/Downside scenarios
P/E (adj) (x)	30.3	44.6	29.2	23.8	32.0	
EV/sales (x)	2.1	2.1	2.0	1.9	2.0	
EV/EBITDA (adj) (x)	21.8	27.6	20.2	16.7	21.6	
FCF yield (%)	2.3	1.7	3.2	3.7	2.7	
P/BV (x)	7.4	7.0	6.8	6.3	6.9	
Dividend yield (%)	2.4	2.5	2.7	2.9	2.6	
Total debt/capital (%)	37.6	36.6	35.9	34.3	36.1	
Selected operating metrics	2025A	2026E	2027E	2028E	Average	
Sales growth (%)	-9.8	0.6	2.8	5.5	-0.2	
Inventory growth (%)	-0.4	4.2	-0.4	3.5	1.7	
Organic const ccy rev growth (%)	-9.1	-1.3	2.7	5.5	-0.5	

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.

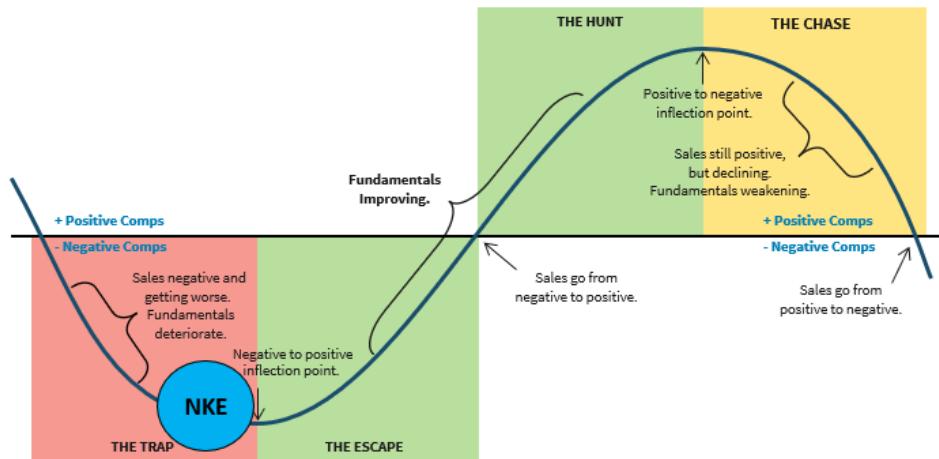
The TRAP Phase

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

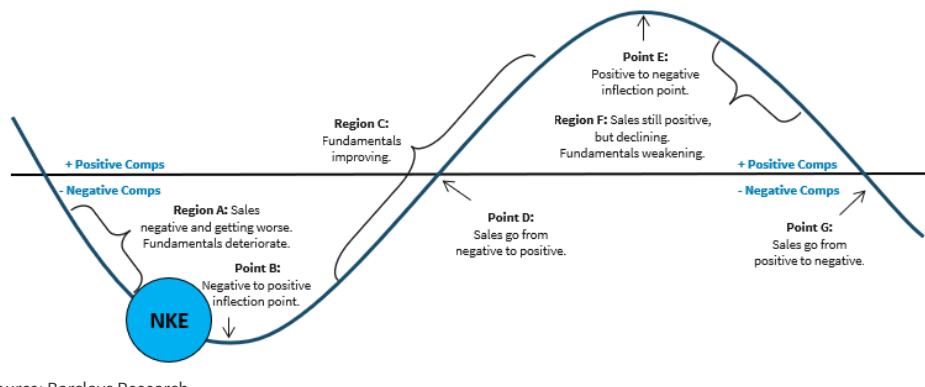
We look for evidence that NKE will transition into the ESCAPE phase in FY2H26 in which issues have been identified and are being proactively corrected. At some point, a company’s management makes the changes necessary to correct problems at the business, and the company passes the negative-to-positive 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

Tariff Exposure

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

Tariff Exposure Update. In 2Q26, NA GM declined 330bps, including a 520bps impact from tariffs. 3Q26 GM is expected to decline 175bps to 225bps, which includes a 315bps headwind due to higher product costs from tariffs. FY26 net tariff headwind after mitigation efforts of 120bps, equal to \$1.5B in annualized incremental gross product costs, remains unchanged from the prior quarter's guidance.

Prior Tariff Commentary. 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.

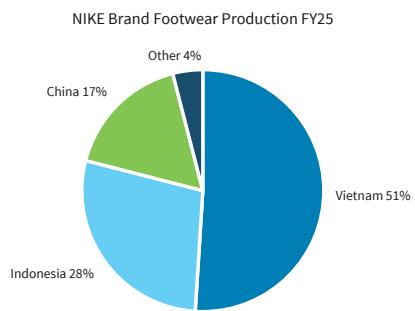
Barclays Tariff "QuikCalc" Model assumptions. We provide our Tariff "QuikCalc" model analysis, which now assumes global tariff assumptions effective 8/7/25, resulting in an incremental ~\$500m in gross tariff impact to FY26. Our prior tariff analysis assumed 30% China and 10% Rest of World (excluding 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 3](#)).

