

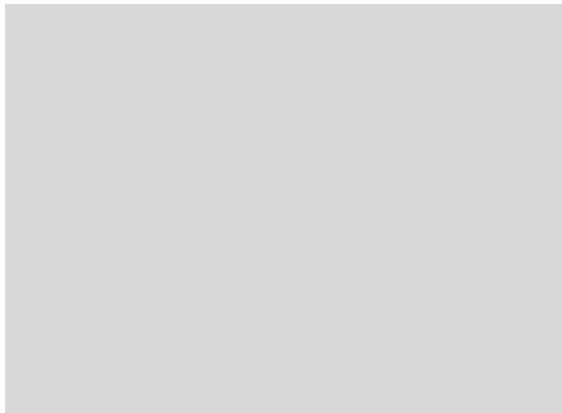
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Nike

NYSE: NKE

Price Target \$69.72 | Implied Upside: 16.21%

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)

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
- UBC Financial Association 100k Competition
- 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: 3.7/4.0

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

Consensus IRR – CAPM Excess Return: -1.43%

Canada's higher MRP eats into excess return

Final FinBERT Sentiment Score:

Forward Return / Downside Deviation: 0.42



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

What does the market believe?

- Margin pressure from tariffs
- Slow growth and prolonged weakness in China
- Perception of lost brand momentum
- Emerging competition structurally erodes Nike's relevance, shifting focus away from the brand

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 capital return profile and brand durability

Consensus IRR – CAPM Excess Return: +3.09%

Expected return exceeds the U.S. risk-adjusted hurdle

Final FinBERT Sentiment Score:

Forward Return / Downside Deviation: 0.40



Strong brand, structurally challenged growth

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
- Near-term brand fatigue in core categories with limited visibility on reacceleration
- Recent stock upswing driven by an immaterial change in company leadership, indicating street optimism without a concrete strategy

Consensus IRR – CAPM Excess Return: +1.30%

Offers limited incremental upside for the risk assumed

Final FinBERT Sentiment Score:

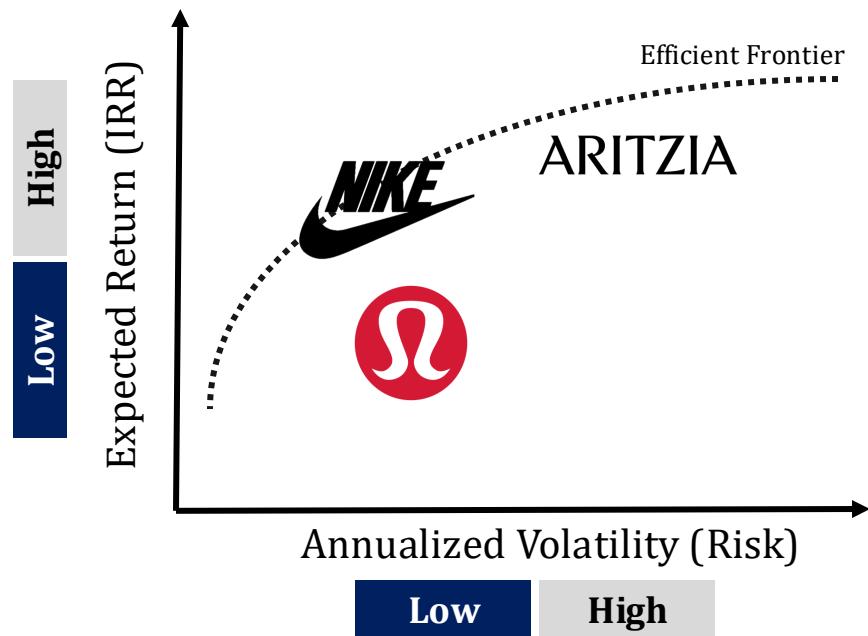
Forward Return / Downside Deviation: 0.30

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



Risk-Return Positioning: Forward-Looking Efficient Frontier

Nike delivers the **strongest** expected **return** per unit of risk



Interpretation: Portfolio Implications

Nike: Most Efficient Risk-Adjusted Upside

- Nike sits above the risk-adjusted hurdle with a meaningful positive excess premium and lower downside risk, indicating **higher expected return per unit of volatility and the most efficient forward-looking risk-adjusted capital deployment..**

Lululemon: Limited Incremental Upside

- Lululemon **clears the hurdle only marginally. Returns remain stable but incremental upside does not sufficiently compensate** for volatility from a portfolio allocation perspective.

Aritzia: Risk Not Fully Compensated

- Aritzia's expected return is **close but still below** Canada's materially higher equity risk hurdle; **Canada's structurally higher market risk premium** (9% vs 6%) raises the required return, leaving Aritzia with a modest negative excess return despite solid fundamentals.

Nike delivers the strongest forward-looking risk-adjusted payoff, with superior expected return relative to volatility and required risk premium compared to Lululemon and Aritzia.

Expected return = Projected Consensus IRR (forward looking). Risk = realized 5-year annualized volatility / downside deviation. CAPM hurdles reflect U.S. vs Canada market risk premium differences. Full assumptions in Appendix IV



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**
- The **sportswear** segment is expected to grow at **~6% CAGR** over the next **five years**, **outpacing** broader **footwear** growth (**~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 **sportswear**, 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

- To arrive at our final valuation of **\$69.72**, we used a weighted-mix of targets from a **DCF, CCA, PTA, and analyst ratings**
- The **DCF** implied a price target of **\$66.75** and an **upside of 11.26%**
- The **CCA** implied price targets of **\$50.83** and **\$42.80**, reflecting a **premium valuation** among Nike's **peers**
- The **PTA** implied price targets of **\$93.13** and **\$79.06** and upsides of **55.22%** and **31.76%**

Risks & Catalysts

- 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 **compress margins**, but is mitigated by the new focus on **margin-friendly footwear**
 - 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**

Recommendation

- We recommend **buying** Nike at a price target of **\$69.72** reflecting a **16.21% upside** to its current valuation
- Based on our analysis and **comparison** of **Nike, Aritzia, and Lululemon**, we conclude that **Nike** is the **best option** to be added to the consumer goods portfolio given its strong **brand equity**, consistent **guidance**, and **uncapped upside potential**
- Nike shows the most promise on a forward-looking basis, with a **+3.1% IRR-CAPM excess premium** and the highest **return-per-volatility (0.28)** and **return-per-downside (0.40)** in the peer set



Company Overview

Industry Overview

Investment Thesis

Valuation

Risks & Catalysts

Recommendation



A Globally Dominant Brand at an Inflection Point

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

Company Overview

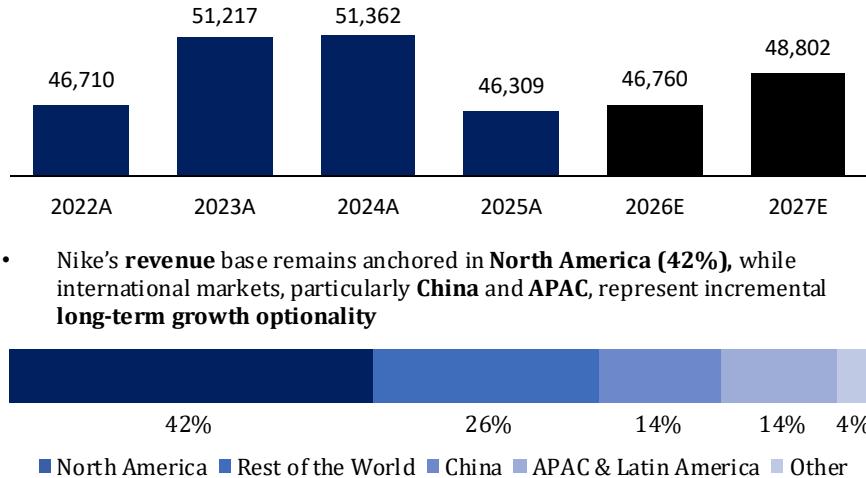
- Nike's principal business involves the **design, development** and worldwide **selling of athletic footwear, apparel, equipment, accessories and services**
- Founded in **Oregon** in **1967**, Nike operates globally across its **Nike, Jordan, and Converse** brands
- Nearly all of their products are **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's **revenue base** remains anchored in **North America (42%)**, while international markets, particularly **China** and **APAC**, represent incremental **long-term growth optionality**

Key Financials

LTM Revenue	\$46.5B	LTM EBITDA	\$3.8B
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	Gross Profit Margin	41.1%
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.

