J.P.Morgan

North America Equity Research
01 October 2025

NIKE, Inc.

Moving to Offense; 1x1 CFO Follow-Up Takes; Just Buy It

Overweight

NKE, NKE US
Price (30 Sep 25):$69.73
▲ **Price Target (Dec-26):$100.00**
Prior (Dec-26):$93.00

<u>**The 1Q Print**</u>: NKE reported 1Q26 EPS of $0.49 (<u>**above**</u> the Street at $0.28) driven by a beat across all line items with (i) revenue growth +1.1% (<u>**above**</u> Street -4.8% and mgmt's negative mid-singles guide), (ii) gross margin decline of -320bps Y/Y to 42.2% (<u>above</u> Street 41.7%), and (iii) 66bps of SG&A leverage Y/Y to 34.3% of sales (< Street 37.2%) equating to a 7.9% EBIT margin (<u>+340bps above Street 4.5%</u>).

- **Digging deeper:** 1Q's constant-currency revenue decline of -1.0% translated to **+1,000bps of sequential improvement vs. 4Q's -11% c/c decline <u>and included the inflection to positive revenue growth YOY across ~85% of the sales mix</u>** led by N. America +4% c/c (> -11% c/c in 4Q), EMEA +1% c/c (> -10% c/c in 4Q), and APLA +1% c/c (> 4Q -3% c/c), while Greater China declined -10% c/c (+1,000bps improvement vs. 4Q's -20% c/c decline). Further, inventory growth notably exited 1Q down -2% Y/Y (= <u>**300bps below reported revenues +1%**</u>) with management citing "*steady progress made on plans for a healthy marketplace by the end of the first half.*"

<u>**The 2Q Guide:**</u> Mgmt guided 2Q26 reported revenues to decline low-single-digits (<u>**in-line**</u> w/ Street -3.0%) with gross margin contraction of -300bps to -375bps Y/Y (vs. Street -240bps Y/Y), and +high-single-digit SG&A dollar growth translating to 2Q26 EPS of ~$0.35 by our math (vs. Consensus at $0.49). Worth noting, 2Q's gross margin outlook excluding the ***incremental*** -75bps tariff headwind announced post close *(= 175bps total net tariff headwind in 2Q vs. -100bps prior on our model)* would translate to 2Q gross margins -225bps to -300bps Y/Y (bracketing Street -240bps).

<u>**Remain Overweight w/ $72 by $111 R/R Supporting Our 7/28 Upgrade to Overweight:**</u> We <u>raise</u> our FY26 EPS to $1.42 (vs. $1.32 prior) based on revenues down -0.3% Y/Y on a reported basis, <u>or -1.8% constant-currency</u> and 5.6% operating margin. On FY27, we model EPS of $2.24 prudently based on +5% revenue growth and 8.5% operating margins. **Remain Overweight raising our Dec '26 price target to $100 based on the company's historical 2x PEG average applied to our forward high-teens EPS growth profile.**

- **Favorable Risk/Reward Profile**: We see <u>**$72 as fundamental downside**</u> based on 27x (3-yr pre-pandemic average) our CY27 EPS, which conservatively embeds FY27 Operating margins <u>~400bps below</u> the company's historical 12-13% margin profile. On opportunity - Nike's historical high-20's multiple on $4+ EPS power (= return to 12-13% structural margin) translates to a <u>**$111 equity value**</u>. **Said differently, on normalized margins (i.e. return to 12-13% = $4+ EPS power), Nike is trading ~10 P/E multiple turns below the company's pre-pandemic historical average.** ***See 7/28: <u>Just Buy It; Fieldwork & Mgmt Access = 5-Pronged Multi-Year Recovery Path; Upgrade to OW.</u>***

Retailing – Department Stores & Specialty Softlines

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Key Changes (FYE May)

	Prev	Cur
Adj. EPS - 26E ($)	1.32	1.42
Adj. EPS - 27E ($)	2.08	2.24

Quarterly Forecasts (FYE May)

Adj. EPS ($)

	2025A	2026E	2027E
Q1	0.70	0.49A	
Q2	0.78	0.35	
Q3	0.54	0.35	
Q4	0.14	0.23	
FY	2.16	1.42	2.24

Style Exposure

	Current	Hist %Rank (1=Top)			
Quant Factors	%Rank	6M	1Y	3Y	5Y
Value	83	86	81	84	86
Growth	79	71	56	66	79
Momentum	63	84	79	48	33
Quality	19	10	6	11	12
Low Vol	38	25	24	12	4
ESGQ	73	77	87	24	21

Sources for: Style Exposure – J.P. Morgan Global Markets Strategy; all other tables are company data and J.P. Morgan estimates.

