Task 12, Forecasting the Operational Model

I have forecasted the group totals in ‘segmental forecast’ for years 2023 to 2027.

Firstly I forecasted the Group Revenue growth rates based upon historic performance in years 2016, 2017, 2018, 2019 and 2022. I added up these five years growth rates and divided by 5 to calculate the mean growth rate. The rate was 6.06% - I kept this rate constant for years 2023 to 2027.

I left out years 2020 and 2021 when calculating the mean as these years are anomalies. This is due to the impact of the covid-19 pandemic causing a contraction in revenue in 2020 and an exaggerated expansion in 2021.

I used this same method when calculating EBITDA, D&A, EBIT, CAPEX AND PPE.

I then inputted the data from segmental forecast into ‘Three statements’.

For Revenue, EBITDA, D&A AND EBIT.

After doing some calculations I worked interest expense net by keeping it the same as 2022 at 205 ( million dollars).

From this I could calculate PBT, Income tax expense tax rate and Net Income.

Having read the earnings call transcripts and earnings presentations in addition to company press releases on key product lines and new developments. I found out that from the September 12th 2023 annual shareholder meeting transcript. That information changes as mentioned in the heading.

I believe that the upcoming 2024 Olympics in France will boost NIKE’s revenue. As was seen in the 2021 Olympics in Tokyo. This is mainly due to NIKE’s sponsorship of several participating countries teams and sponsorship of athletes, amongst other reasons.