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BI Focus: Nike Sports, Innovation Drive Gains

Read Research Report: Nike Equity Research



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Nike Revamp Gains Traction; Tariffs Delay Big Payoff: BI Focus

(Bloomberg Intelligence) -- Updating Focus Idea: Nike's long-term outlook is improving as its turnaround begins to pay off, aided by normalizing inventories, though tariffs and weak consumer sentiment push most of our consensus-topping scenario into 2027. The revamp can bolster consumer engagement through innovation and new products, reviving momentum in running and lifestyle. Fiscal 2026 sales may only modestly exceed analyst expectations, but we project nearly \$1 billion in sales upside for 2027. CEO Elliott Hill's product track record and the Nike-SKIMS launch should help reinforce momentum.

Original Thesis (April 2024): Nike's sportswear lead can dominate the channel through product innovation and sports, which could end more than two years of downward earnings-estimate revisions and drive fiscal 2026 revenue at least \$1 billion ahead of consensus. The return of major sporting events, accelerated innovation and expectations for upbeat forecasts at its analyst meeting in 2H are catalysts. (10/06/25)

1. Product Innovation, Sports Key to Better Sales

Nike's growing focus on innovation can be a catalyst that drives revenue growth in the sports and lifestyle categories. Trends might remain lackluster in the near term as its Win Now strategy takes time to drive a turnaround through a better product pipeline. Until then, the launch of the Pegasus Premium and Vomero 18 running shoes, Kobe Protro, 24.7 apparel collection and expansion of the Air franchise are early signs that the company is making progress freshening its lineup. Expanded involvement in sports around the world and continued initiatives in women and wholesale remain factors that could aid fiscal 2H26 sales and put 2027 revenue above MODL consensus of \$48.9 billion. A new brand in collaboration with Skims is an added opportunity.

Economic and geopolitical headwinds remain risks. (10/06/25)

Bloomberg Interactive Calculator

NIKE Inc NKE US		Bloomberg Interactive Model V2.1									
		2023-12-31	2024-12-31	2025-12-31	2026-12-31	2027-12-31	2028-12-31	2029-12-31	2030-12-31	2031-12-31	2032-12-31
Model Summary		May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025	May 15 2025
Total Revenue		51,362	46,509	11,712	12,031	11,470	11,547	48,798	48,851	52,851	52,851
Gross Margin (%)		44.6%	42.7%	42.2%	40.8%	40.0%	40.0%	40.8%	40.8%	40.8%	40.8%
Operating Margin (%)		12.2%	8.0%	7.8%	8.2%	7.8%	5.1%	6.8%	6.8%	11.1%	11.1%
Diluted EPS		3.73	1.13	1.43	0.41	0.48	0.91	1.75	1.75	2.70	2.44
CAGR Output					0.03	0.03	0.03	0.03	0.03	0.03	0.03
Financial Metrics		2023-12-31	2024-12-31	2025-12-31	2026-12-31	2027-12-31	2028-12-31	2029-12-31	2030-12-31	2031-12-31	2032-12-31
Revenue by Region Category		51,362	46,509	11,712	12,031	11,470	11,547	48,798	48,851	52,851	52,851
North America		11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684
Europe		11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684
Asia Pacific		11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684
Latin America		11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684
Middle East & Africa		11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684	11,684
Total North America Revenue		21,206	19,572	5,000	5,055	4,817	4,881	19,859	19,859	21,594	21,594
CAGR Output					0.03	0.03	0.03	0.03	0.03	0.03	0.03

Source: Bloomberg Interactive Calculator, Bloomberg Intelligence

2. Sales Have Several Catalysts for 2027 Upside

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We believe these catalysts could act as important triggers for this idea in coming months.

(10/06/25)

Timeline of Key Catalysts:

- Summer 2024: Paris Olympics, Euro 2024 Expand Reach, Add Brand Momentum, Product Innovation (Delivered)
- 2025-26: Strategic Partnerships Might Push Fiscal 2030 Wholesale Revenue Target Above \$33.6 Billion
- 2026: Postponed Investor Day Could Set New Five-Year Targets Above Consensus
- 2025-27: Nike Likely to Add New Athletes, Teams to Roster
- June 2027: Fiscal 2027 Sales May Top Consensus

3. Downward Revisions Appear to Be Finished

Years of downgrades have likely come to an end, with the latest projecting a slight gain in fiscal 2026 revenue for Nike, and estimates might start to come up after its stronger fiscal 1Q. The reduced sales consensus looks achievable at a minimum, with innovation and sports events offering potential to boost brand momentum. With downward revisions ebbing, projections can begin to reflect fiscal 2026 improvements. We expect a slight upside to consensus for fiscal 2026 sales on a stronger 2H, while 2027 sales could reach \$50 billion. A greater focus on wholesale partnerships, especially with Foot Locker, might improve assortment and spur growth. Its Amazon.com partnership and new NikeSKIMS brand can also fuel sales.