Nike remains a **globally dominant brand** with **expanding international exposure**, led by a **seasoned management team** and positioned for **recovery** following a period of **execution-driven pressure**

*All geographic figures based on FY '25 data

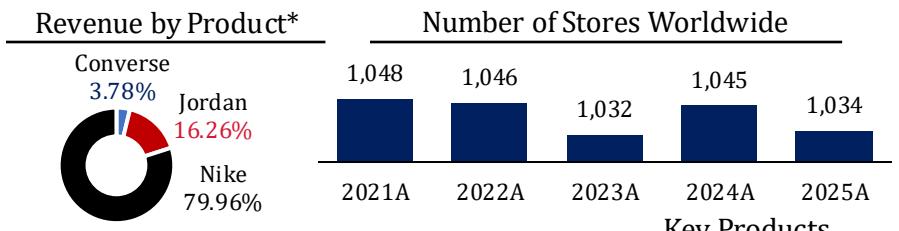


Nike Operates Multiple Globally Recognizable Brands

Nike targets **performance-driven athletes**, Jordan blends **sport and culture**, 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**



Key Products

- 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



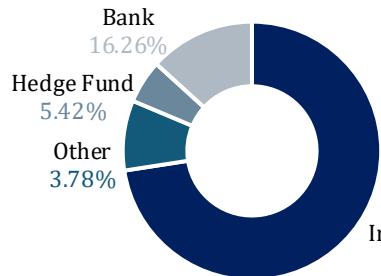
Converse Chuck Taylor All Star - \$90



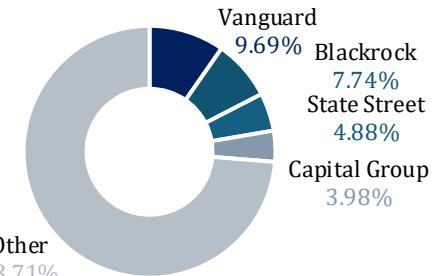
Shai 001 - \$170

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

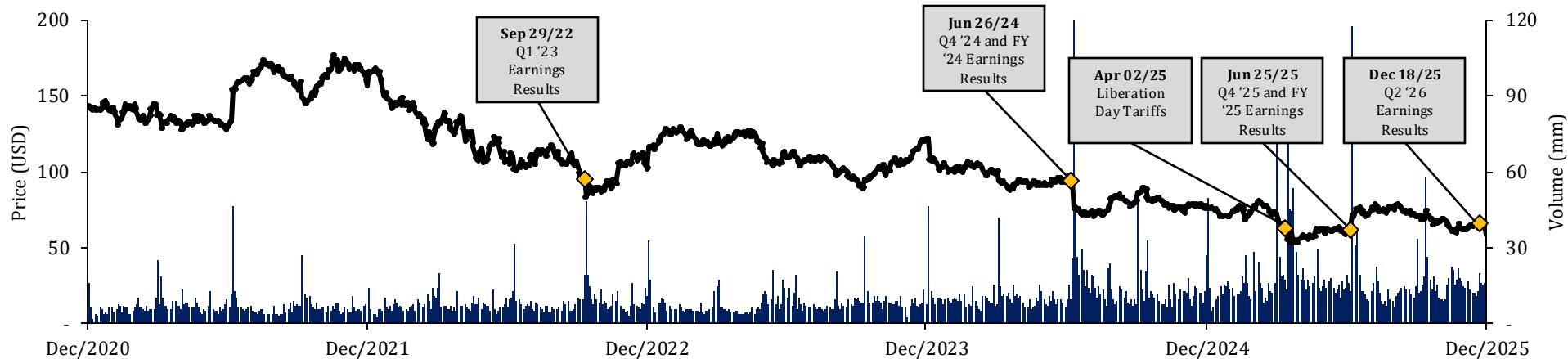
Nike's **shareholders** represent interest groups that support the company's **diversified brand portfolio**, with aligned **incentives** to create **durable demand** across **performance, culture, and lifestyle** categories

*Breakdown as of FY 2025



Idiosyncratic Headwinds Depress the Stock

A series of **execution missteps** and **external shocks** have driven a **five-year valuation decline**



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 Margin compression triggered Nike's largest single-day stock drop in nearly 20 years (~13%)
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) A guidance revision from management slashed revenue expectations by 10% in the upcoming quarter and reduced fiscal '25 expectations to a mid-single digit decline cited 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's **valuation** reflects identifiable **execution-driven setbacks** and **one-off macro shocks** rather than **structural brand erosion**, creating a **reset base for recovery**



Company Overview

Industry Overview

Investment Thesis

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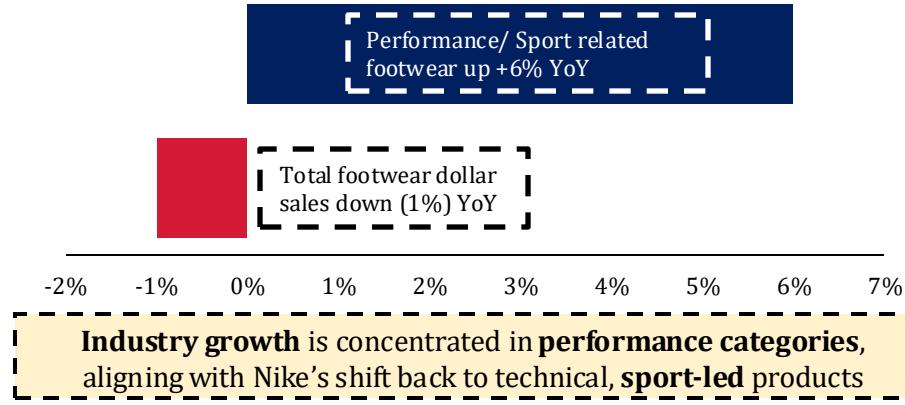
Recommendation