See page 9 for analyst certification and important disclosures.

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Price Performance

	YTD	1m	3m	12m
Abs	-7.8%	-9.9%	-1.8%	-21.1%
Rel	-21.5%	-13.4%	-9.6%	-37.2%

Company Data

Shares O/S (mn)	1,478
52-week range ($)	89.75-52.28
Market cap ($ mn)	103,040.00
Exchange rate	1.00
Free float (%)	98.7%
3M ADV (mn)	12.60
3M ADV ($ mn)	936.5
Volatility (90 Day)	37
Index	S&P 500
BBG ANR (Buy | Hold | Sell)	24|16|2

Key Metrics (FYE May)

$ in millions	FY25A	FY26E	FY27E	FY28E
Financial Estimates				
Revenue	46,309	46,156	48,424	51,000
Adj. EBITDA	4,498	3,435	4,945	6,312
Adj. EBIT	3,702	2,606	4,122	5,445
Adj. net income	3,219	2,096	3,293	4,338
Adj. EPS	2.16	1.42	2.24	2.98
BBG EPS	2.16	1.67	2.47	-
Cashflow from operations	7,429	3,298	4,864	5,944
FCFF	4,008	1,621	3,247	4,288
Margins and Growth				
Revenue Growth Y/Y (%)	(9.8%)	(0.3%)	4.9%	5.3%
Gross margin	42.7%	41.1%	42.9%	43.9%
EBITDA margin	9.7%	7.4%	10.2%	12.4%
EBIT margin	8.0%	5.6%	8.5%	10.7%
Adj. EPS growth	(41.9%)	(34.5%)	58.0%	32.7%
Ratios				
Adj. tax rate	17.1%	21.1%	21.1%	21.1%
Interest cover	-	-	-	-
Net debt/Equity	0.0	NM	NM	NM
Net debt/EBITDA	0.1	NM	NM	NM
ROCE	13.8%	8.4%	11.4%	14.1%
ROE	23.3%	12.7%	16.0%	19.3%
Valuation				
FCFF yield	3.9%	1.6%	3.2%	4.2%
Dividend yield	2.0%	1.3%	2.1%	2.8%
EV/Revenue	2.2	2.3	2.1	2.0
EV/EBITDA	23.1	30.3	21.1	16.5
Adj. P/E	32.2	49.2	31.1	23.4

Summary Investment Thesis and Valuation

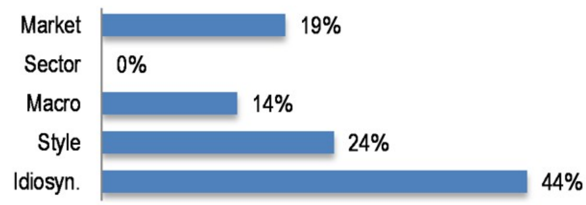
Investment Thesis

NKE is the global athletic market leader with diversification across product categories, geographies, and distribution, and we see the model at an inflection for revenue growth to re-accelerate into 2H26/FY27 following several quarters of franchise product lifecycle management & inventory liquidation headwinds. Further, we see opportunity for NKE to recapture over 500bps of operating margin erosion on improved full-price selling & reception to new product innovation and as NKE begins to leverage on SG&A expenses with an inflection to topline growth.

Valuation

We are raising our Dec '26 Price Target to $100 (vs. $93 prior) based on 37.5x our CY27 EPS of $2.67 (w/ 37.5x = NKE's historical 2x PEG on our forward High-Teens EPS Growth).