FIGURE 3. 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						

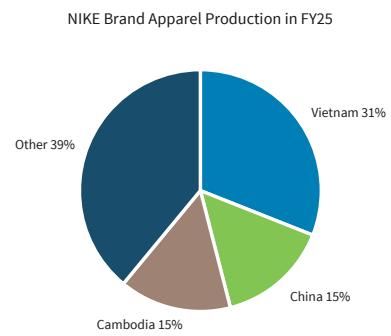
Note: (1) AUR stands for Average Unit Retail. (2) COS stands for Cost of Sales. (3) ROD stands for Rent Occupancy Depreciation. (4) AUC stands for Average Unit Cost. (5) Fiscal Year End May and using forward estimate. (6) Bloomberg consensus forward estimate as of 4/1/25.
Source: Company filings, Company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

FIGURE 4. NIKE Brand Footwear Production in FY25



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

FIGURE 5. NIKE Brand Apparel Production in FY25



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

Summary Results

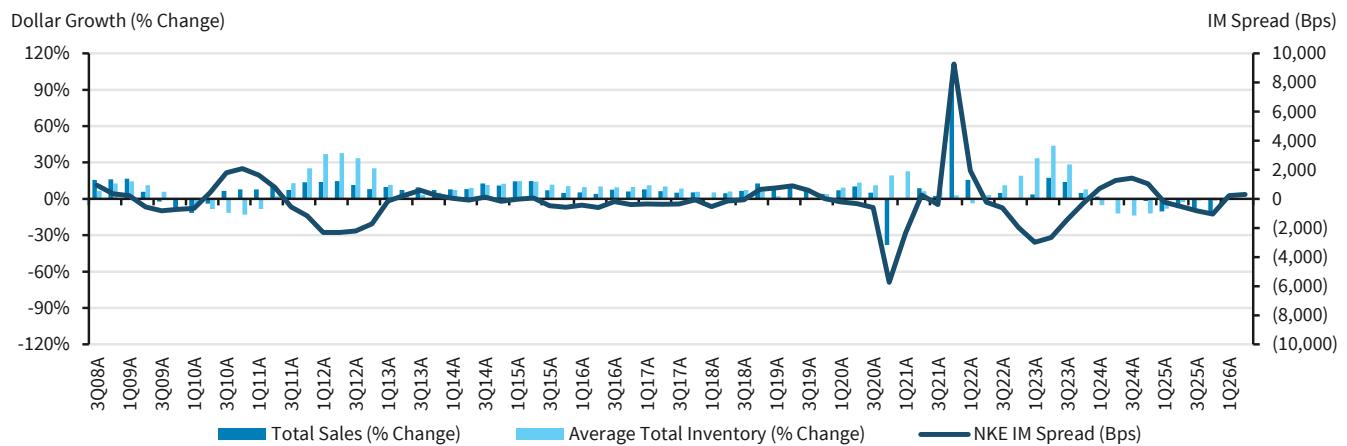
FIGURE 6. Retail Earnings Quality Score (in \$ millions, except per share data)

2Q26	Barclays	Consensus	LY	Actual	Act vs Barclays	Act vs Cons	Act vs LY	REQ Score	REQ Score Max Points
Sales (\$)	\$12,468.0	\$12,235.9	\$12,354.0	\$12,427.0	-\$41.0	\$191.1	\$73.0	1	1
Sales Growth (%)	0.9%	-1.0%	-7.7%	0.6%	-0.3%	1.5%	8.3%	2	2
Gross Margin (%)	41.1%	40.6%	43.6%	40.6%	-0.5%	0.0%	-3.0%	0	2
Operating Expense (%)	34.7%	34.8%	32.4%	32.5%	-2.2%	-2.3%	0.1%	1	1
Operating Income (\$)	\$804.5	\$706.1	\$1,384.0	\$1,006.0	\$201.5	\$299.9	(\$378.0)	NA	NA
Operating Margin (%)	6.5%	5.8%	11.2%	8.1%	1.6%	2.3%	-3.1%	NA	NA
Tax Rate (%)	21.0%	NA	17.9%	20.7%	-0.3%	NA	2.9%	NA	NA
FD Shares (M)	1480.1	NA	1490.0	1481.0	0.9	NA	-9.0	0	1
EPS (\$)	\$0.42	\$0.38	\$0.78	\$0.53	\$0.11	\$0.15	-\$0.25	1	1
Positive IM Spread	NA	NA	NA	301.8	NA	NA	NA	1	1
Increasing OMROI	NA	NA	NA	-10.3%	NA	NA	NA	0	1
RETAIL EARNINGS QUALITY SCORE									6 10