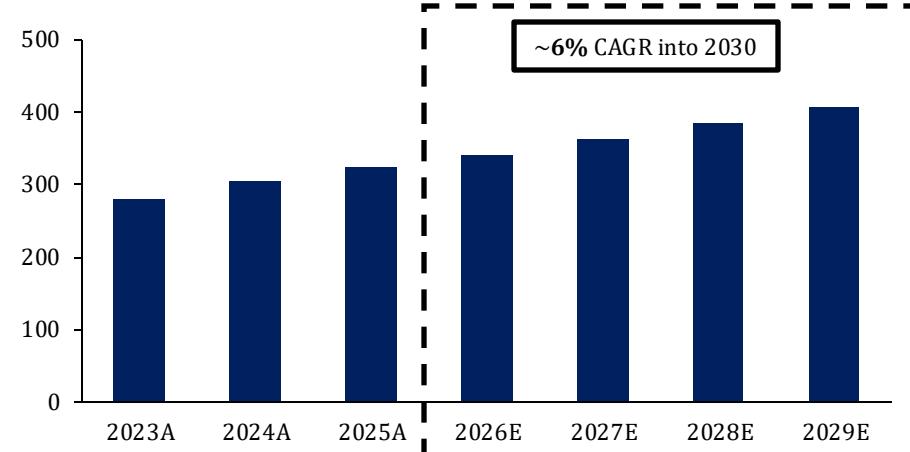
Athletic Footwear, Apparel, and Equipment

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	High	High	High	High
adidas	Medium-High	Medium-High	Medium-High	Medium-High
On	Medium-High	Medium	Medium	Medium
HOKA	Medium	Medium	Medium	Medium
UNDER ARMOUR	Low	Low	Low	Low

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**



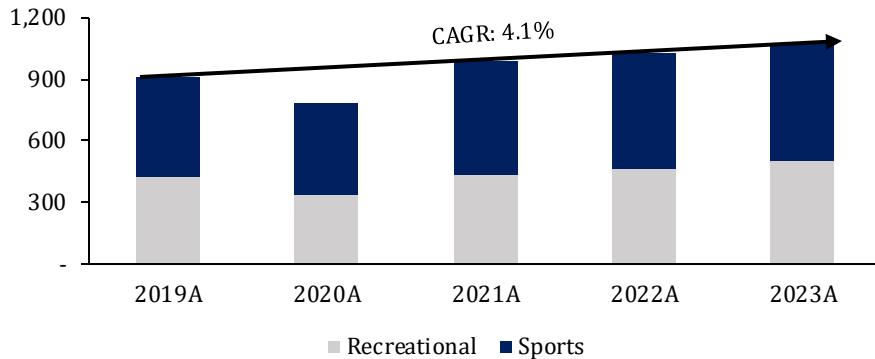
*Hoka is owned by Deckers Outdoor Corporation



Macroeconomic Overview

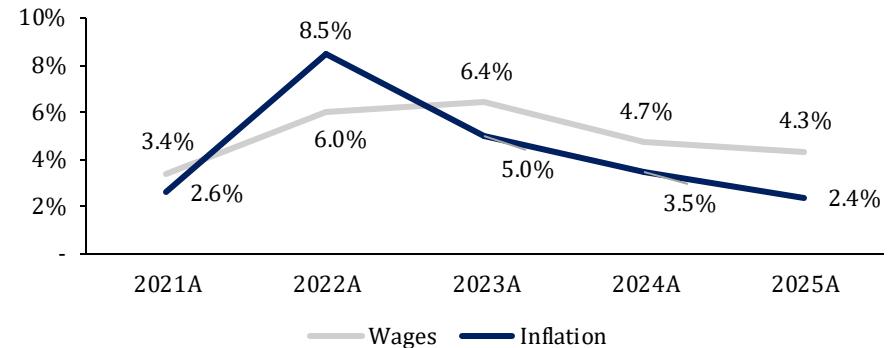
Despite sticky inflation and tariff pressures, secular trends and key events drive strong upside potential for Nike

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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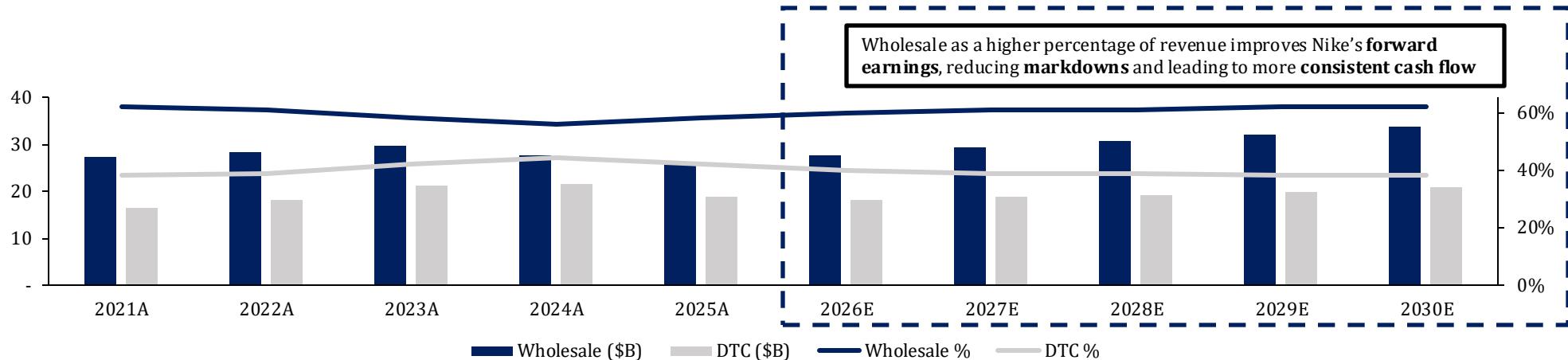
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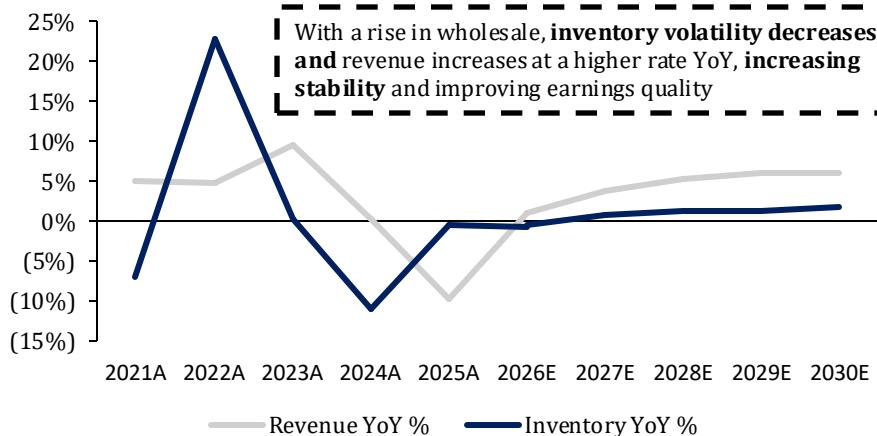
Channel Rebalancing Unlocks Volume

Nike's return to wholesale reveals **stable 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

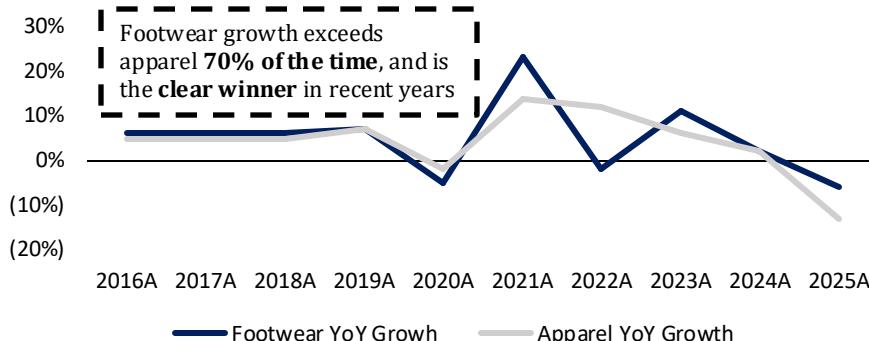
Nike's focus on wholesale reduces **inventory risk** by **reducing the need for promotions** and delivering stable cash flow, reinstates focus on **historically strong partners**, and as a result contributes to more **stable cash flows** and improved **investor sentiment** surrounding the company