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.54	0.43
Sect: Cons Discretionary	0.00	0.05
Ind: Cons Dur & Apparel	0.84	0.81
Macro:		
Crude Oil	-0.29	-0.36
US 10yr yield	-0.31	-0.27
US 10yr Breakeven	-0.16	-0.20
Quant Styles:		
Momentum	-0.43	-0.51
DivYld	0.35	0.50
Growth	-0.27	-0.45

Source: J.P. Morgan Global Markets Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

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5 Key CFO Follow-Up Points & Model Line-Item Implications:

#1: 2Q Revenue Bridge = "Baseline" By Our Bottom-Up Build . . . Management's 2Q revenue outlook calls for a negative low-single-digit reported revenue decline Y/Y (i.e. -2% at the midpoint), inclusive of an anticipated ~100bps tailwind from FX rates. This represents a ~300bps sequential deterioration relative to 1Q reported revenue growth of +1% driven by (in rank order): (i) a more significant Digital revenue headwind (vs. 1Q) cycling elevated promotional activity & off-price mix of sales in the digital channel from the prior year during the BTS/Holiday season, (ii) a more significant headwind associated w/ Dunks franchise management actions *(which overlaps on the Digital headwind)*, and (iii) ~100bps less of an FX tailwind sequentially *(+100bps guided tailwind in 2Q vs. +200bps benefit to 1Q revenue growth).* In addition, management noted the 2Q outlook reflects a macroeconomic backdrop as observed **today** across regions (including indications of macro volatility across Europe, China, and some countries in APLA). To that end, management's 2Q revenue outlook by our work solely embeds the sequential headwinds associated with Digital, Dunks, and FX *(= collective ~300bps sequential drag by our estimates)* and the current macroeconomic backdrop.

- **To this point - representing incremental potential upside relative to 2Q's "baseline" -LSD% revenue guidance, CFO Friend cited "excitement" internally built across 4 additional revenue drivers: (i) the Sport Offense operating model (only just activated in early September), (ii) NKE ACG** *(w/ Radical Air apparel & the ACG Ultrafly launched across Apparel/Footwear in the Outdoor category),* **(iii) NikeSkims** *(launched last week with 58 silhouettes & "very strong" early consumer response),* and **(iv) expanded distribution in North America – each of which are not embedded to "incrementally" contribute in 2Q (vs. 1Q) by our work.**

#2: . . . w/ "Move To Offense" Opportunity into 2H26: On the 1Q call, CEO Hill stated "we are more confident than ever that our *Win Now* actions are the right path forward," with tangible progress made against the ***Win Now*** priorities set 11 months ago across culture, product, brand marketing, marketplace and the ground game, notably in the areas prioritized first: North America (+4% c/c in 1Q > TTM -8% c/c), Wholesale (+5% c/c in 1Q > TTM -6%) w/ Spring orderbooks "Up", and Running (+20% in 1Q > 4Q +HSD%). On the balance of ***Win Now*** actions, management is focused on furthering progress against China, Digital, and Sportswear businesses (Dunks). **Representing the inflection in the organization to "offense" (vs. "defense" through *Win Now* inventory liquidation efforts) – CEO Hill stated the company's Sport Offense operating model was just activated in early September, which involved the entire organization flipped to be aligned on product creation & marketing by brand, by sport, by country, and by channel (vs. previously the organization structured in an aggregated Gender Construct of Men's, Women's, and Kids).** As a result, management sees the Sport Offense model enabling small, cross-functional teams category deep to gain sharper insights from the consumers/athletes in each segment to drive consumer connectivity across the entire marketplace and enhance NKE's competitive edge. To that end, CEO Hill cited *"sports offense will maximize NIKE's complete portfolio. It is designed to drive growth across all our dimensions. We believe the opportunity to serve so many athletes across sports with three distinct brands in retail channels at every price point is an advantage that no one else has in our industry."*

- **Drilling down by category –** management noted **Running** up +20% c/c in 1Q (> +HSD % in 4Q) "provides an early window into the kind of impact we expect out of Sports Offense," with the Running team translating athlete needs for cushion, stability, or an energy-driving everyday sneaker through the redesigned franchises of Vomero, Structure, and Pegasus, presenting across the marketplace in a clear 9-box framework across the 3 different franchises & 3 different price points; see our Boss' Eye: Recent Fieldwork Flags 3 Tiered Product & Distribution Progress; Remain Overweight. To that