Consensus sees a low-single-digit sales gain for fiscal 2026 and a mid-single-digit increase in 2027. (10/06/25)

Sales Expectation Fiscal 2026-27, Stock Price

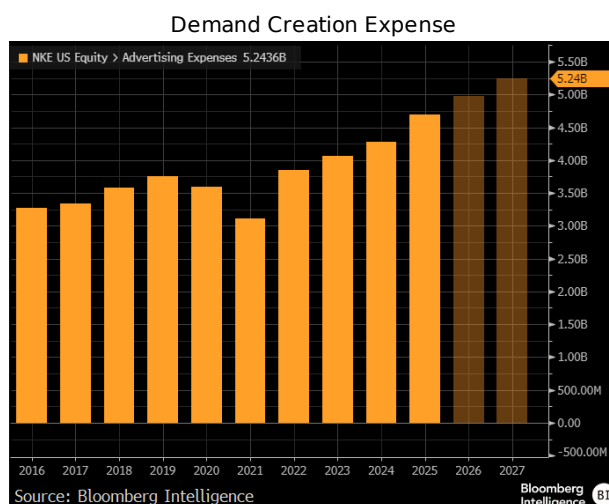


4. Innovation Push Needed to Jump-Start Sales

Rising expenses to create new products and fuel innovation can help Nike increase brand buzz and drive longer-term sales growth. Such costs as a portion of revenue have started to climb and still top pre-pandemic levels of almost 10%, with fiscal 2025 reaching 10.1%. Early initiatives from the recent launch of the Pegasus Premium and Vomero 18 shoes and expansion of the Air franchise, with a new innovation platform coming in fiscal 2026, can bring newness to the assortment. This is key as the company works to pare its classic franchises as a portion of the total footwear mix by 10 percentage points, with its Air Force One inventory already normalizing.

The new NikeSKIMS collaboration, launched in late September amid tariffs, is a big opportunity to capture share in women's and build sales. (10/06/25)

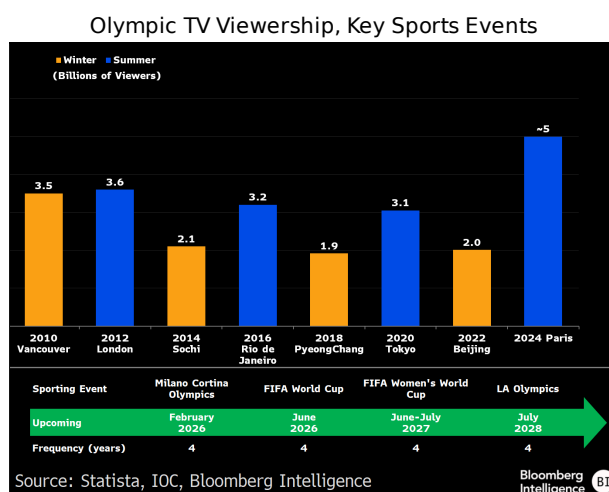
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5. Sporting-Events Pipeline Could Drive Enthusiasm

Though this is a slower sports year, March Madness, the UEFA Women's Euro 2025 and other events have been opportunities for Nike to build momentum and fuel brand buzz, especially after its deal to sponsor USA gymnastics through 2028. In soccer, Nike is losing Liverpool and the Portugal national team but recently signed Germany and continues to sponsor France, along with club teams Chelsea, Paris Saint-Germain and FC Barcelona.