Source: Company Filings, Barclays Research

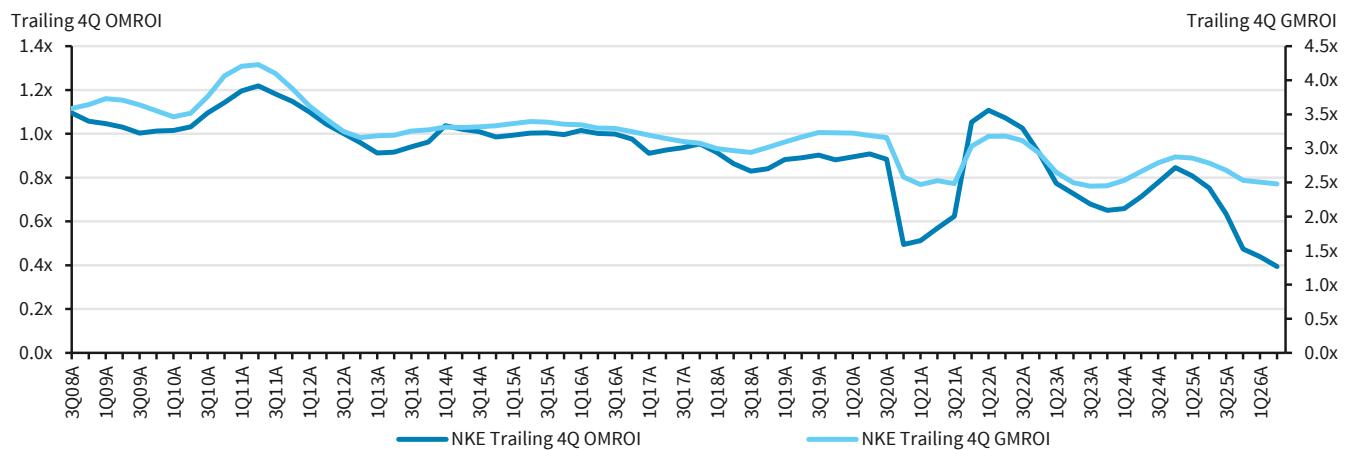
Inventory Management Spread, GMROI, and OMROI

FIGURE 7. Historical Change in Total Sales Vs. Average Inventory (IM Spread), FY3Q08A - Present



Source: Company data, Barclays Research

FIGURE 8. Historical GMROI/OMROI Analysis, FY3Q08A - Present



Source: Company data, Barclays Research

Variance Table

FIGURE 9. Variance (in \$ millions, except per share data)

