**Point 1:** We expect revenue growth to be stable at around 8% per annum, with the greatest segment growth occurring in EMEA and APLA regions. Greater China has great potential for growth but is still unstable due to the impact of COVID-19.

Footwear will remain the strongest revenue driver across all regions, but apparel revenue in EMEA is expected to grow at a high rate of almost 15% so that revenues almost rival that of footwear in the region.

**Point 2:** EBITDA margins are expected to remain in the high teens to early twenties. Currently, North America contributes roughly 40% of total group revenue, with EMEA at 27% and APLA at 13%. Future forecasts predict EMEA growing to represent roughly 30% of revenue. Historically, Nike has invested heavily in improving production lines and increasing its digital presence, this is now likely to slow down as focus shifts to future growth.

**Point 3:** EPS is likely to see a continuation of its growth rate in the low tens.

FCFF will see consistent growth of between 8-12% each year.

Capex growth should be stable, keeping a very low 1.5% of revenue.

Nike’s focus on production improvements and direct-to-consumer digital efforts are set to reap the benefits of the current positive trends.

**Investment thesis:**

Based on our DCF analysis, which values the stock at $144.50, it is currently undervalued at $107.18, indicating a strong potential for significant appreciation and a solid investment opportunity.

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**NIKE, Inc.**

**NYSE: NKE**

**107.18**

**Upside to current share price: 0.35**