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point, management sees the framework enabling for **at least** one new major running footwear style each season (= continued newness and innovation). **Building off the execution in Running – management sees the Sports Offense foundation translating across Global Football next (= World Cup '26 catalyst supported by a full refresh across all 3 football boots across Phantom, Tiempo in 3Q, and Mercurial in 4Q across 3 different price points), in addition to Basketball, Training, and Sportswear over-time, and across NKE's non-traditional sport categories (i.e., Outdoor with NKE ACG, NikeSkims, and Tennis as examples).**

- **Quantitatively** - management did not provide 2H26 revenue guidance, though CFO Friend confirmed 2Q would face the "peak" of revenue headwinds associated with both Digital and Dunks, with a more comparable full-price selling Y/Y comparison in Digital beginning in Jan/Feb (3Q25) and with *Win Now* actions beginning to effect change on Dunks in 3Q25 onwards. Further, management cited momentum continues to build with wholesale partners, noting Spring orderbooks "Up" relative to prior year (consistent w/ Holiday orderbooks "up") and led by Sport categories, **with FY26 wholesale revenue to return to modest growth**. Representing a headwind on the other hand, CFO Friend **reiterated** expectations to see a **modest 2H26 revenue headwind** across both Wholesale (outsized sales to Value channel) and Direct (outsized unit-driven growth) lapping aggressive clearance activity in the prior year, noting Direct is not expected to return to growth in FY26. **Put together – we see incremental potential upside to our current 2H26 model at -2% constant currency - commensurate with our 2Q revenues -2% c/c, with our model assuming a net wash of (i) lessening headwinds associated with Digital/Dunks in 2H (vs. 2Q) offset by (ii) the incremental "modest headwind" on the lap of liquidation actions in the prior year. Importantly, our model reflects zero benefits in 2H26 revenues (vs. 2Q) associated with the inflection to the Sport Offense operating model.**

#3: Breaking Down The Gross Margin Puts/Takes: Management guided 2Q gross margins to decline -300-375bps Y/Y (below Consensus -230bps Y/Y) inclusive of ~175bps headwinds associated with tariffs (based on current rates today) & ongoing "Win Now" actions to liquidate inventories across regions (with greater work still required in Greater China & Dunks notably). Importantly, 2Q's gross margin **excluding** the 175bps tariff headwind equates to a -125bps to -200bps decline, sequentially improving by +60bps underlying (vs. 1Q gross margins down 220bps excluding tariffs) driven by improved full-price selling mix (w/ North America in 1Q already realizing a reduction in the number of days of sitewide promotion on Nike Digital by more than 50, lower markdown rates, and increasing share of demand at full price). **Looking ahead to 2H26, CFO Friend cited gross margin tailwinds expected from improved full-price selling mix as NKE laps outsized inventory liquidation actions in the prior year *(~210bps ASP headwind to 2H25 & ~80bps inventory obsolescence headwind to 2H25)*** relative to headwinds associated with (i) mix associated with product/channel (shift to Performance/Wholesale relative Lifestyle/ DTC), and (ii) tariffs (~100bps 2H26 gross margins headwind vs. ~50bps previously implied guidance) with a net tariff headwind of -120bps anticipated for the full year (vs. -75bps prior), and (iii) continued ***Win Now*** actions against **China & Converse**. **Importantly, while mix, tariffs, and China/Converse headwinds are expected to "mute" the benefit associated with improved full price selling, CFO Friend clarified a 2H26 gross margin guidance was not explicitly stated (i.e., "mute" effect should not be interpreted as "Flat" YOY gross margin guidance).**

- **Putting the pieces together:** we see **incremental potential upside** to our 2H26 gross margins +15bps YOY (vs. our prior model +33bps Y/Y & below Consensus modeling +120bps YOY) with recapture of inventory obsolescence charges YOY and improved full price selling YOY partially offset by the aforementioned structural headwinds (channel/product mix) and ~100bps tariff drag (~50bps worse vs. prior).

