

Company Name: *Nike Inc.*

Ticker: *NKE, NYSE*

Current Share Price: *111.17 USD , 2023 average share price*

Upside/(Downside) to current share price: *[100.46-111.17]/111.17 = (9.63%)*

**Investment thesis:**

Nike Inc’s stock has fallen approximately 50% from a record high in Q2/3 of 2021. The implied share price calculated shows a downside of nearly 10% at the end of 2023. The ROE from 2023 to 2027 falls 2% annually suggesting Nike has little room to grow and its stock price to rise.

**Point 2:**

From 2021 to 2027 Nike’s EBITDA margin reduces from 17% to 12% , a rate of 0.8% annually. Analysing segmental revenue it becomes clear that, EMEA and Greater China have experienced the most growth historically. Capitalised research and development expenditures grew 65% FY22-23. The 2023 Proxy states “utilize research committees and advisory boards made up of athletes, coaches, trainers, equipment managers, orthopedists, podiatrists, physicians”.

**Point 3:**

Earnings per share for Nike accounting for the share buyback plan from 2023 to 2026, remains similar to 2020&21 Coronavirus years however also sees a relative decline from 4 to 3. Free Cash Flow to Firm for Nike fluctuated between 2015 and 2022; however from 2023 to 2032, in high growth phase, it decreases with a perpetuity growth rate of 0.975% , over 6000 to over 4000. Capital Expenditure for the 5 forecasted years of 2023 to 2027 from 810 million to 920 with YOY growth of 2.5%. PPE and Net Working Capital increase in the forecast years coupled with a decreasing debt to capital ratio, suggesting Nike’s assets are not highly leveraged.

**Point 1:**

Nike’s revenue growth forecasted from 2022 to 2027 sees a 4.9% increase YOY.The primary segment performance revolves around the EMEA region and its Organic Footwear segments which see 8% and 9%+ constitutes growth YOY, around 16% of all revenue. In 2024 Nike acquired Europe’s biggest kit maker in the DFB. The product performance of Nike with most significant growth is the Jordan brand with 29% growth FY22-23 including currency changes. The Global Brand Divisions continues in its losses amounts whereas; Wholesale Operations to Direct Operations grew 21% including currency changes [FY23 Q4 schedules].