	Last Year 2Q25A	Actual 2Q26A	Estimates 2Q26E	Δ Actual - Est.		Last Year 2Q25A	Actual 2Q26A	Estimates 2Q26E	Δ Actual - Est.
Adjusted P&L					Segment Revenue (Adjusted)				
Total Revenue	\$12,354.0	\$12,427.0	\$12,468.0	-0.3%	Footwear	\$7,655.0	\$7,659.0	\$7,705.4	-0.6%
Adj. COGs	6,965.0	7,382.0	7,341.0	0.6%	Apparel	3,738.0	3,906.0	3,776.0	3.4%
Gross Profit	5,389.0	5,045.0	5,127.0	-1.6%	Total Footwear and Apparel	11,393.0	11,565.0	11,481.5	0.7%
Demand Creation Expense	1,122.0	1,273.0	1,412.9	-9.9%	Equipment	544.0	550.0	578.1	-4.9%
Operating Overhead Expense	2,883.0	2,766.0	2,909.6	-4.9%	Global Brand Division	13.0	9.0	13.9	-35.4%
Operating income	1,384.0	1,006.0	804.5	25.0%	Total Nike Brand Revenue	11,950.0	12,124.0	12,073.4	0.4%
Other Expense	-8.0	16.0	35.0	-54.3%	Converse	429.0	300.0	393.6	-23.8%
EBIT	1,392.0	990.0	769.5	28.6%	Corporate	-25.0	3.0	1.0	200.0%
Net Interest Expense (Income)	-24.0	-9.0	-24.1	-62.6%	Total Nike Inc. Revenue	\$12,354.0	\$12,427.0	\$12,468.0	-0.3%
EBT	1,416.0	999.0	793.6	25.9%					
Income taxes (adjusted)	253.0	207.0	166.7	24.2%					
Adj Net Income	\$1,163.0	\$792.0	\$627.0	26.3%					
EPS (Adj., diluted)	\$0.78	\$0.53	\$0.42	26.2%					
EPS (GAAP, diluted)	\$0.78	\$0.53	\$0.42	26.2%					
Average Diluted Shares Out	1,490.0	1,481.0	1,480.1	0.1%					
Y/Y Growth									
Sales Growth (%)	-7.7%	0.6%	0.9%						
Sales Growth (%) (CC)	-8.8%	-0.4%	-0.5%						
Gross Profit (%)	-9.7%	-6.4%	-4.9%						
Demand Creation Expense (%)	0.7%	13.5%	25.9%						
Operating Overhead Expense (%)	-4.9%	-4.1%	0.9%						
Op. Expenses (%)	-3.4%	0.8%	7.9%						
Operating Income (%)	-24.2%	-27.3%	-41.9%						
EBIT Income (%)	-26.7%	-28.9%	-44.7%						
Net Income (%)	-26.3%	-31.9%	-46.1%						
EPS (%)	-24.2%	-31.5%	-45.7%						
% of Sales									
Gross Margin (%)	43.6%	40.6%	41.1%	(0.52)%					
Demand Creation Expense (%)	9.1%	10.2%	11.3%	(1.09)%					
Operating Overhead Expense (%)	23.3%	22.3%	23.3%	(1.08)%					
Op. Expense Rate (%)	32.4%	32.5%	34.7%	(2.17)%					
Operating Margin (%)	11.2%	8.1%	6.5%	1.64%					
Other Expense (%)	-0.1%	0.1%	0.3%	(0.15)%					
EBIT Margin (%)	11.3%	8.0%	6.2%	1.79%					
Tax Rate (%)	17.9%	20.7%	21.0%	(0.28)%					
Y/Y Change in Margin									
Gross Margin (bps)	-0.98%	-3.02%	-2.50%						
Demand Creation Expense (bps)	0.76%	1.16%	2.25%						
Operating Overhead Expense (bps)	0.69%	-1.08%	0.00%						
Op. Expense Rate (bps)	1.45%	0.08%	2.25%						
Operating Income (bps)	-2.43%	-3.11%	-4.75%						
Other Expense (bps)	0.50%	0.19%	0.35%						
EBIT Margin (bps)	-2.92%	-3.30%	-5.10%						
Geography Organic Growth Y/Y									
North America	-8%	9%	4%						
EMEA	-10%	-1%	-2%						
Greater China	-11%	-16%	-9%						
APAC & Latam	-3%	-4%	1%						
Total Nike Inc. Revenue	-18%	0%	0%						
Segment Organic Growth Y/Y									
Footwear				-12%					
Apparel				-2%					
Total Footwear and Apparel				-9%					
Equipment				12%					
Global Brand Division				-2%					
Total Nike Brand Revenue				-8%					
Converse				-18%					
Total Nike Inc. Revenue				-9%					

Source: Company Filings, Barclays Research

Model Changes

FIGURE 10. Model Changes (in \$ millions, except per share data)

