

Nike Financial Review (2022-2024)

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Executive Summary:

Nike Financial Analysis (2022-2024)

- Strong margins and ROE (40%) despite minimal revenue growth
- EPS rose 15% YoY, driven by internal cost discipline
- SG&A outpaced revenue (+5.9% vs +0.3%), pressuring margins
- Liquidity and debt metrics remained strong
- Key priority: control SG&A and re-accelerate top-line growth

Nike KPI Scorecard – FY2024

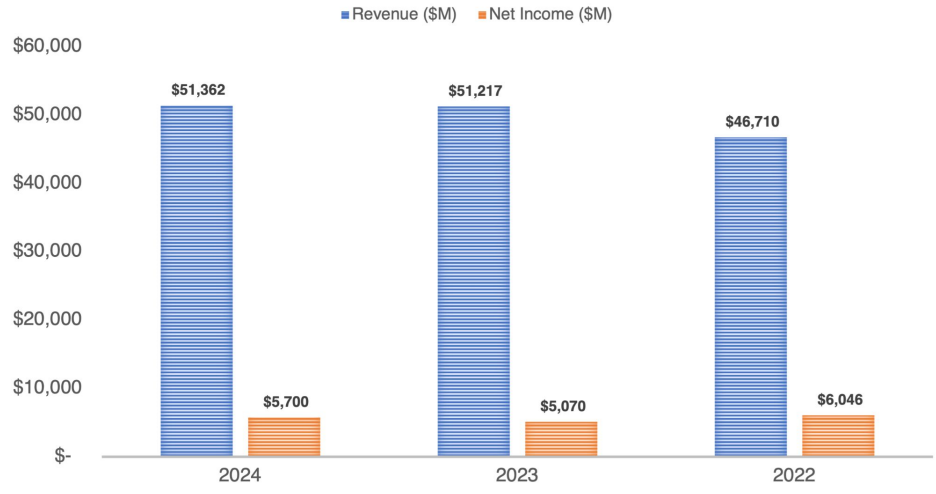
- ✓ Margins remain solid and operations are efficient
- ✓ Liquidity is strong and debt is manageable
- ✓ Profit growth reflects strong internal discipline
- ✓ Going forward, the focus must shift to revenue acceleration

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	26.0x	24.8×	📉
Debt-to-Equity	1.0×	1.61×	⚠
Inventory Turnover	3.5×	3.57×	✓

Profitability Trends

- Margins held steady due to cost control
- EPS improved despite minimal top-line growth
- SG&A grew 5.9% while revenue only grew 0.3%
- Earnings growth was cost-driven, not revenue-driven

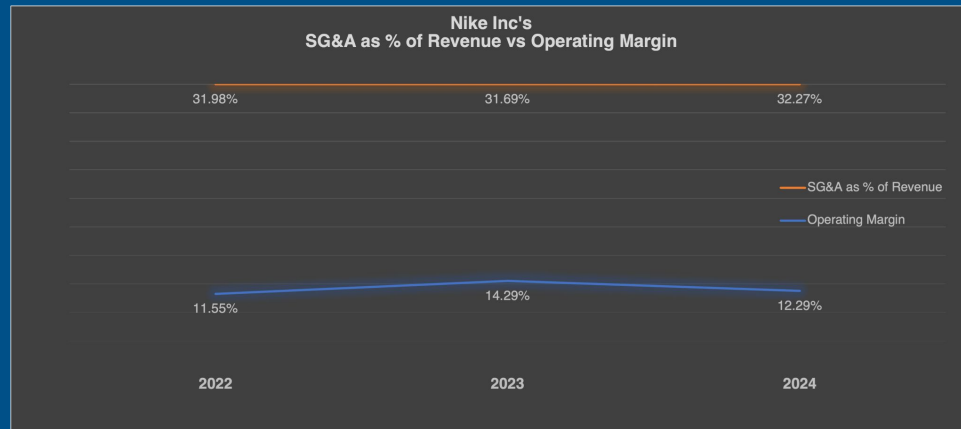
REVENUES VS NET INCOME
NIKE INC. 2022-2024



📌 Profit growth was powered by internal discipline
— not revenue expansion.

