**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 2:** Nike’s EBITDA margin remains stable at 16.5% (2022-2025), with no forecasted growth in revenue or EBITDA. **Segment Contribution:** North America (38.5%), EMEA (27.5%), Greater China (19.3%), APLA (32.5%), Converse (29.5%) dominate margins, while Global Brand Divisions drag significantly (-3962.7%). **Margin Growth Outlook:** Future margin growth depends on sustained strong performance in EMEA/APLA and reversing declines in Greater China and Global Brand Divisions. **Key Cost Trends:** D&A at 1.8% of revenue is stable; R&D and capex show consistent allocations (~1.6%), with selective investments in equipment and PPE. **Historic Trends:** Footwear dominates revenue mix, with apparel showing higher growth rates; organic growth drivers vary by region, impacted by currency.

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**Point 3:** EPS remains steady at 3.83 from 2022-2025, showing flat net profit growth. Forecasted FCFF declines from $8,336M in 2022 to $4,191M in 2025, reflecting rising reinvestment or cash obligations despite stable EBITDA. Capex stays constant at $758M/year, maintaining a steady Capex-to-revenue ratio of ~1.6%. Strong growth is expected in Asia-Pacific, Latin America, and EMEA regions, with Footwear and Apparel driving revenue. However, EBITDA margins are shrinking due to rising expenses or competitive pressures, while high WACC and stable debt ratios suggest manageable financing but a need for better equity valuation.

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**Investment thesis:** The stock's expected for NIKE INC, highlights a declining trend in valuation and equity value per share, indicating potential challenges for investors: **Share Price and Equity Value**, **Valuation Multiples**, **Free Cash Flow and Firm Value**, **Profitability and Leverage**. In summary, the model forecasts falling share prices and equity values, driven by declining profitability and firm valuation despite stable debt ratios.

**Profitability and Leverage: ROE decreases from 39.57% to 34.30%, and debt ratios remain stable, indicating consistent leverage but weakening efficiency in generating returns for shareholders.**

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Company Name: **NIKE, INC.**

Ticker: **(NKE)**

Current Share Price: **$129.35**

Upside/Downside to current share price: ((Forecasted Price – Current Price)/Current Price) ($115.73 - 129.35)/$129.35 = **-0.1053% ‘*trading at a premium’***

**Point 1:** The model predicts steady revenue growth but declining profitability and efficiency. Flat earnings growth, shrinking margins, and lower ROE signal potential operational challenges. Static valuation multiples indicate limited investor optimism for near-term improvement. NIKE INC may struggle to sustain its valuation unless profitability and margins improve.

Key segment and product performance: From 2022 to 2025, NIKE's key segments like footwear and apparel are expected to drive revenue growth, supported by innovations in performance and lifestyle products. Geographic growth is likely strongest in Greater China, while North America remains a major but slower-growing market. Digital sales and direct-to-consumer strategies will play a critical role in sustaining overall performance.

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**TABLES**A screenshot of a graph

Description automatically generatedA graph of stock market

Description automatically generated