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#4: SG&A Leverage Opportunity Multi-Year: On expenses, management guided 2Q SG&A $ growth up HSD% y/y, with accelerated demand creation investments partially offset by tighter operating overhead expense management (guided +LSD% y/y), equating to ~330bps of deleverage to 35.7% of sales (vs. Street 34.0%). For the full year, management **reiterated** expectations for FY26 SG&A dollars to grow +LSD% y/y (vs. Street +1.6%). Importantly, within the path of operating margins returning to double-digits over-time (vs. 5.6% in FY26E on our model), CFO Friend cited a return to organic revenue growth will drive operating leverage on supply chain costs, retail overhead expenses, and on general operating overhead. **More specifically, CFO Friend characterized the current Demand Creation budget (as % of sales) at ~10% of sales as having stabilized, while Operating Overhead at ~25% of sales was characterized as "too high" *(vs. pre-pandemic 22.9% of sales for perspective)*. To that end, management noted operating overhead expenses will continue to be managed tightly (evidenced by 1Q dollars Flat Y/Y), even in the context of Sport Offense. Put together, our model reflects SG&A leverage of ~110bps annually in FY27/28 on +5% revenue growth, with ~15bps of Demand Creation leverage annually to 10.2% of sales by FY28 (vs. 10.5% in FY26E), and ~95bps of Operating Overhead leverage annually to 23.1% of sales by FY28 (vs. 25.0% in FY26).**

#5: Double Digit Underlying Operating Margin Structure Intact Into FY27: Our model points to a FY26E operating margin of 5.6%, reflecting a "peak" impact associated with (i) transitory headwinds from Win Now actions, (ii) fixed cost deleverage (notably on 2-yr stacked revenues -10% Y/Y), (iii) tariff headwinds (-120bps headwind to FY26), and (iv) channel, product, and regional mix headwinds. That said, a key takeaway from our follow up with CFO Friend is that there are no "incremental" margin constraints to consider into FY27 (vs. FY26's base year) outside of the macro environment as a variable. **Said differently, while NKE needs to execute against driving organic growth & improved full price realization (both of which could be impacted by the macro backdrop), our work points to no structural impediments beyond FY26's base year for operating margins to return to double-digits as revenue volumes recover over time, with management affirming mix headwinds & Win Now actions as FY26 headwinds w/ no "incremental" pressure to consider into FY27+.**

Key Incremental Mgmt Follow-Up Takeaways:

- **1Q Revenue Outperformance vs. Street Across All Geographies:** NKE reported 1Q revenues +1.0% Y/Y (**above** Street -4.8% Y/Y) comprised of Direct sales -5% c/c (sequentially accelerating relative to 4Q at -14% c/c), including Digital -12% Y/Y (vs. 4Q -26% Y/Y), and wholesale +5% c/c (> 4Q at -9% c/c). Management remained "encouraged" by the progress made in rebalancing Sportswear and Performance, with running (+20% growth y/y vs HSD% y/y 4Q) and training key category outperformers, while Classic franchises continued to decline. Digging deeper from a regional perspective: (i) **North America** revenues grew +4 % y/y c/c (> 4Q -11% c/c) with Nike Direct down -3% (w/ Digital -10% and Stores Flat) Y/Y and Wholesale growing +11% with newness gaining scale across the marketplace, (ii) **EMEA** revenues+1% c/c (> 4Q -10% c/c) with Nike Direct down -6% (comprised of Digital down -13% and Nike Stores +1%) and wholesale +4%, (iii) **APLA** revenues +1% c/c (> 4Q -3% c/c) due to Nike Direct declining -6% with Digital down -8% and Stores -8%, and Wholesale growing +5%, while (iv) **Greater China** revenues declined -10% c/c (> 4Q's -20% c/c decline) comprised of Nike Direct down -12% (> 4Q -15% c/c) and wholesale down -9% Y/Y (> 4Q's -24%) with traffic remaining challenged, seasonal sell-through underperformance and a highly promotional environment,
- **1Q26 Operating Margin Beat on GPM & SG&A Rate Favorability:** On margins, 1Q EBIT margin declined -252bps to 7.9% (above Street 4.5%) with the beat primarily driven by (i) better-than-expected SG&A rate of 34.3% (< Street 37.2%), with SG&A $'s down -0.8% Y/Y, including operating overhead expenses -0.9% Y/Y due to higher wage-

related expense, offset by lower other administrative costs, while demand creation contracted -3% Y/Y due to lower brand marketing expense reflecting higher investment in key sports events in the prior year, partially offset by higher sports marketing expense in the current year, in addition to (ii) 1Q GPM -320bps Y/Y (above Street -350bps) driven by higher discounts in factory stores and Wholesale, supply chain cost deleverage, and channel mix headwinds.