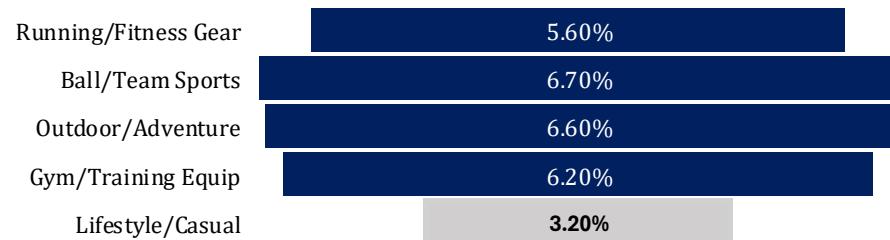
Innovation + Performance Repositioning Reignite Brand

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

Growth in Footwear vs Apparel

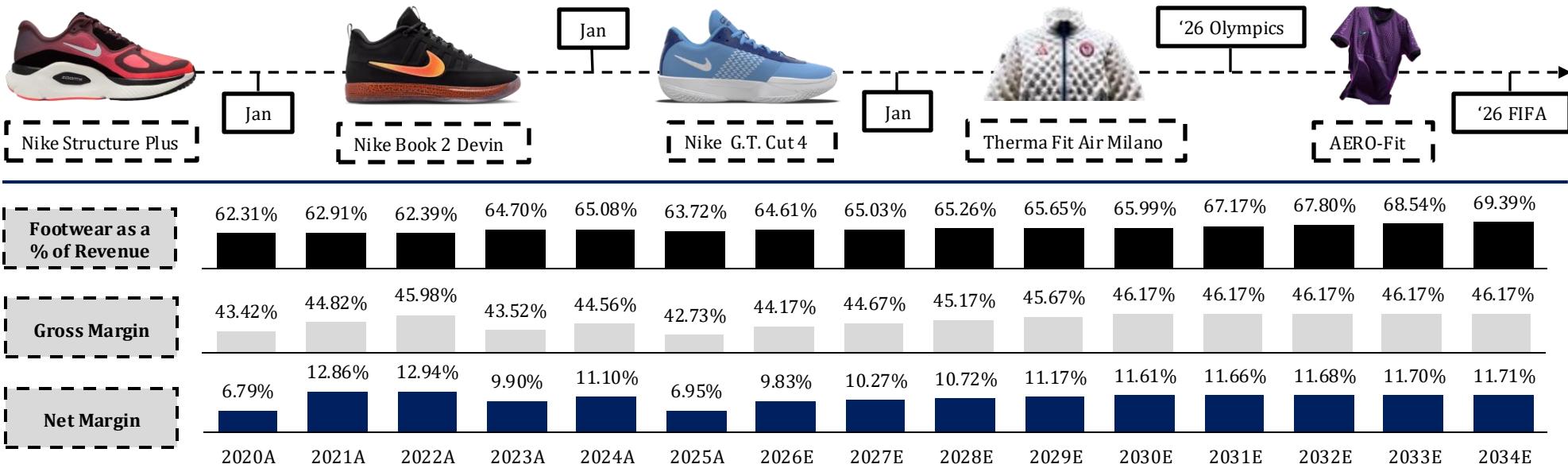


Sports Equipment vs Lifestyle CAGR to 2035



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

'26 Sports Related Product Innovation Timeline & Margin Impacts



With Nike returning to a clear focus on **performance sports-gear**, evidenced by 2026's **product launches**, the impact will **improve future margins** for Nike as it capitalizes on **higher ASP and fuller price-sell-through** along with strong industry CAGR into 2035

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**

~6.0% Industry CAGR into 2032

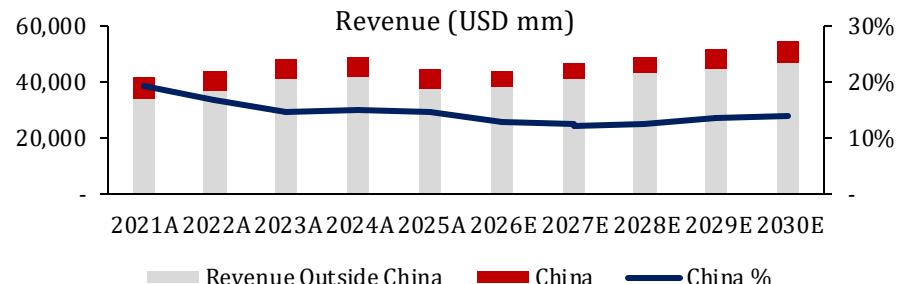
Vs.
2.5% Nike CAGR into 2032

=
3.5% 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**

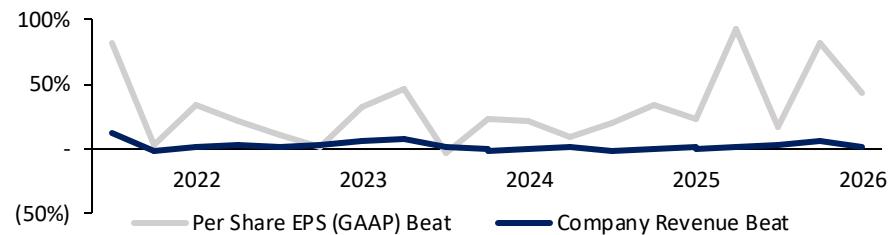
Outsized Chinese Perception

- 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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Recommendation



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	3,012	4,361	4,876	7,607	8,387	9,153	9,786	10,434	11,096
Times: (1 - Tax Rate)	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%	81.87%
Equals: NOPAT	2,466	3,570	3,992	6,228	6,866	7,494	8,011	8,542	9,085
Plus: Depreciation & Amortization	838	851	859	899	912	941	964	998	1,042
Less: Change In Working Capital	1,065	(480)	(529)	(571)	(591)	(875)	(793)	(828)	(863)
Less: Capital Expenditures	(818)	(850)	(893)	(810)	(859)	(932)	(993)	(1,056)	(1,121)
Equals: Unlevered Free Cash Flow	3,550	3,092	3,429	5,745	6,329	6,627	7,190	7,657	8,143
Discount Period	1	2	3	4	5	6	7	8	9
Equals: Present Value of Unlevered Free Cash Flow	3,286	2,649	2,719	4,216	4,299	4,167	4,184	4,124	4,059

Perpetuity Growth Method

Perpetuity Growth Rate	2.00%
Present Value of Terminal Value	68,527
Terminal Value as % of Enterprise Value	67.0%
Plus: Present Value of Forecast FCF	33,702
Forecast Period as % of Enterprise Value	33.0%
Equals: Enterprise Value	102,229
Less: Debt	(11,018)
Plus: Cash (as at Valuation Date)	7,464
Less: Non-controlling Interest	-
Equals: Equity Value	98,675
Divided By: Fully Diluted Shares Outstanding	1,478.20
Equals: Implied Share Price	66.75
Current Share Price	60.00
Implied Upside	11.26%

