



Nike, Inc. (NKE)

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Section I. Company Overview

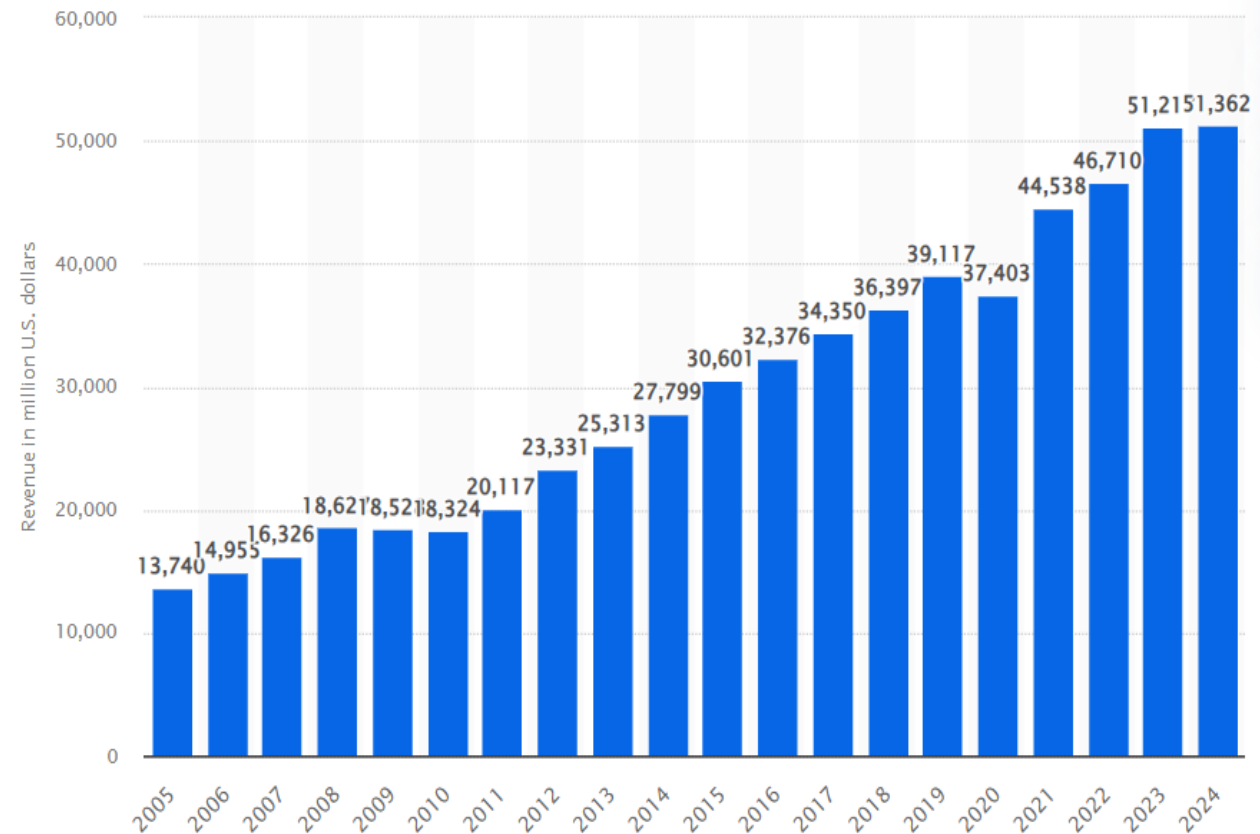
Analyst(s): Mike, Jackson, Liam

Company Overview



Overview

- Nike was founded in 1964 by Phil Knight and Bill Bowerman under the name Blue Ribbon Sports.
- Nike is the largest sneaker brand in the US with over \$51 billion in sales in the fiscal year 2024, which ended May 31st for Nike.
- Market cap: 123.4 Billion
- New CEO: Elliot Hill
- S&P 500 company



Company Overview

NYSE - Nasdaq Real Time Price • USD

NIKE, Inc. (NKE)