Rising SG&A Impact on Margins

- Operating margin declined slightly in 2024
- SG&A costs rose as a share of revenue
- The widening gap signals rising pressure on profits
- Improving SG&A efficiency is key to protecting margins



Liquidity & Efficiency

- **Current ratio: 2.40×**
 - indicates strong short-term financial health
- **Inventory turnover improved to 3.6×**
 - stronger product flow
- **Quick ratio: 1.69×**
 - dipped slightly but remains healthy



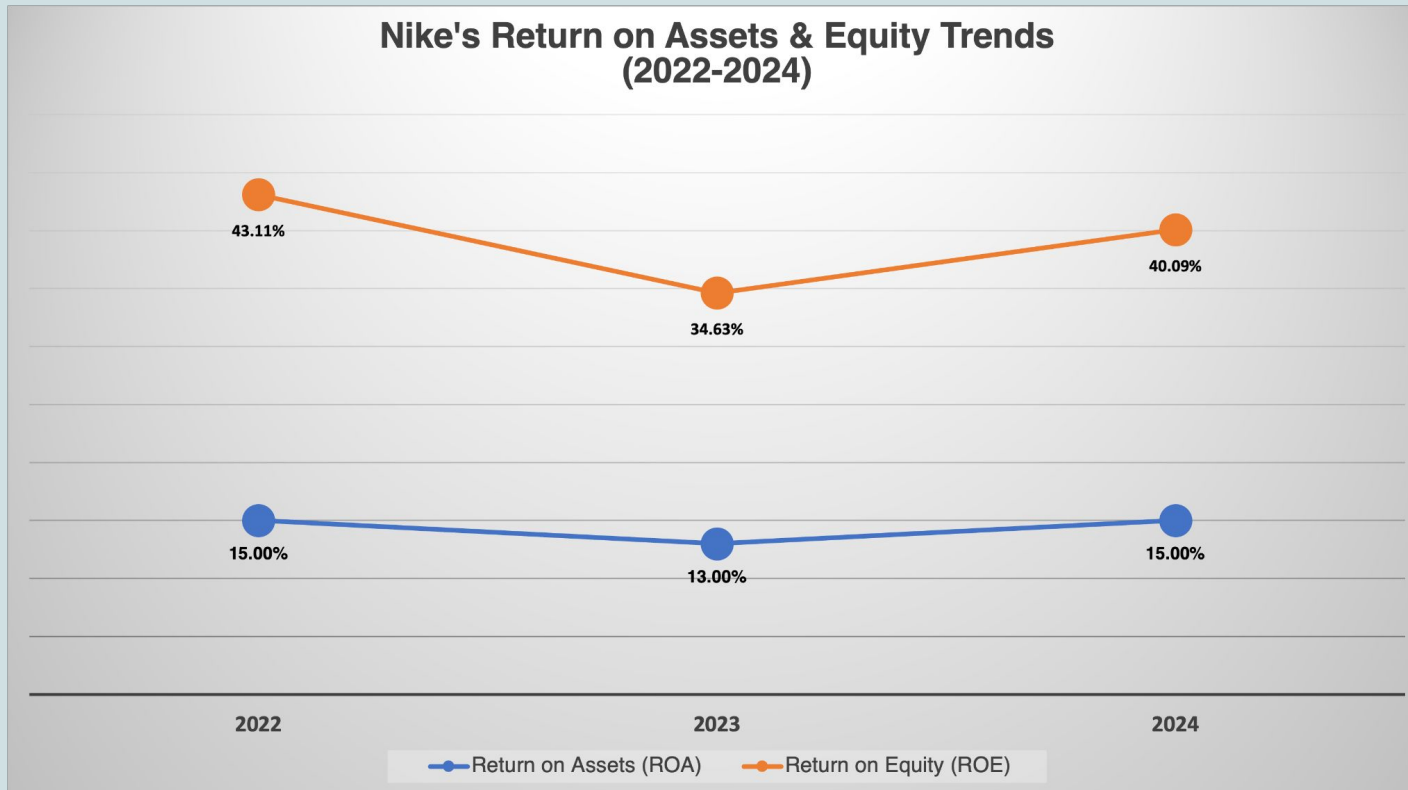
Leverage & Risk Management

- Debt-to-equity: **1.61×** – **moderate, stable** leverage
- Interest coverage: **41.6×** – **excellent** ability to service debt
- Overall leverage remains well-controlled

Valuation & Shareholder Focus

- EPS up from \$3.23 to \$3.73 in FY2024
- P/E ratio at 24.8 → investors pay ~\$25 for \$1 of earnings
- Dividend Yield rose to 1.9% in 2024
- ROE strong (40%) via DuPont: $\text{Margin} \times \text{Turnover} \times \text{Leverage}$

ROA vs ROE Trends



Strategic Recommendations

- **Tighten SG&A spend:** focus on ROI-driven activities
- **Safeguard margins** via pricing and supply chain efficiency
- **Maintain** capital allocation balance
- **Reinvigorate revenue** via DTC, innovation, digital
- **Monitor inventory strategy** as GMROI and turnover rise

Final Takeaways

- ⇒ Nike showed strong financial discipline & solid shareholder returns
- ⇒ Next phase: re-accelerate revenue while protecting margins
- ⇒ The brand is well-positioned — success depends on execution