

# Financial Report

# Nike



Mikey Youngman

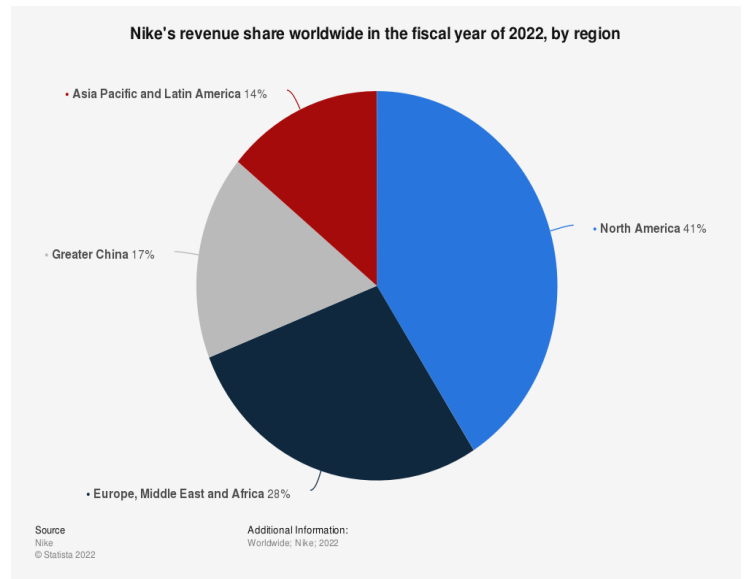
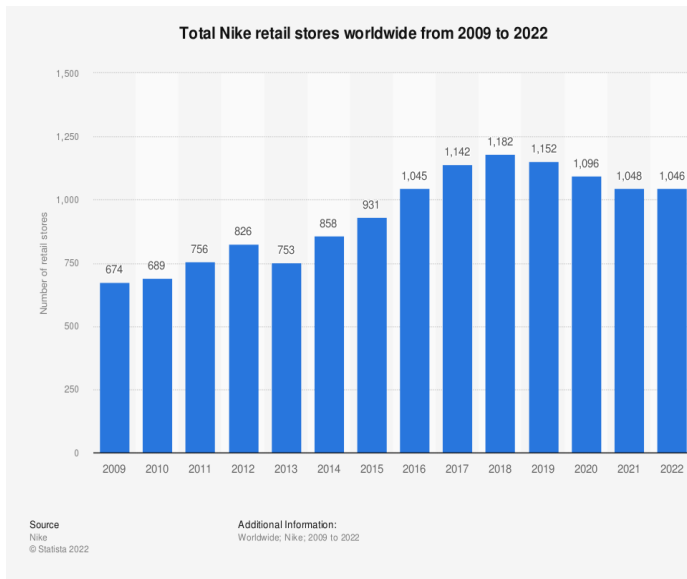
# BRING INSPIRATION AND INNOVATION TO EVERY ATHLETE IN THE WORLD

Nike, Founded in 1964 as Blue Ribbon Sports has grown into the largest athletic apparel company in the world. They are most known for their footwear and clothing. They specialize in shoe game and market products such as Air Jordan, Converse, Nike Golf, Air Max, Air Force, Nike Pro, and more. Some of the most famous athletes in the world are Nike sponsored. This list includes LeBron James, Cristiano Ronaldo, Tiger Woods, Kevin Durant, Rafael Nadal, and many More. They are also the official jersey sponsor of the NFL, NBA, and MLB

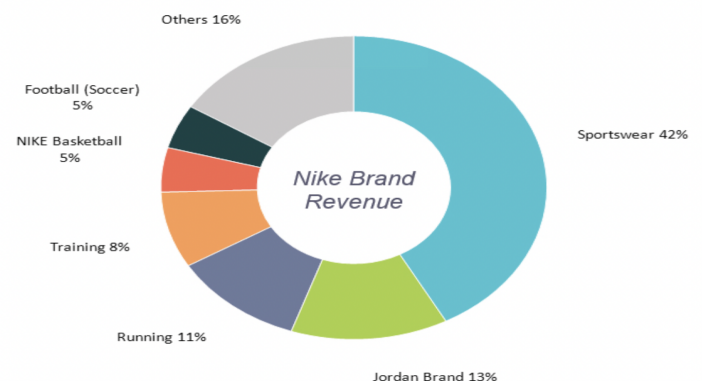
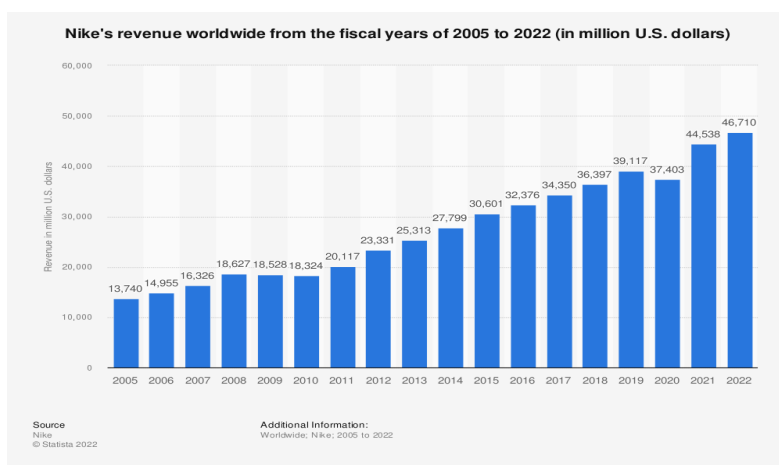