- **Balance Sheet Snapshot:** NKE ended 1Q w/ $7.0B of cash and equivalents & short-term investments against $8.0B in long-term debt. On shareholder returns, NKE paid total dividends of $591M and repurchased 1.8M shares for $123M. On **inventories**, NKE exited the quarter w/ total inventory -2% Y/Y (vs. revenue +1% reported), reflecting a decrease in units and partially offset by increased product costs primarily due to North America tariff costs. Specifically, 1Q's inventory growth stood 300bps **below** reported revenue growth (vs. a +1,200bps spread at 4Q-end), with CFO Friend citing steady progress made to achieve a healthy and clean marketplace by the end of 1H26. By region, management noted EMEA is the furthest along region in cleaning the marketplace, followed by "meaningful progress" cited in N. America, while further work is required to reset the marketplace in Greater China (even after taking "aggressive actions" in 4Q) and APLA (where mgmt stated "pockets of elevated inventory requiring higher levels of promotional activity").

Figure 1: 1Q26 P/L Review

$ in Millions (except per share)	Actual	JPMe	Consensus
Total Revenue	$11,720	$11,129	$11,032
Gross Profit	$4,943	$4,659	$4,598
SG&A	$4,016	$4,113	$4,099
Operating Income	$927	$546	$496
Net Income	$727	$443	$413
Shares Outstanding	1,479.0	1,474.3	1,476.9
EPS	$0.49	$0.30	$0.28
Margins and Growth			
Revenue Growth (Reported)	1.1%	-4.0%	-4.8%
FX Impact	2.1%	0.8%	
Revenue Growth (Constant Currency)	-1.0%	-4.8%	
Gross Margin	42.2%	41.9%	41.7%
Bps	-319	-350	-368
SG&A Rate	34.3%	37.0%	37.2%
SG&A $s Growth	-0.8%	1.6%	1.3%
EBIT Margin	7.9%	4.9%	4.5%
Tax Rate	21.1%	19.5%	19.4%
Reported Regional Revenue Growth			
North America	4.0%	-2.0%	-4.8%
EMEA	6.0%	0.1%	-0.2%
Greater China	-9.2%	-15.6%	-14.0%
APLA	1.9%	-3.8%	-2.2%

Source: Company reports and J.P. Morgan estimates, Consensus Metrix.

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Investment Thesis, Valuation and Risks

NIKE, Inc. *(Overweight; Price Target: $100.00)*

Investment Thesis

NKE is the global athletic market leader with diversification across product categories, geographies, and distribution, and we see the model at an inflection for revenue growth to re-accelerate into 2H26/FY27 following several quarters of franchise product lifecycle management & inventory liquidation headwinds. Further, we see opportunity for NKE to recapture over 500bps of operating margin erosion on improved full-price selling & reception to new product innovation and as NKE begins to leverage on SG&A expenses with an inflection to topline growth.

Valuation

We are raising our Dec ’26 Price Target to $100 (vs. $93 prior) based on 37.5x our CY27 EPS of $2.67 (w/ 37.5x = NKE’s historical 2x PEG on our forward High-Teens EPS Growth).

Risks to Rating and Price Target

The economic climate, particularly the employment picture, can affect consumer spending and the sportswear industry. A greater-than-expected downturn in household spending could cause sales trends to decelerate below our current assumptions rendering our estimates too high. Roughly 50% of the company’s revenues are generated outside of the United States, w/ downside risk to our price target if the USD strengthens further. With the company’s exposure to manufacturing in Southeast Asia, trade policy changes notably in Vietnam could render our estimates too high should NKE not be able to mitigate against tariff related costs.