(\$mm, except per share)	New					Old					Consensus							
	2Q26A	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E
North America Revenue	\$5,633	\$4,917	\$4,737	\$20,307	\$20,677	\$21,833	\$5,366	\$4,779	\$4,691	\$19,856	\$20,119	\$21,125	\$5,206	\$4,913	\$4,870	\$20,025	\$20,993	\$22,080
EMEA Revenue	3,392	2,930	3,306	12,959	13,350	13,884	3,358	2,996	3,216	12,900	13,290	13,821	3,398	2,996	3,170	12,886	13,610	14,371
Greater China Revenue	1,423	1,459	1,278	5,673	5,848	6,352	1,552	1,606	1,427	6,098	6,324	6,879	1,552	1,644	1,444	6,158	6,449	6,768
APAC/Latam Revenue	1,667	1,581	1,653	6,391	6,760	7,166	1,784	1,552	1,651	6,476	6,804	7,212	1,717	1,507	1,621	6,342	6,701	7,085
Converse	300	300	276	1,242	1,247	1,297	394	404	356	1,519	1,526	1,587	355	356	335	1,427	1,469	1,530
Other Revenue	12	14	11	38	47	49	15	14	11	41	52	55	na	na	na	na	na	na
Total Revenue	\$12,427	\$11,202	\$11,261	\$46,610	\$47,930	\$50,581	\$12,468	\$11,350	\$11,351	\$46,890	\$48,114	\$50,678	\$12,236	\$11,439	\$11,455	\$46,790	\$49,159	\$51,714
Adj Gross Profit	5,045	4,451	4,591	19,031	20,463	22,165	5,127	4,822	4,798	19,691	21,044	22,738	4,970	4,811	4,813	19,498	21,325	22,825
Operating Expenses	4,039	3,920	4,294	16,269	16,455	17,239	4,322	4,131	4,357	16,826	17,016	17,797	4,264	3,951	4,204	16,388	16,883	17,441
Adj. Operating income	1,006	531	298	2,762	4,008	4,926	805	692	442	2,865	4,028	4,941	706	861	610	3,110	4,442	5,383
Adj Net Income	\$792	\$428	\$237	\$2,184	\$3,326	\$4,079	\$627	\$546	\$349	\$2,250	\$3,404	\$4,152	\$555	\$689	\$482	\$2,478	\$3,635	\$4,391
EPS (adjusted, diluted)	\$0.53	\$0.29	\$0.16	\$1.47	\$2.25	\$2.76	\$0.42	\$0.37	\$0.24	\$1.52	\$2.30	\$2.81	\$0.38	\$0.47	\$0.34	\$1.68	\$2.51	\$3.05
Gross Margin	40.6%	39.7%	40.8%	40.8%	42.7%	43.8%	41.1%	42.5%	42.3%	42.0%	43.7%	44.9%	40.6%	42.1%	42.0%	41.7%	43.4%	44.1%
Operating Expenses % of Sales	32.5%	35.0%	38.1%	34.9%	34.3%	34.1%	34.7%	36.4%	38.4%	35.9%	35.4%	35.1%	34.8%	34.5%	36.7%	35.0%	34.3%	33.7%
Operating Margin	8.1%	4.7%	2.6%	5.9%	8.4%	9.7%	6.5%	6.1%	3.9%	6.1%	8.4%	9.8%	5.8%	7.5%	5.3%	6.6%	9.0%	10.4%
New vs. Old																New vs. Consensus		
(% Change)	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E	2Q26E	3Q26E	4Q26E	FY26E	FY27E	FY28E
North America Revenue	5%	3%	1%	2%	3%	3%	8%	0%	-3%	1%	-2%	-1%	0%	-2%	0%	-3%	-2%	-1%
EMEA Revenue	1%	-2%	3%	0%	0%	0%	0%	-2%	4%	1%	-2%	-3%	0%	-2%	0%	-2%	-1%	-3%
Greater China Revenue	-8%	-9%	-10%	-7%	-8%	-8%	-8%	-11%	-11%	-8%	-9%	-6%	-8%	-9%	-8%	-9%	-6%	-6%
APAC/Latam Revenue	-7%	-2%	0%	-1%	-1%	-1%	-3%	5%	2%	1%	1%	1%	-1%	-1%	-1%	-1%	-1%	-1%
Converse	-24%	-26%	-23%	-18%	-18%	-18%	-16%	-16%	-18%	-13%	-15%	-15%	na	na	na	na	na	na
Other Revenue	-20%	0%	0%	-7%	-10%	-10%	na	na	na	na	na	na	na	na	na	na	na	na
Total Revenue	0%	-1%	-1%	-1%	0%	0%	2%	-2%	-2%	0%	-3%	-2%	0%	-2%	0%	-3%	-2%	-2%
Adj Gross Profit	-2%	-8%	-4%	-3%	-3%	-3%	2%	-7%	-5%	-2%	-4%	-3%	-2%	-5%	-2%	-4%	-3%	-3%
Operating Expenses	-7%	-5%	-1%	-3%	-3%	-3%	-5%	-1%	2%	-1%	-1%	-1%	-3%	-1%	-1%	-3%	-1%	-1%
Adj. Operating income	25%	-23%	-33%	-4%	-1%	0%	42%	-38%	-51%	-11%	-10%	-8%	42%	-38%	-51%	-11%	-10%	-8%
Adj Net Income	26%	-22%	-32%	-3%	-2%	-2%	43%	-38%	-51%	-12%	-8%	-7%	43%	-38%	-51%	-12%	-8%	-7%
EPS (adjusted, diluted)	-0.52%	-2.75%	-1.50%	-1.16%	-1.05%	-1.05%	-0.02%	-2.33%	-1.25%	-0.84%	-0.69%	-0.32%	-0.02%	-2.33%	-1.25%	-0.84%	-0.69%	-0.32%
Gross Margin	-2.17%	-1.40%	-0.25%	-0.98%	-1.04%	-1.04%	-2.35%	0.46%	1.43%	-0.12%	-0.01%	0.356	1.64%	-2.78%	-2.68%	-0.72%	-0.67%	-0.67%
Operating Expenses % of Sales	-2.17%	-1.40%	-0.25%	-0.98%	-1.04%	-1.04%	-2.32%	-2.78%	-2.68%	-0.72%	-0.67%	-0.67%	1.64%	-1.35%	-1.25%	-0.18%	-0.01%	-0.01%
Operating Margin	1.64%	-1.35%	-1.25%	-0.18%	-0.01%	-0.01%	2.32%	-2.78%	-2.68%	-0.72%	-0.67%	-0.67%	na	na	na	na	na	na

Source: Company Filings, Bloomberg, Barclays Research

Income Statement

FIGURE 11. Income Statement (in \$ millions, except per share data)