In their industry, there is a lot of competition, however they are the most dominant. Some of their biggest competitors include Adidas, Under Armour, Puma, and New Balance. They all offer similar products to that of Nike, but do not have nearly the same results in terms of sales. Nike is a worldwide business with over 1,000 total stores, although almost 50% of their revenue

comes from North America. In 2018, they had their most worldwide stores with almost 1,200. Due to the pandemic in 2020, this number decreased a bit and has continued to drop slightly. Along with their own stores, they still sell their products in many other stores such as Footlocker. Also they have a huge online presence as the digital revenue is as high as ever.

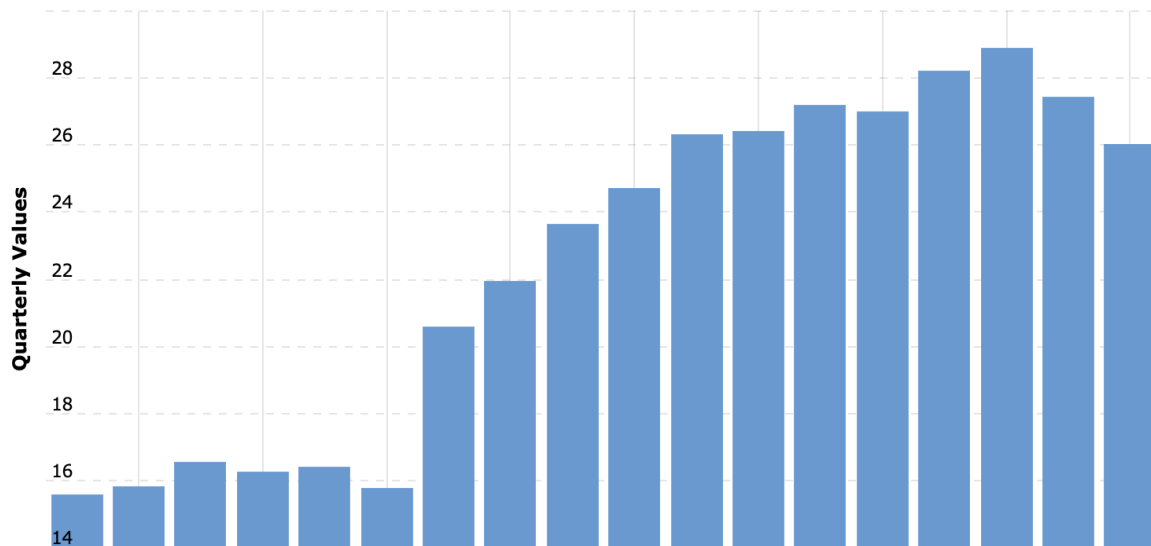


Nike may already be the biggest athletic company in the world, but they are still growing. Other than in 2020 where every company struggled, Nike's revenue has increased every year. I do not see this changing anytime soon. Their revenue is up to almost \$50 billion a year, which is way higher than any of their competition. Their clothing and footwear make up most of their revenue, but the Jordan Brand is another huge factor in them making this much.

