

Executive Summary: Nike Financial Analysis (2022-2024)

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Purpose

Evaluate Nike's financial health, operational efficiency, and shareholder value delivery over the past three fiscal years using vertical and horizontal analysis, ratio benchmarking, and performance trend review.

Key Highlights

1. Profitability

- Gross Margin held steady at 44.6%, supported by improving inventory efficiency. (Exhibit A)
- Operating Margin remained stable at 12%, just below the 13% target. (Exhibit B)
- EPS increased to \$3.73, up +15% YoY.

2. Liquidity & Efficiency

- Current Ratio at 2.40× exceeded the 2.0× target. (Exhibit B)
- Inventory Turnover improved YoY (3.3× → 3.6×).
- Quick Ratio declined slightly to 1.69× but remains healthy.

3. Leverage & Coverage

- Debt-to-Equity Ratio remained steady at 1.61×.
- Interest Coverage Ratio reached 41.6×, indicating strong coverage.

4. Shareholder Value

- ❖ ROE held at 40%, supported by stable leverage and solid net margin. (Exhibit B)
- ❖ Dividend Yield rose to 1.9%; share repurchases and payouts supported EPS growth.
- ❖ P/E ratio declined slightly to 24.8, balancing earnings growth and valuation reset.

Strategic Insights

- ❖ SG&A growth (+5.9%) outpaced revenue (+0.3%) → monitor for long-term margin pressure.
- ❖ Net income gains were largely driven by cost controls and tax factors.
- ❖ Capital discipline remains strong, with balanced shareholder returns and low debt risk.

Recommendations

- ❖ Tighten SG&A Spending: Prioritize high-ROI activities in marketing and administration.
- ❖ Safeguard Margins: Explore supply chain efficiencies or pricing levers to protect profitability.
- ❖ Optimize Capital Allocation: Maintain balance between reinvestment, dividends, and buybacks.
- ❖ Pursue Growth: Revitalize top-line through digital, DTC, or product innovation.
- ❖ Track Inventory Trends: Maintain GMROI focus as turnover efficiency improves.

Summary

- ❖ Solid margins, efficient operations, and strong liquidity
- ❖ FY24 driven by cost control and disciplined capital use

Data based on Nike's 10-K filings and internal vertical/horizontal analysis, FY2022–FY2024.

Appendix: Financial Highlights (Visual Summary)

Exhibit A: Revenue vs Net Income Trend

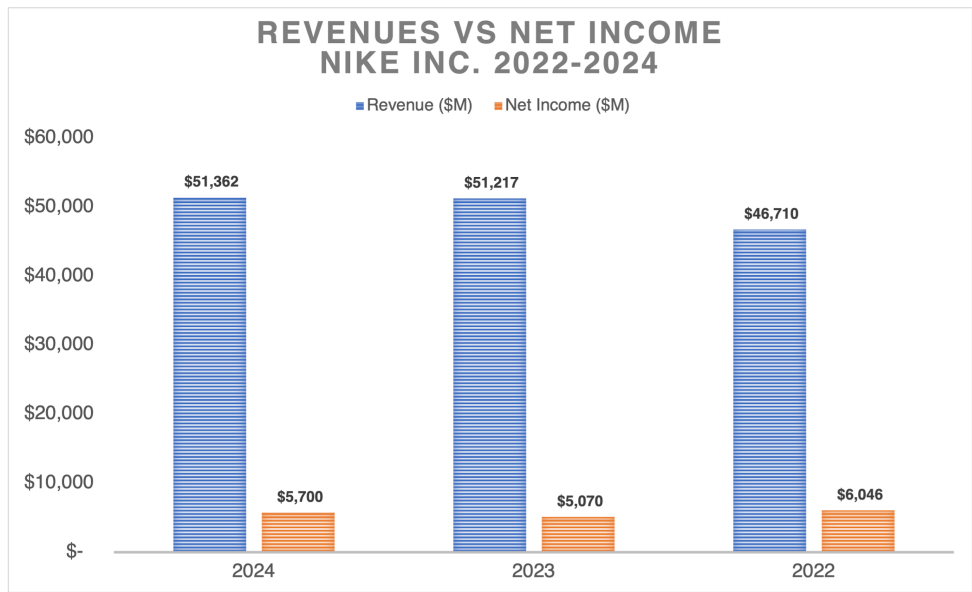


Exhibit B: KPI Scorecard Table

Metric	Target	2024	Status
Gross Margin	44%	44.6%	✓
Operating Margin	13%	12%	⚠
EPS	\$3.85	\$3.73	✓
Current Ratio	2.0×	2.40×	✓
Quick Ratio	1.3×	1.69×	✓
ROA	13.5%	15%	✓
ROE	38%	40%	✓
P/E Ratio	—	24.8×	📈
Debt-to-Equity	1.0×	1.61×	⚠
Inventory Turnover	3.5×	3.57×	✓

Data based on Nike’s 10-K filings and internal vertical/horizontal analysis, FY2022–FY2024.