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82.92 **-0.48 (-0.58%)** **82.81** **-0.11 (-0.13%)**

At close: October 18 at 4:00 PM EDT

After hours: October 18 at 7:58 PM EDT

— NKE — DECK — ONON



1D 5D 1M 3M 6M **YTD** 1Y 5Y All

Index	DJIA, S&P 500	P/E	23.78	EPS (ttm)	3.49
Market Cap	123.43B	Forward P/E	25.85	EPS next Y	3.21
Income	5.30B	PEG	2.64	EPS next Q	0.65
Sales	50.06B	P/S	2.47	EPS this Y	-30.42%
Book/sh	9.35	P/B	8.87	EPS next Y	16.68%
Cash/sh	6.92	P/C	11.99	EPS next 5Y	9.00%
Dividend Est.	1.47 (1.78%)	P/FCF	17.12	EPS past 5Y	8.40%
Dividend TTM	1.48 (1.78%)	Quick Ratio	1.58	Sales past 5Y	5.90%
Dividend Ex-Date	Sep 03, 2024	Current Ratio	2.36	EPS Y/Y TTM	7.08%
Employees	79400	Debt/Eq	0.87	Sales Y/Y TTM	-2.67%
Option/Short	Yes / Yes	LT Debt/Eq	0.76	EPS Q/Q	-25.53%

Fundamentals

- Nike search volumes down year over year signaling customers losing interest, noted Jefferies analysts led by Randal Konik
- Nike's "fundamental trends are much worse than we realized" and "there will be no quick rebound for Nike's earnings," UBS analysts led by Jay Sole

Revenue Breakdown



Comparison of Q1 2024 and Q1 2025

THREE MONTHS ENDED AUGUST 31, 2024

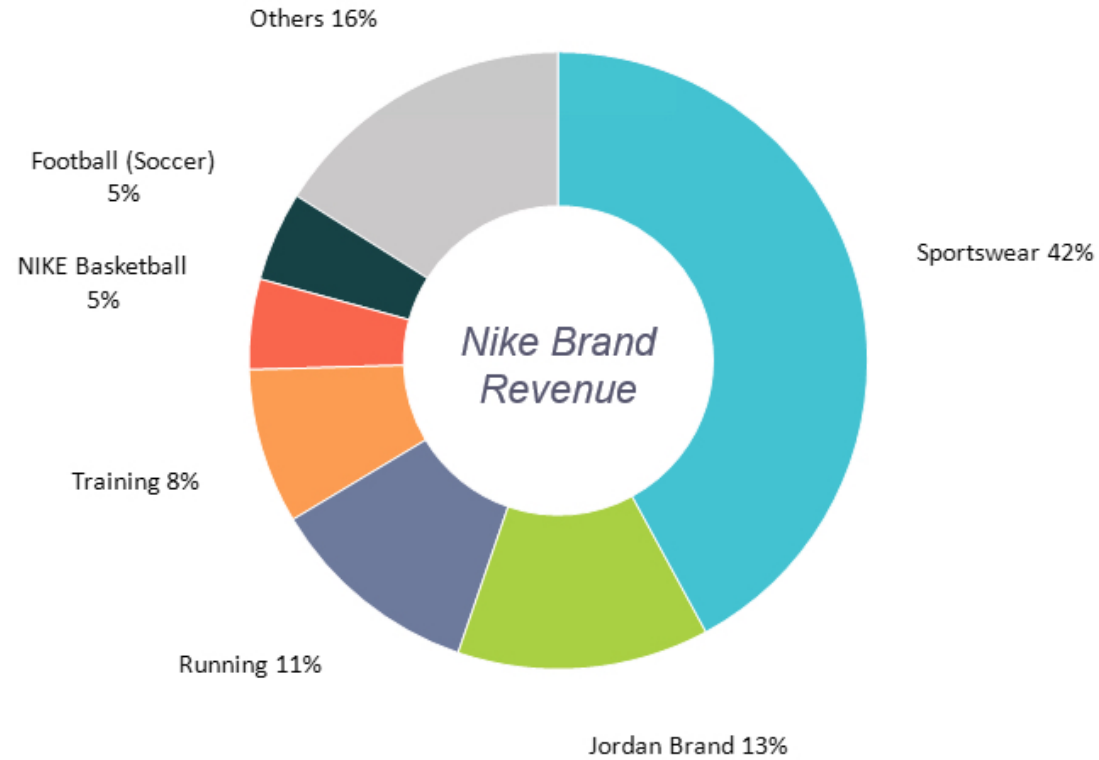
<i>(Dollars in millions)</i>	NORTH AMERICA	MIDDLE EAST & AFRICA	EUROPE, EAST & AFRICA	GREATER CHINA	ASIA PACIFIC & LATIN AMERICA	GLOBAL BRAND DIVISIONS	TOTAL NIKE BRAND	CONVERSE	CORPORATE	TOTAL NIKE, INC.
Revenues by:										
Footwear	\$ 3,212	\$ 1,952	\$ 1,246	\$ 1,052	\$ —	\$ 7,462	\$ 436	\$ —	\$ —	\$ 7,898
Apparel	1,331	993	360	348	—	3,032	17	—	—	3,049
Equipment	283	198	60	62	—	603	12	—	—	615
Other	—	—	—	—	14	14	36	(23)	—	27
TOTAL REVENUES	\$ 4,826	\$ 3,143	\$ 1,666	\$ 1,462	\$ 14	\$ 11,111	\$ 501	\$ (23)	\$ —	\$ 11,589
Revenues by:										
Sales to Wholesale Customers	\$ 2,475	\$ 2,074	\$ 971	\$ 890	\$ —	\$ 6,410	\$ 275	\$ —	\$ —	\$ 6,685
Sales through Direct to Consumer	2,351	1,069	695	572	—	4,687	190	—	—	4,877
Other	—	—	—	—	14	14	36	(23)	—	27
TOTAL REVENUES	\$ 4,826	\$ 3,143	\$ 1,666	\$ 1,462	\$ 14	\$ 11,111	\$ 501	\$ (23)	\$ —	\$ 11,589