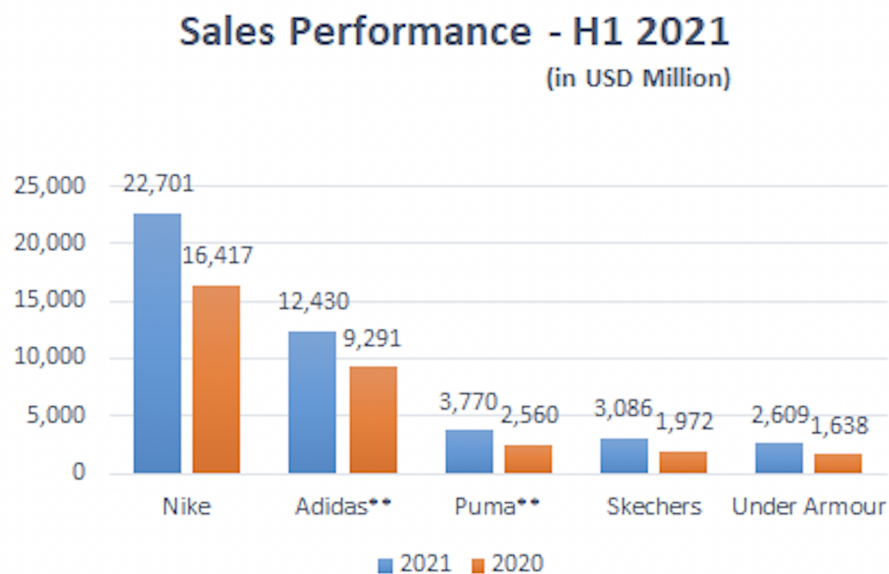


Nike's current assets are also continuing to grow. It peaked around \$29 billion, but is still sitting at \$26 billion. These numbers are still way higher than anyone else in their industry, which just

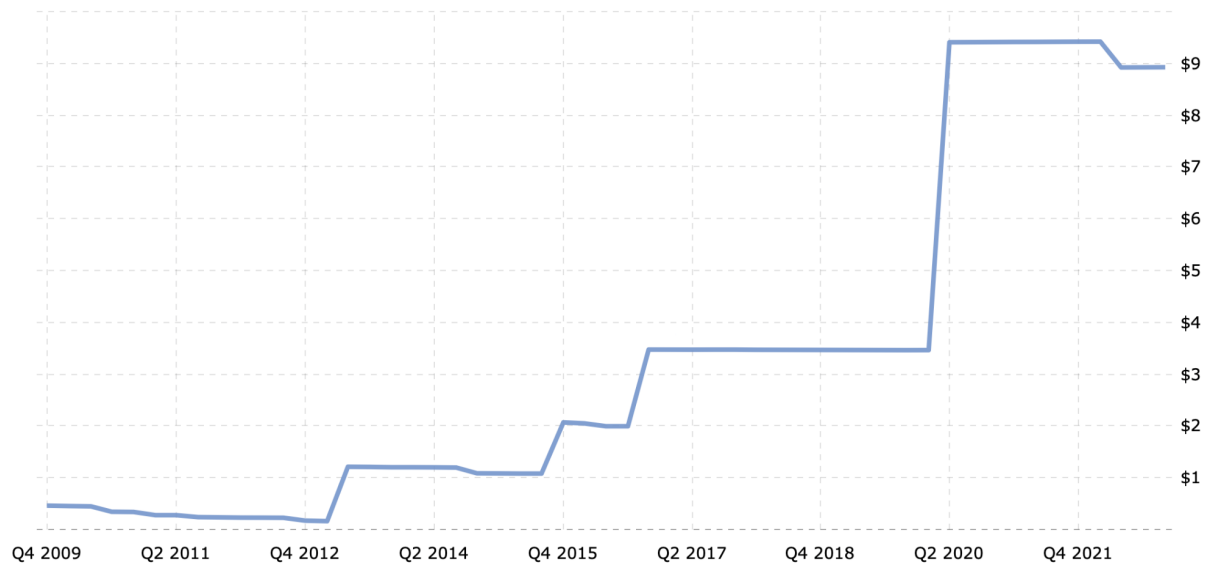
shows how far ahead of everyone they really are. Even their biggest competitor, Adidas has only half of that, with around \$13 billion in current assets.



