**Instructions:**

1. After deriving the intrinsic share price based on our model, the next step is to focus on putting together a report with an investment recommendation.
2. You are required to fill in the report template below using the sample report attached and your readings on the company’s guidance in terms of key segments and products.
   1. Identify two to three key products that are vital for the company’s growth and you can discuss about the trends and expectations. But remember to keep them all short cause and effect sentences.
3. You can take up to two days for this task and feel free to reach out to me if you have any questions.

**Point 1:** The revenue of the company is expected to grow by 10% in FY2023 due to the various sporting events that are to be held in the year. Post FY2024, we expect the company to have a growth rate of 6.6% (which has been the average historical trend).

Geographically, North American region is the largest revenue segment of NIKE contributing more than 40% of the total revenue of the group. This is followed by EMEA with approximately 25% share and Greater China with approximately 15%. (Refer Fig. 1)

The company’s highest selling brand is its footwear division, with a share of 65% of its total revenue (Refer Fig 2).

One of the major revenue drivers for the company would be NIKE Digital, which includes the NIKE mobile app. As we move ahead in the digital age, NIKE Digital will be a strong growth factor.

**Investment thesis:**

Based on our model and assumptions, we expect the share price of NIKE INC to decrease to $30.58, which is an expected fall of 66% from its current share price.

Although the company has been seeing growth in its revenue and EBITDA and is expected to grow further, it might not match the required rate of return of the investors, which is why we believe the share price to see a downside in the near future.







Company Name NIKE INC

Ticker NKE

Current Share Price $89

Upside/Downside to current share price: -66%

**Point 2:** The historical EBITDA margin of the company has been approximately 15% over the last 8 years and we expect it to be the same over the forecast period.

The biggest contributor to the group EBITDA is the North American market followed by the EMEA market. With the Men’s and Women’s Football world cup around the corner, we expect the EMEA market to have a higher contribution (Refer Fig 3).

**Point 3:** The EPS of the company has been on an average of approximately $2.6, and it has been on an uptrend in the last 2 years. However, this can be attributed to the large share repurchase program as well.

The company has a positive Free cash flow due to its operations and should be able to meet its liabilities in the near future.