Sensitivity Table

	Growth Rate				
	2.00%	2.25%	2.50%	2.75%	3.00%
WACC	9.88%	49.03	50.11	51.26	52.49
	9.63%	50.93	52.11	53.36	54.71
	9.38%	52.97	54.25	55.62	57.10
	9.13%	55.15	56.55	58.05	59.67
	8.88%	57.50	59.03	60.68	62.46
					64.40

Our DCF gave us an implied **upside** of **11.26%** and an implied share price of **\$66.75**



Comparable Company Analysis

Comparable Companies: Peer Universe

(All figures in USDm unless otherwise specified)

Company Name	Year End	Ticker	EV/EBITDA			P/E		
			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	N/A	N/A	N/A
Puma	31-Dec	ETR: PUM	7.39x	20.20x	13.12x	N/A	N/A	N/A
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	12.22x	24.12x	21.94x	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**

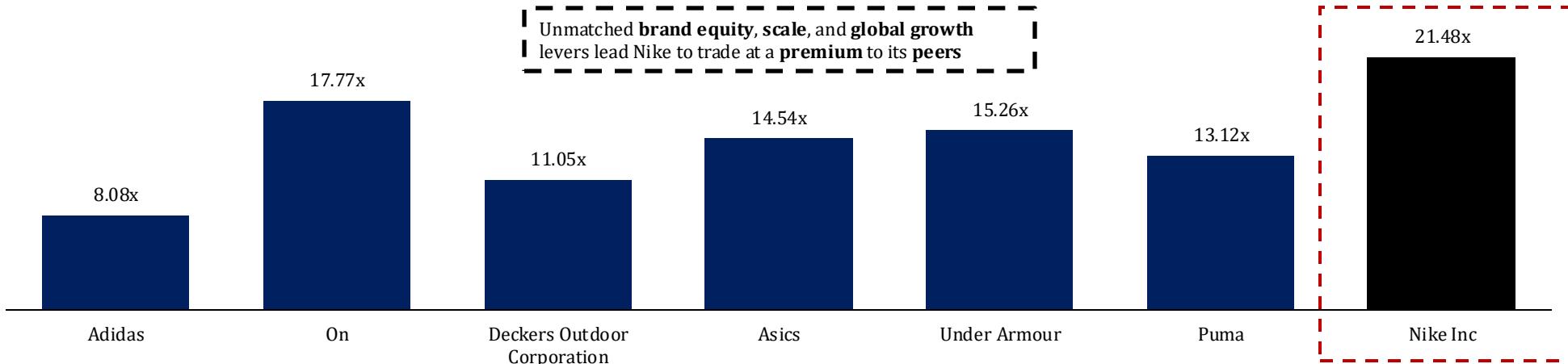
Metric	Implied Share Price (USD)			Implied Return (%)		
	25th Percentile	Median	75th Percentile	25th Percentile	Median	75th Percentile
EV/EBITDA 2024A	40.66	79.27	103.42	-30.74%	35.02%	76.16%
EV/EBITDA 2025E	23.82	34.57	77.49	-59.43%	-41.12%	31.99%
EV/EBITDA 2026E	26.92	36.95	42.80	-54.15%	-37.07%	-27.11%

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	121.24%	167.83%	209.20%
P/E 2025E	\$ 36.88	\$ 45.86	\$ 60.84	-37.18%	-21.89%	3.62%
P/E 2026E	\$ 31.68	\$ 40.64	\$ 50.83	-46.04%	-30.78%	-13.42%

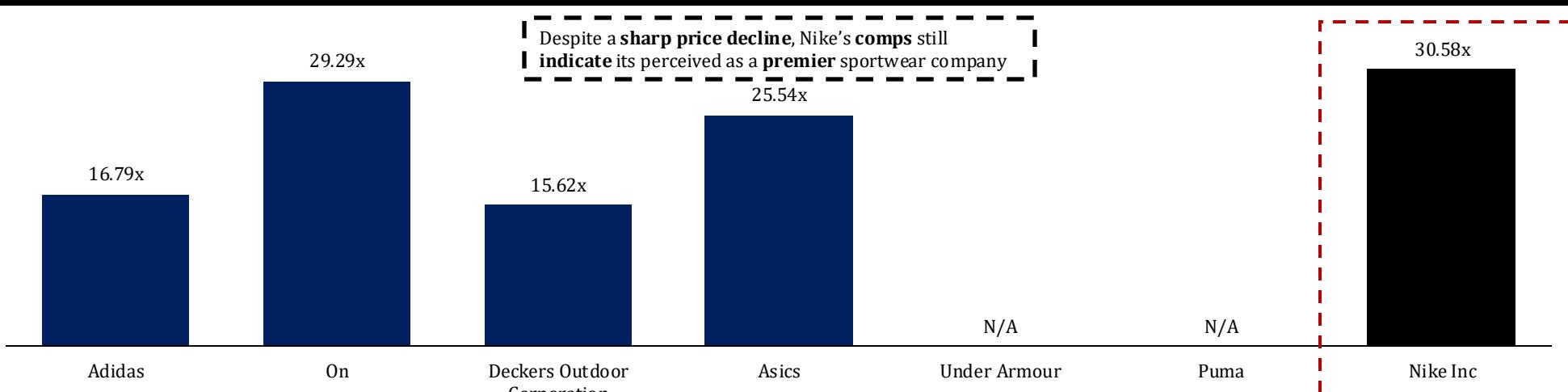
Our CCA gave us implied **downsides** of **27.11%** and **13.42%** and an implied share prices of **\$42.80** and **\$50.83**

Comparable Company Analysis II

EV/EBITDA



P/E



Nike trades at a **premium** because investors **underwrite** durable **brand power, global scale, and superior long-term cash flow**, not **near-term share fluctuations**



Precedent Transaction Analysis

Precedents Transactions		LTM Multiples			Rationale
Acquirer	Target	TV / Revenue	TV / EBITDA	Offer Price / EPS	
3G Capital	Skechers	1.05x	7.85x	15.14x	Closest "pure footwear" precedent to Nike (global brand, scale, wholesale + DTC mix)
Dick's Sporting Goods	Foot Locker	0.31x	6.10x	17.52x	This is a big channel control/ sneaker retail precedent
Crocs	HEYDUDE	4.39x	15.00x	NA: non public	Footwear brand add on, useful for thinking about what market pays for brand expansion
Anta Sports	Amer Sports	1.71x	16.20x	33.90x	Shows what buyers pay for a portfolio of sports/ outdoor brands + Asia growth optionality
JD Sports	Finish Line	0.30x	5.69x	37.50x	Another sneaker-retail consolidation precedent
Minimum		0.30x	5.69x	15.14x	
25th Percentile		0.31x	5.90x	15.74x	
Median		1.05x	7.85x	25.71x	
Mean		1.55x	10.17x	26.02x	
75th Percentile		3.05x	15.60x	36.60x	
Maximum		4.39x	16.20x	37.50x	

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

	TV / Revenue			Offer Price / EPS	
	Transaction Value	Implied Equity Value	Implied Share Price		Implied Share Price
Minimum	14,051	10,497 \$	7.10	\$	32.71
25th Percentile	14,288	10,734 \$	7.26	\$	33.99
Median	48,638	45,084 \$	30.50	\$	55.53
Mean	71,932	68,378 \$	46.26	\$	56.19
75th Percentile	141,224	137,670 \$	93.13	\$	79.06
Maximum	203,110	199,556 \$	135.00	\$	81.00