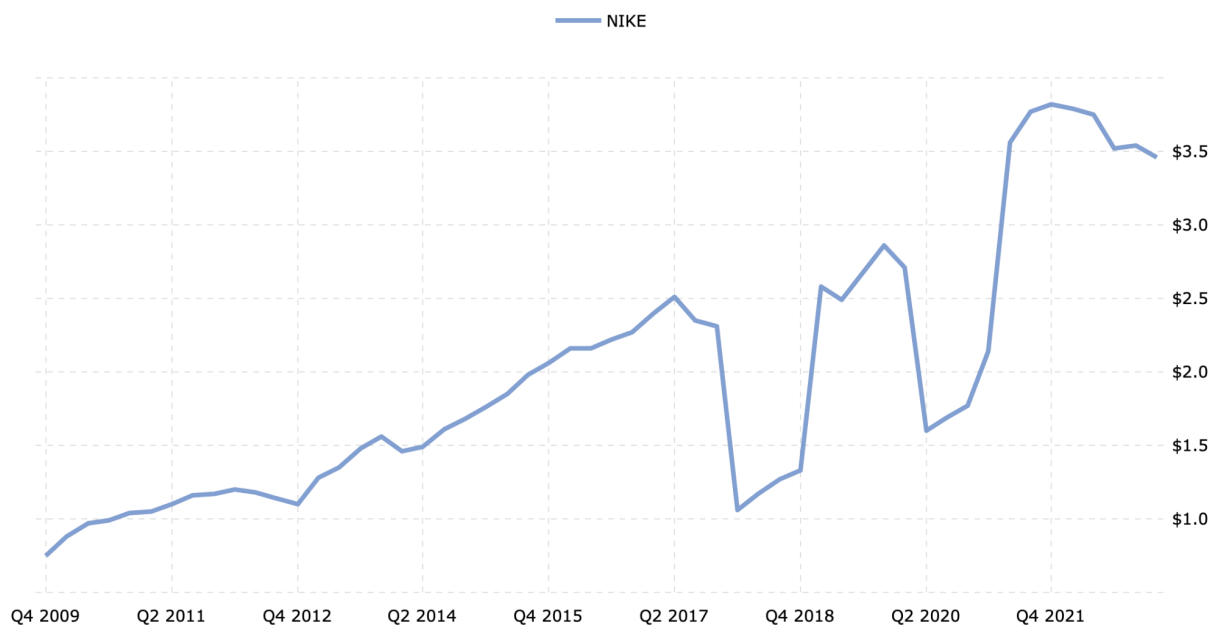
Looking into sales performance, Nike along with all of their competition are making more and more money. In just one year Nike's sales increased almost 40%. They are still growing at a very high rate even though they are already way in front of most of their competition. By 2021, they were selling around \$10 billion more a year than their closest competitor, Adidas.



With their revenue and everything else increasing, their long term debt has also gone up quite a bit. Just a few years ago it was around \$3.5 billion, but now it is up to \$9 billion dollars. With how much revenue they bring in this is not a huge problem. They also have a lot of current assets so they could pay back some of this debt if they wanted, but when you bring in \$40+ billion dollars a year, \$9 billion in long term debt is relatively low.



Nike's earnings per share are also continuing to increase and reached a new high in 2021 after a drop in 2020. It dropped slightly in 2022, but is back up to almost \$4 per share in 2023.



## **Ratios**

Current Ratio: 2.73

Quick Ratio: 1.79

Price to Book Ratio: 12.76

## **Risks**

With every company comes risks. I believe one of Nike's biggest risks is them sponsoring so many athletes. It is risky, because you are putting a lot of trust into these people. They represent your company so anything they do wrong can be seen as a bad look for Nike. In incentives where something does happen, you usually see companies like Nike, cut ties with that athlete.

Some other risks are their struggle to market to "non-athletes". There are lots of people that wear Nike shoes that might not be considered athletes, but their entire marketing scheme is aimed just to athletes. I think if they marketed better to more people, they would see even more revenue. They would not only sell more shoes, but can also possibly sell more non athletic casual clothing. Another issue Nike has is a problem a lot of big companies have. That is the selling of fake products. Nike has a lot of expensive collectible items that people recreate and sell with their logo on it claiming to be real. This is not only losing Nike money, but when these fake items have their logo on it, it is still a bad look for the company even if they had nothing to do with it. I also think Nike needs to find a way to become even bigger globally. Currently they are the biggest athletic apparel company in the world, but that is mostly because of how successful they are in North America. While they are still popular Adidas seems to beat them out in places such as Europe and South America.

## **Conclusion**

Since its founding in 1964, Nike has grown into the leading athletic apparel company in the world. They have one of the most recognizable logos and brands and have a huge impact on the sports world. They have consistently dominated their competitors, and continue to grow and grow. They have a very successful business and do not show many weaknesses. With their brand recognizability and their sponsored athletes and leagues, I do not expect any of this to change going forward. Although they may be a slightly risky investment, I think it is worth taking on the

risk based on their continued growth in all aspects. Nike is clearly doing things right and are doing a great job in meeting their purpose.

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