	FY24A	1Q25A	2Q25A	3Q25A	4Q25A	FY25A	1Q26A	2Q26A	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	12,427.0	11,202.3	11,260.7	46,610.0	11,865.0	12,570.3	11,715.4	11,779.0	47,929.7	50,581.3
COGS	28,412.0	6,332.0	6,965.0	6,594.0	6,628.0	26,519.0	6,777.0	7,382.0	6,751.0	6,669.5	27,579.5	6,653.2	7,247.1	6,825.9	6,740.9	27,467.1	28,416.6
Adj. Gross Profit	22,950.0	5,257.0	5,389.0	4,675.0	4,469.0	19,790.0	4,943.0	5,045.0	4,451.3	4,591.2	19,030.5	5,211.8	5,323.2	4,889.5	5,038.1	20,462.6	22,164.6
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	1,273.0	1,193.6	1,412.2	5,066.8	1,202.7	1,287.7	1,248.3	1,477.2	5,215.9	5,504.6
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	2,766.0	2,726.4	2,881.4	11,201.8	2,791.8	2,722.5	2,781.0	2,943.3	11,238.6	11,734.1
Adj. Operating Expenses	16,197.0	4,048.0	4,005.0	3,887.0	4,148.0	16,088.0	4,016.0	4,039.0	3,920.0	4,293.6	16,268.7	3,994.5	4,010.2	4,029.3	4,420.6	16,454.5	17,238.7
Adj. Operating Income	6,753.0	1,209.0	1,384.0	788.0	321.0	3,702.0	927.0	1,006.0	531.3	297.6	2,761.9	1,217.3	1,313.0	860.2	617.5	4,008.1	4,926.0
Other Expense (Income)	(228.0)	(55.0)	(8.0)	(38.0)	25.0	(76.0)	23.0	16.0	8.0	20.0	67.0	5.0	5.0	5.0	20.0	20.0	20.0
Adj. EBIT	6,981.0	1,264.0	1,392.0	826.0	296.0	3,778.0	904.0	990.0	523.3	277.6	2,694.9	1,212.3	1,308.0	855.2	612.5	3,988.1	4,906.0
Net Interest Expense (Income)	(161.0)	(43.0)	(24.0)	(18.0)	(22.0)	(107.0)	(18.0)	(9.0)	(18.1)	(22.1)	(67.3)	(18.0)	(10.3)	(18.1)	(22.1)	(68.6)	(68.6)
Adj. EBT	7,142.0	1,307.0	1,416.0	844.0	318.0	3,885.0	922.0	999.0	541.4	299.7	2,762.2	1,230.3	1,318.3	873.4	634.7	4,056.7	4,974.6
Adj. Income Taxes	1,097.6	256.0	253.0	50.0	107.0	666.0	195.0	207.0	113.7	62.9	578.6	221.5	237.3	157.2	114.2	730.2	895.4
Adj. Net Income	6,044.4	1,051.0	1,163.0	794.0	211.0	3,219.0	727.0	792.0	427.7	236.8	2,183.5	1,008.9	1,081.0	716.2	520.4	3,326.5	4,079.1
Adj. EPS	\$3.95	\$0.70	\$0.78	\$0.54	\$0.14	\$2.16	\$0.49	\$0.53	\$0.29	\$0.16	\$1.47	\$0.68	\$0.73	\$0.48	\$0.35	\$2.25	\$2.76
GAAP EPS	\$3.73	\$0.70	\$0.78	\$0.54	\$0.14	\$2.16	\$0.49	\$0.53	\$0.29	\$0.16	\$1.47	\$0.68	\$0.73	\$0.48	\$0.35	\$2.25	\$2.76
Avg. Diluted Shares	1,529.7	1,502.0	1,490.0	1,478.1	1,477.7	1,487.6	1,479.0	1,481.0	1,482.3	1,484.5	1,482.6	1,484.3	1,481.9	1,480.0	1,478.6	1,481.2	1,476.3
Dividends declared	\$1.45	\$0.37	\$0.40	\$0.40	\$0.40	\$1.57	\$0.40	\$0.41	\$0.41	\$0.41	\$1.63	\$0.41	\$0.45	\$0.45	\$0.45	\$1.76	\$1.92
YOY % Change in Dollars																	
Sales Growth (%)	0.3%	-10.4%	-7.7%	-9.3%	-12.0%	-9.8%	1.1%	0.6%	-0.6%	1.5%	0.6%	1.2%	1.2%	4.6%	4.6%	2.8%	5.5%
Sales Growth (%) (Constant Currency)	0.3%	-9.1%	-8.8%	-6.9%	-11.5%	-9.1%	-0.7%	-0.4%	-3.3%	-1.0%	-1.3%	0.9%	1.2%	4.6%	4.6%	2.7%	5.5%
Gross Profit (%)	3.0%	-8.1%	-9.7%	-16.9%	-20.7%	-13.8%	-6.0%	-6.4%	-4.8%	2.7%	-3.8%	5.4%	5.5%	9.8%	9.7%	7.5%	8.3%
Demand Creation Expense (%)	5.5%	14.7%	0.7%	7.6%	14.8%	9.4%	-3.1%	13.5%	9.7%	12.7%	8.1%	1.2%	4.6%	4.6%	2.9%	5.5%	5.5%
Operating Overhead Expense (%)	-3.3%	-7.4%	-4.9%	-2.6%	-2.1%	-4.3%	0.2%	-4.1%	-2.6%	-0.5%	-1.7%	-1.3%	-1.6%	2.0%	2.1%	0.3%	4.4%
Op. Expenses (%)	-1.1%	-1.7%	-3.4%	0.0%	2.4%	-0.7%	-0.8%	0.8%	0.8%	3.5%	1.1%	-0.5%	-0.7%	2.8%	3.0%	1.1%	4.8%