Our PTA gave us implied **upsides** of **55.22%** and **31.76%** and an implied share prices of **\$93.13** and **\$79.06**



Company Overview

Industry Overview

Investment Thesis

Valuation

Risks & Catalysts

Recommendation



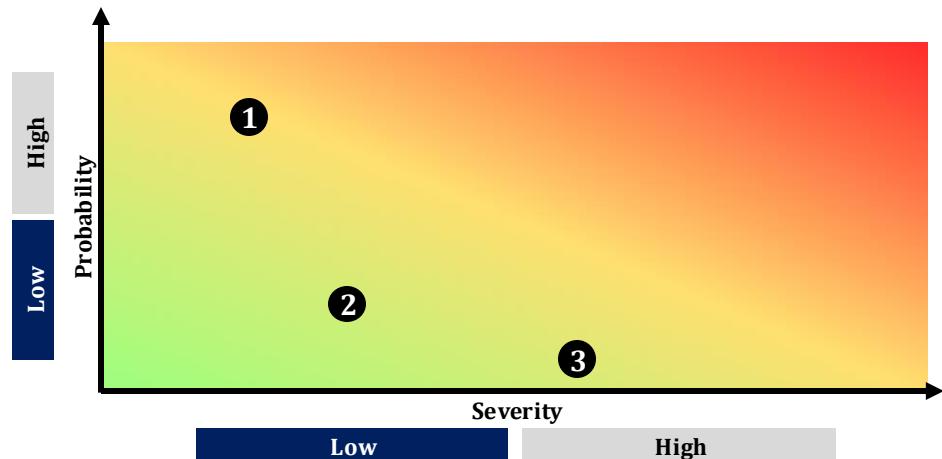
Nike is Well-Positioned for a Turnaround

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 Wholesale re-expansion can dilute gross margin (lower ASP + partner markup), but Nike can offset via a mix shift to premium performance footwear with higher full-price sell-through and fewer markdowns.
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

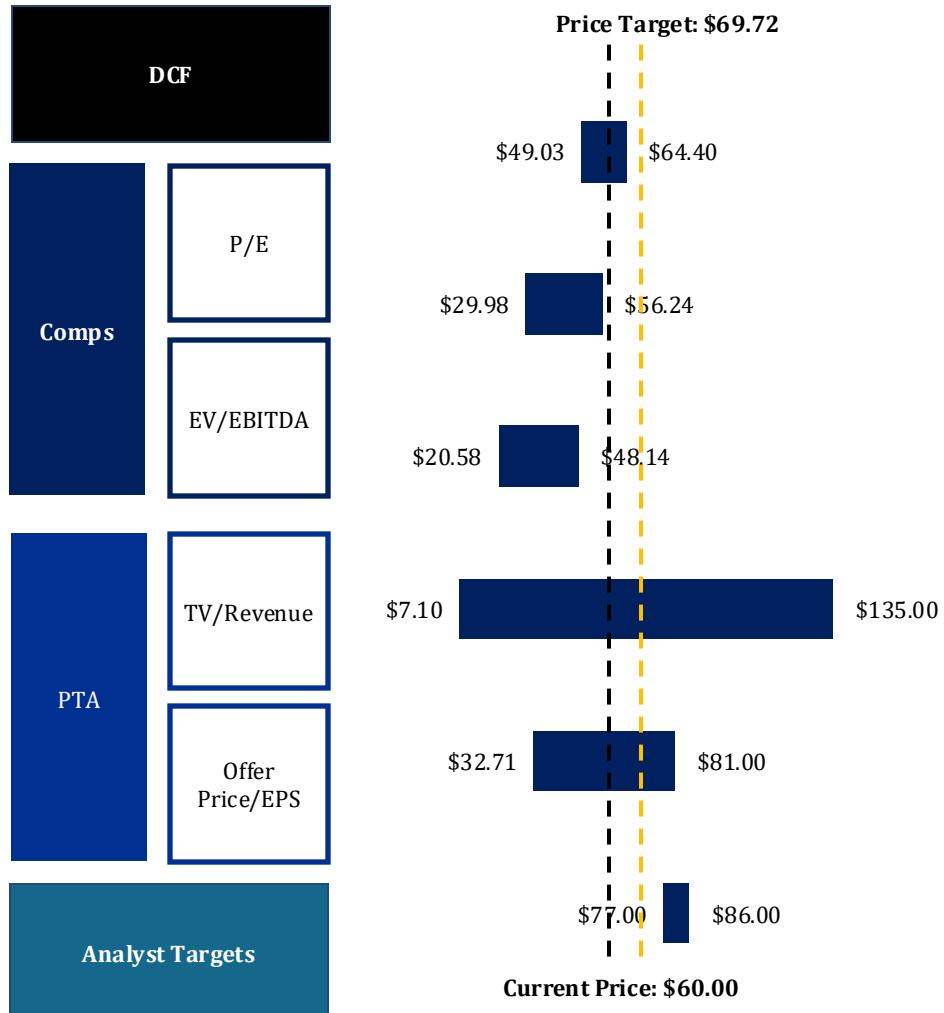
Recommendation



Add Nike to the Consumer Goods Portfolio

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

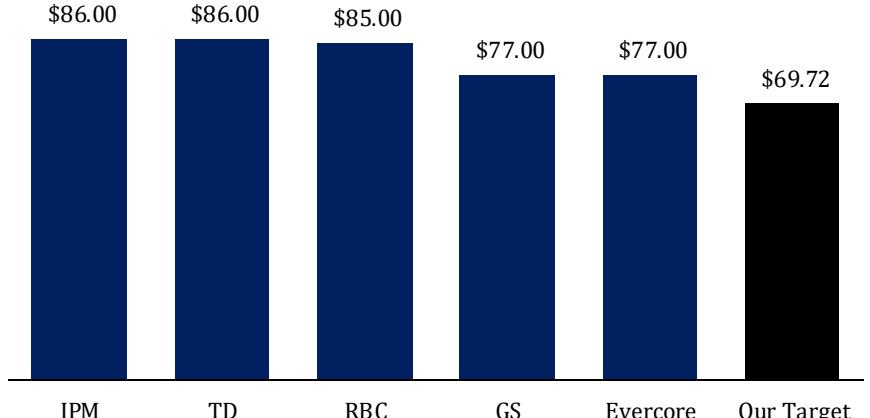
Football Field



Price Target

Valuation Method	Weight	Implied Value
DCF: Perpetuity Growth	40%	\$ 66.75
Comps: P/E	10%	\$ 50.83
Comps: EV/EBITDA	10%	\$ 42.80
PTA: TV/Revenue	10%	\$ 93.13
PTA: Offer Price/EPS	10%	\$ 79.06
Analyst Targets	20%	\$ 82.20
Blended Valuation		\$ 69.72
Current Share Price		\$ 60.00
Implied Upside		16.21%

Select Broker Summary



With a price target of **\$69.72 (below consensus)** and an implied **upside of 16.21%**, Nike is the best positioned company to be added to a **risk-adjusted portfolio** of consumer staple companies