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NIKE, Inc.: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	**51,362**	**46,309**	**46,156**	**48,424**	**51,000**
COGS	(28,475)	(26,519)	(27,163)	(27,630)	(28,590)
Gross profit	**22,887**	**19,790**	**18,993**	**20,794**	**22,410**
SG&A	(16,576)	(16,088)	(16,387)	(16,672)	(16,964)
Adj. EBITDA	**7,107**	**4,498**	**3,435**	**4,945**	**6,312**
D&A	(796)	(796)	(829)	(823)	(867)
Adj. EBIT	**6,311**	**3,702**	**2,606**	**4,122**	**5,445**
Net Interest	161	107	72	72	72
Adj. PBT	**6,700**	**3,885**	**2,655**	**4,171**	**5,494**
Tax	(1,000)	(666)	(559)	(878)	(1,157)
Minority Interest	-	-	-	-	-
Adj. Net Income	**5,700**	**3,219**	**2,096**	**3,293**	**4,338**
Reported EPS	3.73	2.16	1.42	2.24	2.98
Adj. EPS	**3.73**	**2.16**	**1.42**	**2.24**	**2.98**
DPS	**1.42**	**1.42**	**0.93**	**1.47**	**1.95**
Payout ratio	38.1%	65.5%	65.5%	65.5%	65.5%
Shares outstanding	1,530	1,488	1,478	1,469	1,458
Same Store Sales Growth	-	-	-	-	-

Income Statement - Quarterly	1Q26A	2Q26E	3Q26E	4Q26E
Revenue	**11,720A**	**12,187**	**11,028**	**11,220**
COGS	(6,777)A	(7,267)	(6,484)	(6,636)
Gross profit	**4,943A**	**4,920**	**4,545**	**4,585**
SG&A	(4,016)A	(4,279)	(3,915)	(4,177)
Adj. EBITDA	**1,138A**	**842**	**834**	**621**
D&A	(211)A	(201)	(204)	(213)
Adj. EBIT	**927A**	**641**	**630**	**408**
Net Interest	18A	18	18	18
Adj. PBT	**922A**	**659**	**648**	**426**
Tax	(195)A	(138)	(136)	(89)
Minority Interest	-	-	-	-
Adj. Net Income	**727A**	**521**	**512**	**336**
Reported EPS	0.49A	0.35	0.35	0.23
Adj. EPS	**0.49A**	**0.35**	**0.35**	**0.23**
DPS	**-**	**-**	**-**	**-**
Payout ratio	-	-	-	-
Shares outstanding	1,479A	1,478	1,477	1,476
Same Store Sales Growth	-	-	-	-

Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and cash equivalents	9,860	7,464	13,449	14,854	16,102
Accounts receivable	4,427	4,717	4,701	4,932	5,195
Inventories	7,519	7,489	7,389	7,679	8,010
Other current assets	3,576	3,692	3,685	3,784	3,895
Current assets	**25,382**	**23,362**	**29,225**	**31,249**	**33,203**
PP&E	5,000	4,828	4,922	5,067	5,220
LT investments	-	-	-	-	-
Other non current assets	7,728	8,389	8,372	8,626	8,914
Total assets	**38,110**	**36,579**	**42,519**	**44,941**	**47,336**
Short term borrowings	1,000	0	0	0	0
Payables	2,851	3,479	2,956	3,071	3,204
Other short term liabilities	6,742	7,087	7,065	7,388	7,754
Current liabilities	**10,593**	**10,566**	**10,021**	**10,459**	**10,958**
Long-term debt	7,903	7,961	7,961	7,961	7,961
Other long term liabilities	5,184	4,839	4,831	4,955	5,097
Total liabilities	**23,680**	**23,366**	**22,813**	**23,375**	**24,016**
Shareholders' equity	14,430	13,213	19,706	21,566	23,320
Minority interests	-	-	-	-	-
Total liabilities & equity	**38,110**	**36,579**	**42,519**	**44,941**	**47,336**
BVPS	**9.43**	**8.88**	**13.34**	**14.68**	**16.00**
y/y Growth	*5.7%*	*(5.8%)*	*50.1%*	*10.1%*	*8.9%*
Net debt/(cash)	(957)	497	(5,488)	(6,893)	(8,141)
Cash flow from operating activities	**7,429**	**7,429**	**3,298**	**4,864**	**5,944**
o/w Depreciation & amortization	796	796	829	823	867
o/w Changes in working capital	716	716	(438)	43	46
Cash flow from investing activities	**894**	**894**	**(923)**	**(968)**	**(1,020)**
o/w Capital expenditure	(812)	(812)	(923)	(968)	(1,020)
as % of sales	*1.6%*	*1.8%*	*2.0%*	*2.0%*	*2.0%*
Cash flow from financing activities	**(5,888)**	**(5,888)**	**(1,204)**	**(2,491)**	**(3,675)**
o/w Dividends paid	(2,169)	(2,169)	(1,373)	(2,158)	(2,842)
o/w Net debt issued/(repaid)	0	0	0	0	0
Net change in cash	**2,419**	**2,419**	**1,170**	**1,405**	**1,248**
Adj. Free cash flow to firm	**6,537**	**4,008**	**1,621**	**3,247**	**4,288**
y/y Growth	*52.2%*	*(38.7%)*	*(59.6%)*	*100.3%*	*32.1%*