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<i>(Dollars in millions)</i>	NORTH AMERICA	MIDDLE EAST & AFRICA	EUROPE, EAST & AFRICA	GREATER CHINA	ASIA PACIFIC & LATIN AMERICA	GLOBAL BRAND DIVISIONS	TOTAL NIKE BRAND	CONVERSE	CORPORATE	TOTAL NIKE, INC.
Revenues by:										
Footwear	\$ 3,733	\$ 2,260	\$ 1,287	\$ 1,141	\$ —	\$ 8,421	\$ 522	\$ —	\$ —	\$ 8,943
Apparel	1,479	1,137	401	371	—	3,388	20	—	—	3,408
Equipment	211	213	47	60	—	531	11	—	—	542
Other	—	—	—	—	13	13	35	(2)	—	46
TOTAL REVENUES	\$ 5,423	\$ 3,610	\$ 1,735	\$ 1,572	\$ 13	\$ 12,353	\$ 588	\$ (2)	\$ —	\$ 12,939
Revenues by:										
Sales to Wholesale Customers	\$ 2,772	\$ 2,379	\$ 895	\$ 937	\$ —	\$ 6,983	\$ 329	\$ —	\$ —	\$ 7,312
Sales through Direct to Consumer	2,651	1,231	840	635	—	5,357	224	—	—	5,581
Other	—	—	—	—	13	13	35	(2)	—	46
TOTAL REVENUES	\$ 5,423	\$ 3,610	\$ 1,735	\$ 1,572	\$ 13	\$ 12,353	\$ 588	\$ (2)	\$ —	\$ 12,939

Nike Brand Revenue Breakdown

Sportswear was Nike's largest brand category, followed by the Jordan Brand and running.