Comparative Sentiment Analysis

takeaway

Comparative Sentiment Scores

- Text or a graph here

If text

Make these

takeaways

Title

Icon	Title	Takeaway

Nike Sentiment Results

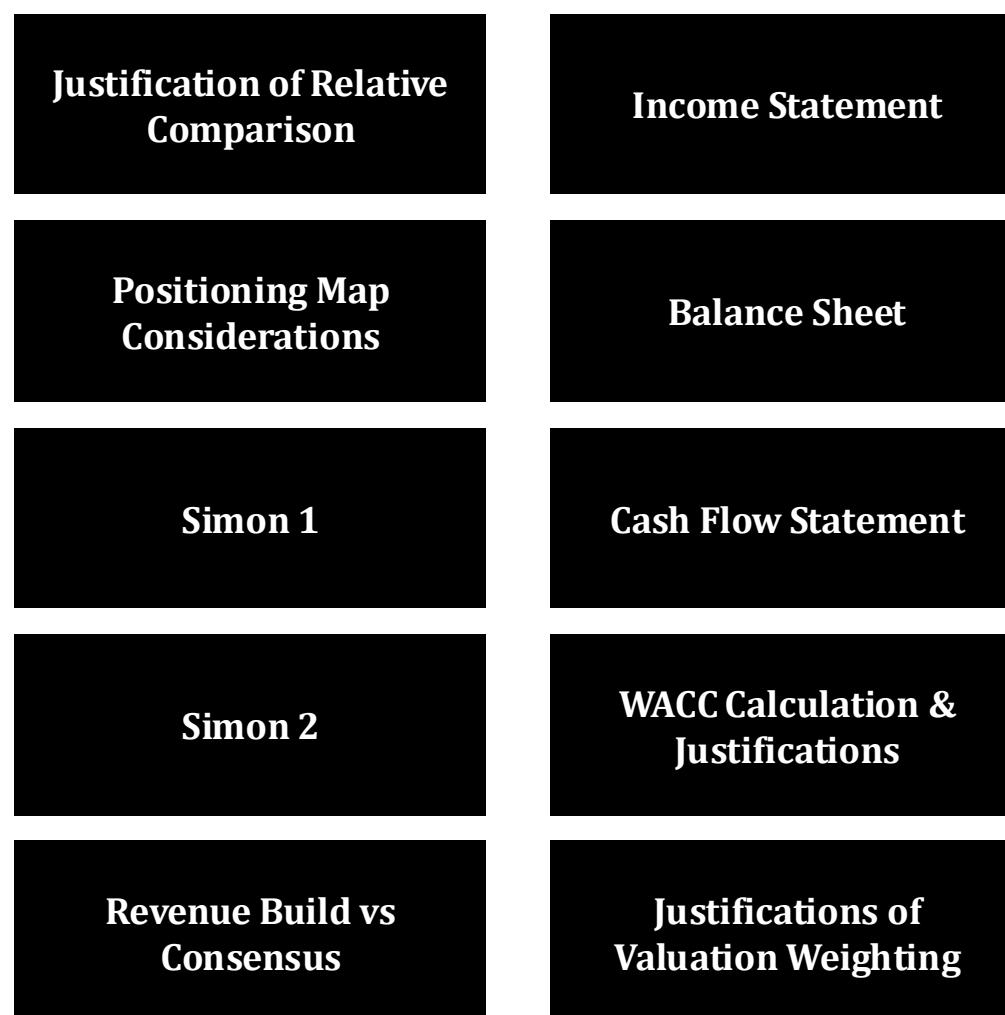
takeaway



Appendix



Appendix Map - unlinked





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



Sentiment Score





FinBERT Model Explanation and Scoring

<https://arxiv.org/abs/1908.10063>

Cite:

FinBERT: Financial Sentiment Analysis with Pretrained Language Models (Araci, 2019)

Tetlock (2007), Giving Content to Investor Sentiment

Loughran & McDonald (2011), When is Sentiment Informative?

Revenue Build vs Consensus

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%)
Consensus									
Revenue	46,708	48,660	50,935	53,855	57,014	62,162	66,186	70,479	75,134
Nike	45,429	47,374	49,610	52,492	55,575	60,559	64,405	68,603	73,156
Converse	1,319	1,340	1,384	1,441	1,517	1,683	1,844	1,942	2,045
Corporate	(40)	(53)	(59)	(77)	(78)	(79)	(63)	(65)	(67)
Check: Deviation From Consensus									
Revenue	108 -	56	165	242	304	59	77 -	14 -	312
Nike	145 -	29	176	212	240	13	49 -	83 -	384
Converse	0 -	17 -	17 -	2	26	3 -	2	35	35
Corporate	-	37 -	10	6	31	43	30	34	37

Income Statement

Years	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Income Statement									
Revenue	46,817	48,605	51,099	54,097	57,318	62,221	66,263	70,465	74,822
Revenue Growth %	1.10%	3.82%	5.13%	5.87%	5.95%	8.55%	6.50%	6.34%	6.18%
Cost of Sales	27,072	27,863	29,038	30,470	31,998	34,735	36,992	39,338	41,770
COGS Margin %	57.83%	57.33%	56.83%	56.33%	55.83%	55.83%	55.83%	55.83%	55.83%
Equals: Gross Profit	19,744	20,742	22,062	23,626	25,320	27,486	29,271	31,127	33,052
Gross Profit %	42.2%	42.7%	43.2%	43.7%	44.2%	44.2%	44.2%	44.2%	44.2%
Operating Expenses									
Demand Creation Expense	3,998	4,150	4,363	4,619	4,894	5,313	5,658	6,017	6,389
Operating Overhead Expense	11,986	11,472	12,060	10,604	11,235	12,197	12,989	13,813	14,667
Other Operating Expense	(89)	(92)	(97)	(103)	(109)	(118)	(126)	(134)	(142)
Total Operating Expenses	15,895	15,530	16,327	15,121	16,021	17,391	18,521	19,696	20,914
EBITDA	3,850	5,212	5,735	8,506	9,299	10,094	10,750	11,432	12,138
Depreciation & Amortization	838	851	859	899	912	941	964	998	1,042
EBIT	3,012	4,361	4,876	7,607	8,387	9,153	9,786	10,434	11,096
Non-Operating Expenses									
Interest Expense (Income), Net	55	57	60	64	68	74	78	83	88
Total Non-Operating Expenses	55	57	60	64	68	74	78	83	88
EBT	2,956	4,304	4,816	7,543	8,319	9,079	9,707	10,351	11,008
Income Tax Expense	536	780	873	1,368	1,508	1,646	1,760	1,877	1,996
Net Income (Loss)	2,420	3,523	3,943	6,175	6,811	7,433	7,947	8,474	9,012
Net Income %	5.2%	7.2%	7.7%	11.4%	11.9%	11.9%	12.0%	12.0%	12.0%