Nike showed its dominance at the 2024 Paris Olympics, sponsoring more athletes and spending more on the games than it had in years past, capturing over 60% of the total share of voice during the games. It also outfitted 13 of the 32 teams in the 2022 Men's World Cup in soccer and the 2023 Women's World Cup. This year, it sponsored six teams in both the UEFA Women's Euro and FIFA Club World Cup. (10/06/25)



6. Endorsements, Sponsorships Bolsters Sales Outlook

Nike's use of top athletes and teams to promote products can drive sales. Cristiano Ronaldo's endorsement aids the soccer franchise, while those by Luka Doncic and Jayson Tatum of its Jordan brand boost its already strong hold in basketball. Along with a lifetime contract with LeBron James and the Kobe brand relaunch, these moves reinforce Nike's loyalty and reputation

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in the sport. Nike also sponsored teams in the Paris Olympics, including the US, and will replace Adidas as the German national soccer team sponsor in 2027.

The company won a 10-year pact in 2019 for all Major League Baseball teams' uniforms and extended its contract with the National Football League to 2028. It secured the National Basketball Association uniform deal in 2017, and that has recently been extended to 2037.

(10/06/25)

Select Nike Top-Athlete Endorsements

Tennis	Basketball	Soccer	Football	Running	Golf
Serena Williams	LeBron James	Cristiano Ronaldo	Russell Wilson	Eliud Kipchoge	Brooks Koepka
Naomi Osaka	Kevin Durant	Erling Haaland	Dak Prescott	Sha'Carri Richardson	Michelle Wie
Aryna Sabalenka	Giannis Antetokounmpo	Kylian Mbappe	Saouon Barkley	Christian Coleman	Rory McIlroy
Carlos Alcaraz	Paul George	Jamal Musiala	Baker Mayfield	Faith Kipyegon	Nelly Korda
Jannik Sinner	Russell Westbrook	Marcus Rashford		Dina Asher-Smith	Scottie Scheffler
Qinwen Zheng	Zion Williamson	Sophia Wilson		Shelly-Ann Fraser-Pryce	
	Luka Doncic	Alexia Putellas		Sifan Hassan	
	Jayson Tatum	Catarina Macario			
	Shai Gilgeous-Alexander				
	Ja Morant				
	Devin Booker				
	Victor Wembanyama				
	Sabrina Ionescu				
	A'ja Wilson				
	Caitlin Clark				
	JuJu Watkins				

Source: Bloomberg Intelligence

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7. Nike Trades at a Premium to Historical Valuation

Nike's multiple of 38x forward price-to-earnings tops its five-year average of 31x, aided by better-than-expected fiscal 1Q earnings and a turnaround plans that's beginning to advance. The company trades at a 92% premium to athleisure peers due to its size and top position in sportswear-industry sales, led by dominance in key sports like basketball and wider reach in US and international markets. Still, deeper markdowns, channel-mix shifts and higher costs from tariffs on imports to the US could crimp margins.

The stock traded near \$74 a share on Oct. 1, down 1.9% year to date on weaker consumer sentiment, though shares have jumped since the company reported better fiscal 1Q earnings. New CEO Elliott Hill, a Nike veteran, could help revive sales and earnings, though tariffs are an added hurdle. (10/06/25)

Nike Relative Valuation

vs Comps		Group Dynamics		vs Self																	
Metric: BP / E		Peers Benchmarked Against Group Average										3M		6M		1Y		2Y		5Y	
Name		Current Metric	Current vs 5Y Average	Historical Premium	Diff	# SD	3M Trend	5Y Historical Premium Range		Low	Range	High									
Peer Group Average		19.8x																			
1	lululemon Athletica Inc	13.6x	-31%	44%	-75%	-2.1			-42%										99%		
2	On Holding AG	32.0x	62%	142%	-81%	-1.1			55%										483%		
3	Deckers Outdoor Corp	15.6x	-21%	2%	-23%	-1.0			-38%										61%		
4	adidas AG	18.5x	-7%	52%	-59%	-0.8			-21%										443%		
5	Columbia Sportswear Co	17.0x	-14%	-18%	4%	0.4			-36%										9%		
6	VF Corp	17.4x	-12%	-24%	11%	0.5			-59%										36%		
7	NIKE Inc	38.0x	92%	42%	50%	2.3			2%										113%		
8	Wolverine World Wide Inc	17.1x	-13%	-47%	33%	2.4			-70%										1%		
9	Under Armour Inc	38.2x	93%	-5%	99%	3.2			-44%										125%		
10	Puma SE	204.6x	--	9%	--	--			-54%										244%		
11	Amer Sports Inc	33.6x	70%	--	--	--			-3%										144%		

Source: EQRV <G0>. Bloomberg Intelligence

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Source: EQRV <GO>, Bloomberg Intelligence

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