Ratio Analysis	FY24A	FY25A	FY26E	FY27E	FY28E
Gross margin	44.6%	42.7%	41.1%	42.9%	43.9%
EBITDA margin	13.8%	9.7%	7.4%	10.2%	12.4%
EBIT margin	12.3%	8.0%	5.6%	8.5%	10.7%
Net profit margin	11.1%	7.0%	4.5%	6.8%	8.5%
ROE	40.1%	23.3%	12.7%	16.0%	19.3%
ROA	15.1%	8.6%	5.3%	7.5%	9.4%
ROCE	23.2%	13.8%	8.4%	11.4%	14.1%
SG&A/Sales	32.3%	34.7%	35.5%	34.4%	33.3%
Net debt/equity	NM	0.0	NM	NM	NM
P/E (x)	18.7	32.2	49.2	31.1	23.4
P/BV (x)	7.4	7.9	5.2	4.7	4.4
EV/EBITDA (x)	14.6	23.1	30.3	21.1	16.5
Dividend Yield	2.0%	2.0%	1.3%	2.1%	2.8%
Sales/Assets (x)	1.4	1.2	1.2	1.1	1.1
Interest cover (x)	-	-	-	-	-
Operating leverage	2364.8%	420.2%	8967.5%	1183.9%	603.8%
Revenue y/y Growth	0.3%	(9.8%)	(0.3%)	4.9%	5.3%
EBITDA y/y Growth	7.4%	(36.7%)	(23.6%)	44.0%	27.7%
EBIT y/y Growth	6.7%	(41.3%)	(29.6%)	58.2%	32.1%
Tax rate	14.9%	17.1%	21.1%	21.1%	21.1%
Adj. Net Income y/y Growth	12.4%	(43.5%)	(34.9%)	57.1%	31.7%
EPS y/y Growth	15.4%	(41.9%)	(34.5%)	58.0%	32.7%
DPS y/y Growth	10.6%	0.0%	(34.5%)	58.0%	32.7%
Store Count	-	-	-	-	-
Sales per Store	-	-	-	-	-
Total Square Footage	-	-	-	-	-
Sales per sq foot	-	-	-	-	-

Source: Company reports and J.P. Morgan estimates.
Note: $ in millions (except per-share data).Fiscal year ends May. o/w - out of which

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NIKE, Inc. (NKE, NKE US) Price Chart

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Jun 27, 1997. All share prices are as of market close on the previous business day.

Date	Rating	Price ($)	Price Target ($)
20-Dec-22	OW	103.05	127
20-Dec-22	OW	103.05	128
26-Jan-23	OW	126.82	156
22-Mar-23	OW	125.61	152
28-Jun-23	OW	113.61	146
30-Jun-23	OW	113.37	142
25-Sep-23	OW	90.85	136
29-Sep-23	OW	89.63	137
15-Dec-23	OW	121.02	139
22-Dec-23	OW	122.53	128
16-Jan-24	OW	105.06	122
20-Jun-24	OW	94.78	116
28-Jun-24	N	94.19	83
23-Sep-24	N	86.52	80
02-Oct-24	N	89.13	77
02-Dec-24	N	78.77	73
21-Mar-25	N	71.86	64
05-May-25	N	58.59	56
27-Jun-25	N	62.54	64
28-Jul-25	OW	76.27	93

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