Operating Income (%)	14.2%	-24.6%	-24.2%	-54.7%	-79.7%	-45.2%	-23.3%	-27.3%	-32.6%	-7.3%	-25.4%	31.3%	30.5%	61.9%	107.5%	45.1%	22.9%
EBIT Income (%)	12.7%	-21.7%	-26.7%	-52.9%	-82.7%	-45.9%	-28.5%	-28.9%	-36.6%	-6.2%	-28.7%	34.1%	32.1%	63.4%	120.7%	48.0%	23.0%
EBT Income (%)	15.2%	-20.7%	-26.3%	-53.3%	-82.0%	-45.6%	-29.5%	-29.4%	-35.9%	-5.7%	-28.9%	33.4%	32.0%	61.3%	111.7%	46.9%	22.6%
Adj. Net Income (%)	19.2%	-27.5%	-26.3%	-47.0%	-86.1%	-46.7%	-30.8%	-31.9%	-46.1%	12.2%	-32.2%	38.8%	36.5%	67.4%	119.8%	52.3%	22.6%
Adj. EPS (%)	24.3%	-25.5%	-24.2%	-45.3%	-85.9%	-45.2%	-29.8%	-31.5%	-46.3%	11.7%	-31.9%	38.3%	36.4%	67.7%	120.7%	52.5%	23.0%
% of Sales Ratios																	
Gross Margin (%)	44.7%	45.4%	43.6%	41.5%	40.3%	42.7%	42.2%	40.6%	39.7%	40.8%	40.8%	43.9%	42.3%	41.7%	42.8%	42.7%	43.8%
Demand Creation Expense (%)	8.3%	10.6%	9.1%	9.7%	11.3%	10.1%	10.1%	10.2%	10.7%	12.5%	10.9%	10.1%	10.2%	10.7%	12.5%	10.9%	10.9%
Operating Overhead Expense (%)	23.2%	24.4%	23.3%	24.8%	26.1%	24.6%	24.1%	22.3%	24.3%	25.6%	24.0%	23.5%	21.7%	23.7%	25.0%	23.4%	23.2%
Op. Expense Rate (%)	31.5%	34.9%	32.4%	34.5%	37.4%	34.7%	34.3%	32.5%	35.0%	38.1%	34.9%	33.7%	31.9%	34.4%	37.5%	34.3%	34.1%
Operating Margin (%)	13.1%	10.4%	11.2%	7.0%	2.9%	8.0%	7.9%	8.1%	4.7%	2.6%	5.9%	10.3%	10.4%	7.3%	5.2%	8.4%	9.7%
Other Expense (%)	-0.4%	-0.5%	-0.1%	-0.3%	0.2%	-0.2%	0.2%	0.1%	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT Margin (%)	13.6%	10.9%	11.3%	7.3%	2.7%	8.2%	7.7%	8.0%	4.7%	2.5%	5.8%	10.2%	10.4%	7.3%	5.2%	8.3%	9.7%
EBT Margin (%)	13.9%	11.3%	11.5%	7.5%	2.9%	8.4%	7.9%	8.0%	4.8%	2.7%	5.9%	10.4%	10.5%	7.5%	5.4%	8.5%	9.8%
Net Margin (%)	11.8%	9.1%	9.4%	7.0%	1.9%	7.0%	6.2%	6.4%	3.8%	2.1%	4.7%	8.5%	8.6%	6.1%	4.4%	6.9%	8.1%
Tax Rate (%)	15.4%	19.6%	17.9%	5.9%	33.6%	17.1%	21.1%	20.7%	21.0%	21.0%	20.9%	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%	-3.02%	-1.75%	0.50%	-1.91%	1.75%	1.75%	2.00%	2.00%	1.86%	1.13%
Demand Creation Expense (bps)	0.42%	2.32%	0.76%	1.52%	2.64%	1.78%	-0.44%	1.16%	1.00%	1.25%	0.75%	0.00%	0.00%	0.00%	0.00%	0.01%	0.00%
Operating Overhead Expense (bps)	-0.86%	0.80%	0.69%	1.71%	2.62%	1.42%	-0.22%	-1.08%	-0.50%	-0.50%	-0.58%	-0.60%	-0.60%	-0.60%	-0.60%	-0.58%	-0.25%
Op. Expense Rate (bps)	-0.44%	3.12%	1.45%	3.23%	5.26%	3.21%	-0.66%	0.08%	0.50%	0.75%	0.16%	-0.60%	-0.60%	-0.60%	-0.60%	-0.57%	-0.25%
Operating Income (bps)	1.60%	-1.96%	-2.43%	-7.00%	-9.68%	-5.15%	-2.52%	-3.11%	-2.25%	-0.25%	-2.07%	2.35%	2.35%	2.60%	2.60%	2.44%	1.38%
Other Expense (bps)	0.10%	-0.40%	0.50%	-0.21%	1.23%	0.28%	0.67%	0.19%	0.41%	-0.05%	0.31%	-0.15%	-0.09%	-0.03%	-0.14%	-0.10%	0.00%
EBIT Margin (bps)	1.50%	-1.57%	-2.92%	-6.79%	-10.91%	-5.43%	-3.19%	-3.30%	-2.66%	-0.20%	-2.38%	2.50%	2.44%	2.63%	2.74%	2.54%	1.38%
EBT Margin (bps)	1.80%	-1.46%	-2.89%	-7.05%	-11.14%	-5.52%	-3.41%	-3.42%	-2.66%	-0.20%	-2.46%	2.50%	2.45%	2.62%	2.73%	2.54%	1.37%
Net Margin (bps)	1.87%	-2.14%	-2.37%	-5.01%	-10.14%	-4.82%	-2.87%	-3.04%	-3.23%	0.20%	-2.27%	2.30%	2.23%	2.29%	2.32%	2.26%	1.12%
Tax Rate (bps)	-2.87%	7.57%	-0.03%	-11.14%	19.64%	1.78%	1.56%	2.85%	15.08%	-12.65%	3.81%	-3.15%	-2.72%	-3.00%	-3.00%	-2.95%	0.00%

