**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.

**Nike has a strong xx % upside to its current share price, as a result of strong revenue and margin growth driven by its footwear segment.**

**Point 1:** We expect revenue growth to be stable at around 8% per annum in year XX, 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% in year XX 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:** Driven by strong revenue growth and EBIT margin expansion of xx bps (from xx% in FY22 to xx % in FY23 & xx in FY 24), the EPS is expected to grow by xx% in FY23 to USD xx

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.

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**NIKE, Inc.**

**NYSE: NKE**

**107.18**

**Upside to current share price: 0.35**