Annotated Price Chart



Stock



Major Events

- Nike throughout 2024 has and is struggling with direct-to-consumer sales approach, and oversaturation of the market with their most popular sneaker designs.
- Revenue from China is not growing like once was hoped.
- Nike announces that they will have a sales decline of 10% in Q-1 fiscal year 2025
- Nike announces that there will be a change in CEO on September 19th. Elliot Hill takes over as CEO on October 14.
- Q-1 Financials are released, revenue is down nearly 10%.

ESG



Environment:

- "Move to Zero"- Set to be completed by the beginning of 2025
- "Greenwashing" – Lawsuit accusing company of using recycled polyester and nylon

Social:

- Refusal to pay over 4000 garment workers \$2.2 million in unpaid wages and benefits dating back to 2020
- Reported this summer that the company had lost 30% of employees working on sustainability

Governance:

- Introducing new CEO Elliot Hill may result in uncertainty and a shift in business priorities
- MSCI downgraded ESG rating in 2022 and 2023. Attributed it to Nike's "laggard" supply chain standards and management



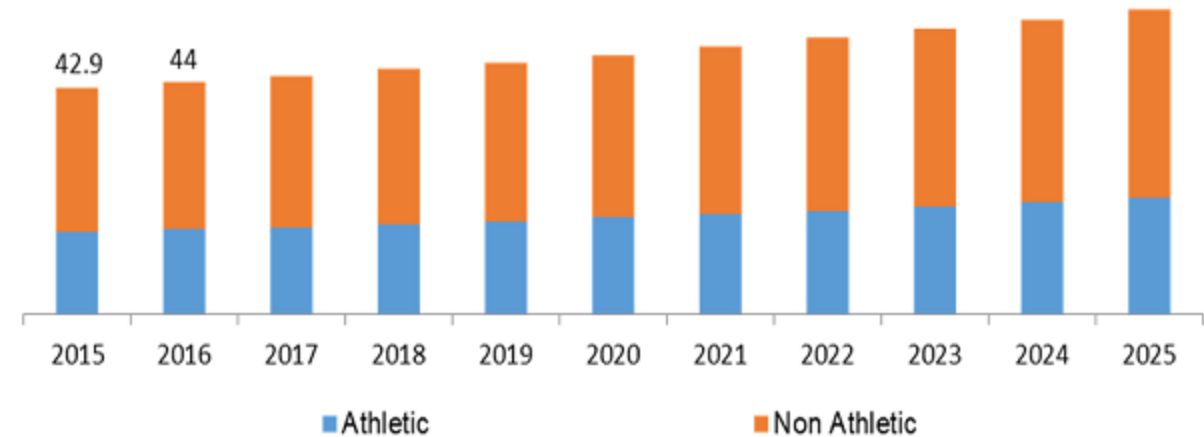
Section II. Industry Overview

Analyst(s): Sam, Langdon, Jordan

Industry Overview

- The global athletic footwear market was valued at around \$115.5 billion in 2023 CAGR of 4.8% from 2023 to 2030
- Global sports apparel market was valued at around \$188 billion in 2023 CAGR of 6.7%
- Nikes market share is around 15-20%
- Performance-driven athletic gear slowing down as consumers focus on casual and athleisure wear.

North America Footwear market size, by type, 2015-2025 (USD Billion)



Industry Overview

Sneakers

- Major Competitors include Adidas, Puma, Under Armour, ASICS, New Balance, and Skecher
- Growth will be due to growing concerns over health and wellness as well as the growing inclination of sports amongst the youth
- Counterfeit sneakers market estimated around 5 times larger than legitimate sneaker market at \$450B

Industry Overview

Significant Challenges

- Rising Production Costs
- Intense Competition
- Supply Chain Disruptions

Section III. Risks & Catalysts

Analyst(s): Ryan Berry, Owen Hughes, Luke Van Splunder

Risks and Catalysts

Risks

- **New Ceo:** Nike hired new CEO Elliot Hill, who came out of retirement to take the position after retiring in 2020 with over 30 years in various roles with Nike.
- **EPS:** The first quarter EPS was .70 above the predicted .51
- **Expansion Into New Markets:** Nike has recently been trying to expand into markets in places like India and Southeast Asia.
- **Ecommerce Growth:** With growth in Ecommerce, Nike is able to reach more of a global audience