Fiscal Year End May

Source: Company Filings, Barclays Research

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Nike, Inc. (NKE, 18-Dec-2025, USD 65.63), Equal Weight/Neutral, CD/CE/D/E/J/K/L/M/N

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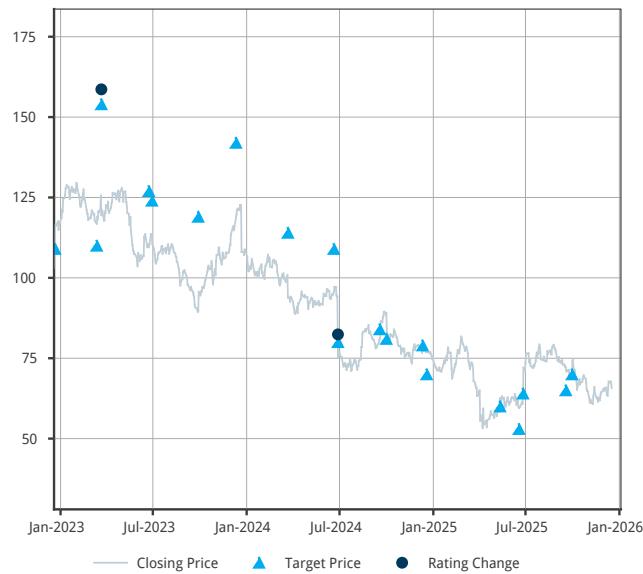
Stock Rating: **EQUAL WEIGHT**

Industry View: **NEUTRAL**

Closing Price: **USD 65.63** (18-Dec-2025)

Rating and Price Target Chart - USD (as of 18-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 18-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

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Valuation Methodology: Our price target of \$64 is based on an NTM P/E multiple of 25x applied to our CY27 EPS estimate of \$2.54.

Risks which May Impede the Achievement of the Barclays Research Valuation and Price Target: Risks to the upside on our rating include 1) reacceleration of consumer spending, 2) normalization of China market to growth, and 3) NA DTC growth offsets margin pressure from wholesale channel. Risks to the downside include 1) further global slowdown, 2) global sourcing and supply chain disruption, and 3) ability to maintain product innovation to drive growth.

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U.S. Specialty Retail, Apparel & Footwear

Donald Tiburzi

+1 212 526 3253

donald.tiburzi@barclays.com

BCI, US