

NIKE, INC. (NKE) - VALUATION & INVESTMENT THESIS

Model Date: January 17, 2026 | Analyst: Edney Naife

RECOMMENDATION	SELL
Current Share Price:	64.38
Target Price (Base Case):	48.17
Upside/ (Downside):	-25.10%
Valuation Range:	39 - 64

Investment Thesis: Operational Recovery Priced to Perfection
 1. The View: Nike is fundamentally sound but currently overvalued. Our DCF model yields an intrinsic Value of \$48.17, representing significant downside to the current trading price. The market appears to be pricing in a rapid "V-shaped" recovery that the financials do not yet support.
 2. Key Assumptions:
 Margins: Modeled an aggressive recovery in EBIT margins from 7.5% (2026) to 13.0% (2028) as inventory issues clear. Even with this optimism, the valuation does not reach \$64.
 Balance Sheet: Nike maintains a "Fortress Balance Sheet" with Net Debt of -0.78x EBITDA (Net Cash position), ensuring zero solvency risk.
 Capital Allocation: The valuation is dragged down by declining Asset Turnover due to inefficient cash accumulation (~\$12B by 2028) rather than buybacks.
 3. Conclusion: While Nike remains a premier brand with long-term durability (2.5% Terminal Growth), the current price offers no margin of safety. We recommend waiting for a better entry point closer to \$45-\$50

PV of 3-Year Cash Flows	8.594
PV of Terminal Value	63.170