Catalysts

- **Earnings Report:** Nikes Q1 earnings for fiscal first quarter (2025) was 11.6 billion, down 10% from previous year
- **Competition continues to Increase:** Nikes top competition Adidas and Under Armour continue to grow, while footwear newcomers such as Hoka (owned by Deckers) and On Cloud have burst onto the scene.
- **Rising Cost of Raw Materials:** inflation, sustainability initiatives, and geopolitical tensions all create higher production costs which hurt Nikes future revenue.
- **Supply Chain Issues:** Nike has had problems with excess inventory and efficiency which has led them to try to seek creative solutions and change with the times, but it is an expensive solution.










Section IV. Valuation, Investment Thesis

Analyst(s): Luke Van Splunder



Competitors

Company	MarketRank	Share Price	Analysts' Price Target	1Y Price Performance	Market Cap	Revenue	P/E Ratio	Employee Count
 NKE NIKE	★★★★★	\$82.92 -0.6%	\$96.56 +16.4%	-19.5%	\$125.16B	\$50.01B	23.76	79,400
 SKX Skechers U.S.A.	★★★★★	\$63.16 -3.0%	\$77.55 +22.8%	+29.4%	\$9.63B	\$8.40B	16.93	17,900
 CROX Crocs	★★★★☆	\$140.45 +0.7%	\$162.58 +15.8%	+65.1%	\$8.53B	\$4.06B	10.56	7,030
 DECK Deckers Outdoor	★★★★☆	\$161.86 +0.7%	\$86.76 -46.4%	+1,045.0%	\$4.12B	\$4.44B	30.93	4,800
 SHOO Steven Madden	★★★☆☆	\$48.17 +0.9%	\$44.29 -8.1%	+45.4%	\$3.50B	\$2.15B	19.66	4,200
 WWW Wolverine World Wide	★★★★☆	\$16.34 -1.6%	\$17.86 +9.3%	+108.6%	\$1.31B	\$1.87B	-15.42	4,100
 ONON ON	★★★☆☆	\$49.38 -0.5%	\$49.74 +0.7%	+91.3%	\$31.09B	\$2.00B	93.17	2,353



Poor Trend





Mediocre Outlook

Nike Inc (NKE)

DCF (FCF Based) Fair Value: \$ 78.3

Fair Value
\$78.3

Stock Price
\$ 82.92

TTM FCF: \$ 4.73
Discount Rate: 11%

Growth Stage

Years 10
Growth Rate 9.3%
Growth Value \$ 46.14

Terminal Stage

Years 10
Growth Rate 4%
Terminal Value \$ 32.15

Undervalued

Overvalued

Margin of Safety: -5.9%

Nike Inc (NKE)

DCF (Earnings Based) Fair Value: \$ 56.88

Fair Value
\$56.88

Stock Price
\$ 82.92

TTM EPS: \$ 3.720
Discount Rate: 11%

Growth Stage

Years 10
Growth Rate 9.3%
Growth Value \$ 34.21

Terminal Stage

Years 10
Growth Rate 4%
Terminal Value \$ 22.67

Undervalued

Overvalued

Margin of Safety: -45.78%

Eroding Brand Image/Increasing competitors

- Declining internet searches year over year
- Look around for yourself
- Lost 27 Bn in market cap in one day
- When was the last time NIKE impressed you?



Investment Thesis

Company Overview

- Declining market share
- Lack of innovation



Business Model/Growth Strategy

- Unclear vision
- Eroding brand
- Strong competitors

Investment Thesis - Sell

- Sell our 6 Nike (NKE) shares (\$497) at market value (\$82.92) for a loss of 17% (\$103)

Risks and Catalysts

- New Ceo
- Brand decline
- Poor fundamentals

Valuation

- Nike is overvalued and not set to recover soon