Balance Sheet

Balance Sheet									
Assets									
<u>Current Assets</u>									
Cash And Cash Equivalents									
7,758	7,127	6,567	7,411	8,462	9,356	10,436	11,594	12,839	
Short-Term Investments	1,561	1,621	1,704	1,804	1,911	2,075	2,209	2,350	2,495
Accounts Receivable, Net	4,167	4,326	4,548	4,815	5,102	5,538	5,898	6,272	6,660
Inventories	8,039	8,274	8,623	9,049	9,502	10,315	10,985	11,682	12,404
Prepaid Expenses and Other Current Assets	1,878	1,950	2,050	2,170	2,300	2,496	2,658	2,827	3,002
Total Current Assets	23,403	23,298	23,492	25,249	27,277	29,780	32,187	34,725	37,399
<u>Non-Current Assets</u>									
Property, Plant & Equipment, Net	4,599	4,598	4,633	4,544	4,491	4,482	4,510	4,568	4,647
Operating Lease Right-of-Use Assets, Net	2,995	3,110	3,269	3,461	3,667	3,981	4,240	4,508	4,787
Identifiable Intangible Assets, Net	277	287	302	320	339	368	392	417	442
Goodwill	243	252	265	280	297	322	343	365	388
Deferred Income Taxes and Other Assets	5,235	5,435	5,714	6,049	6,409	6,957	7,409	7,879	8,366
Total Non-Current Assets	13,349	13,682	14,183	14,654	15,203	16,110	16,894	17,737	18,630
Total Assets	36,752	36,980	37,675	39,903	42,480	45,890	49,081	52,462	56,029
Liabilities									
<u>Current Liabilities</u>									
Current Portion of Long-Term Debt									
Notes Payable	6	6	6	7	7	7	8	8	9
Accounts Payable	3,930	3,764	3,673	3,628	3,602	3,679	3,699	3,726	3,758
Current Portion of Operating Lease Liabilities	701	703	714	729	743	776	793	808	821
Accrued Liabilities	5,920	6,146	6,462	6,841	7,248	7,868	8,379	8,911	9,462
Income Taxes Payable	822	805	795	787	777	781	766	744	715
Total Current Liabilities	11,378	11,424	11,649	11,991	12,377	13,111	13,645	14,197	14,764
<u>Non-Current Liabilities</u>									
Long-Term Debt	9,003	9,347	9,827	10,403	11,023	11,966	12,743	13,551	14,389
Operating Lease Liabilities	2,829	2,937	3,088	3,269	3,464	3,760	4,004	4,258	4,521
Deferred Income Taxes and Other Liabilities	2,314	2,402	2,526	2,674	2,833	3,076	3,275	3,483	3,698
Other Non-Current Liabilities	3,606	4,049	4,302	4,451	4,599	4,271	4,346	4,467	4,639
Total Liabilities	29,131	30,160	31,392	32,788	34,296	36,184	38,014	39,956	42,011
Shareholders' Equity									
Class B Convertible	3	3	3	4	4	4	4	5	5
Capital in Excess of Stated Value	11,188	11,615	12,212	12,928	13,698	14,869	15,835	16,840	17,881
Accumulated Other Comprehensive Income (Loss)	(25)	(26)	(28)	(29)	(31)	(34)	(36)	(38)	(41)
Retained Earnings (Deficit)	(3,545)	(4,772)	(5,905)	(5,787)	(5,486)	(5,133)	(4,737)	(4,300)	(3,827)
Total Shareholders' Equity	7,621	6,821	6,283	7,115	8,185	9,707	11,067	12,506	14,018
Total Liabilities & Shareholders' Equity	36,752	36,981	37,675	39,903	42,480	45,890	49,081	52,462	56,029
Check: A = L + E	-	-	-	-	-	-	-	-	-
<i>Operating Working Capital</i>	4,267	4,747	5,276	5,847	6,437	7,313	8,106	8,934	9,797

Cash Flow Statement

Cash Flow Statement

	2020	2019	2018	2017	2016	2015	2014	2013	2012
Net Income	2,420	3,523	3,943	6,175	6,811	7,433	7,947	8,474	9,012
Depreciation & Amortization	838	851	859	899	912	941	964	998	1,042
Deferred Income Taxes	(340)	(353)	(371)	(393)	(416)	(452)	(481)	(512)	(544)
Stock-Based Compensation	660	685	720	762	808	877	934	993	1,054
Net Foreign Currency Adjustments	(71)	(74)	(77)	(82)	(87)	(94)	(100)	(107)	(113)
Change in Operating Working Capital	1,065	(480)	(529)	(571)	(591)	(875)	(793)	(828)	(863)
Cash Flow from Operating Activities	4,572	4,153	4,544	6,791	7,437	7,830	8,471	9,018	9,588
Purchases of Short-Term Investments	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)	(6,560)
Maturities of Short-Term Investments	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076	3,076
Sales of Short-Term Investments	3,377	3,377	3,377	3,377	3,377	3,377	3,377	3,377	3,377
Additions to PP&E	(818)	(850)	(893)	(810)	(859)	(932)	(993)	(1,056)	(1,121)
Other Investing Activities	-	-	-	-	-	-	-	-	-
Cash Flow from Investing Activities	(926)	(957)	(1,001)	(918)	(966)	(1,040)	(1,100)	(1,163)	(1,229)
Proceeds From Borrowing, Net of Debt Issuance Costs	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Notes Payable, Net	-	-	-	-	-	-	-	-	-
Repayment of Borrowings	-	-	-	-	-	-	-	-	-
Proceeds From Exercise of Stock Options and Other Stock Issuance	875.6	909.0	955.7	1,011.7	1,072.0	1,163.7	1,239.3	1,317.8	1,399.3
Repurchase of Common Stock	(3,400.3)	(3,530.2)	(3,711.4)	(3,929.1)	(4,163.0)	(4,519.1)	(4,812.7)	(5,117.9)	(5,434.4)
Dividends - Common and Preferred	(827)	(1,204)	(1,348)	(2,111)	(2,328)	(2,541)	(2,716)	(2,896)	(3,080)
Other Financing Activities	-	-	-	-	-	-	-	-	-
Cash Flow from Financing Activities	(3,352)	(3,826)	(4,103)	(5,028)	(5,419)	(5,896)	(6,290)	(6,697)	(7,115)
Effect of Foreign Exchange Rates	-	-	-	-	-	-	-	-	-
Net Change in Cash	294	(630)	(560)	844	1,051	894	1,080	1,158	1,244

WACC Calculation & Justifications

WACC Breakdown

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

Justification

- Equity and debt value taken from Bloomberg

Weighted Average Cost of Capital (WACC)	
Expected Market Return	8.91%
Risk Free Rate	4.16%
Market Risk Premium	4.75%
Beta	0.93
Cost of Equity	8.58%
Pre-Tax Cost of Debt	4.15%
Effective Tax Rate	18.13%
After Tax Cost Of Debt	3.40%
WACC	8.04%

• Expected market return for the S&P 500 according to Professor Aswath Damodaran

• Risk-Free Rate of a 10-year US Treasury Bond is 4.16%

• Beta of 0.93 per Bloomberg

• Effective tax rate given by Bloomberg

Justification of Valuation Weighting

Justification of Each Valuation Method Weighting

DCF: Perpetuity Growth Method (40%)

Justification: We weight the DCF at **the highest weighting** because of our belief that Nike's intrinsic value is the best judgment of its value due to a **lack of transactions and competitors** at such a **large scale**

Comps: EV/EBITDA (10%)

Justification: Again, Comps together are **only weighted 20%** largely because other than Adidas, there **are no direct competitors that match Nikes scale and global brand**. Hence, we assign a **10% weighting here**

PTA: Offer Price/EPS (10%)

Justification: Again, PTA is weighted **equally to comps at 20%** because it is challenging to identify large, recent industry deals that can **adequately form a valuation for Nike**

Comps: P/E (10%)

Justification: P/E comparison is given a 10% weighting, on par with EV/EBITDA, because both reflect a somewhat **pessimistic relative valuation** that doesn't align with our **long-term conviction** in the stock

PTA: TV/Revenue (10%)

Justification: This metric is **only weighted at 10%** due to a lack of transactions that are **truly comparable** to Nikes grand size

Analyst Targets (20%)

Justification: Weighted at 20% because we feel it is necessary to incorporate what professionals **on the street** believe about the stock. Notice **their bullish take**, which supports **our recommendation**

