

# TheStreet Quant Ratings

BUY					HOLD			SELL						<b>HOLD</b>	RATING SINCE	01/10/2024
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E			
Annual Dividend Rate <b>\$1.48</b>				Annual Dividend Yield <b>1.47%</b>				Beta <b>1.10</b>			Market Capitalization <b>\$122.0 Billion</b>			52-Week Range <b>\$88.66-\$128.68</b>		Price as of 3/14/2024 <b>\$100.26</b>

Sector: **Manufacturing** | Industry Group: **Footwear Manufacturing**

## NKE BUSINESS DESCRIPTION

NIKE, Inc., together with its subsidiaries, designs, develops, markets, and sells athletic footwear, apparel, equipment, accessories, and services worldwide.

## STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-17.15	-15.75	-10.63

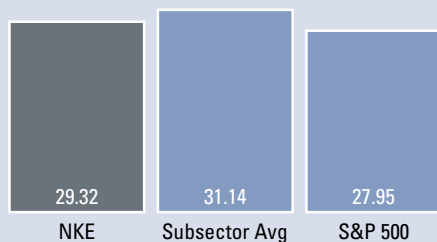
## GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	0.54	4.95	10.45
Net Income	18.55	-5.95	23.31
EPS	21.17	-3.67	25.02

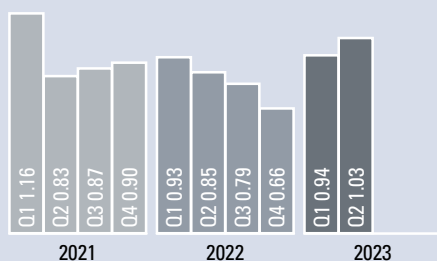
## RETURN ON EQUITY (%)

	NKE	Subsector Avg	S&P 500
Q2 2023	37.46	35.07	17.66
Q2 2022	36.89	33.74	19.00
Q2 2021	41.34	193.78	18.28

## P/E COMPARISON



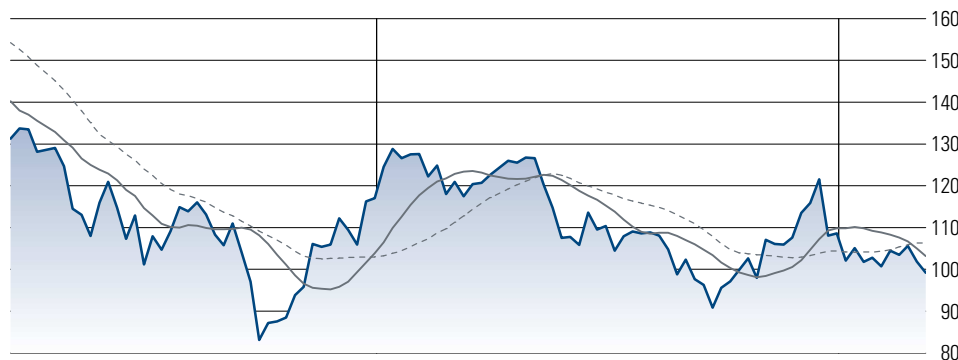
## EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

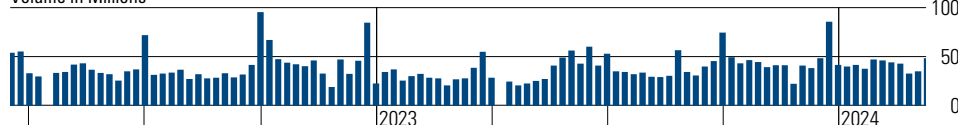
Weekly Price: (US\$) | SMA (50) — SMA (100) --- 1 Year | 2 Years



## Rating History



## Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

## RECOMMENDATION

We rate NIKE INC (NKE) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its revenue growth, increase in net income and notable return on equity. However, as a counter to these strengths, we find that the stock has had a generally disappointing performance in the past year.

## HIGHLIGHTS

The revenue growth came in higher than the subsector average of 16.4%. Since the same quarter one year prior, revenues slightly increased by 0.5%. Growth in the company's revenue appears to have helped boost the earnings per share.

The return on equity has improved slightly when compared to the same quarter one year prior. This can be construed as a modest strength in the organization. When compared to other companies in the Leather and Allied Product Manufacturing subsector and the overall market, NIKE INC's return on equity exceeds that of the subsector average and significantly exceeds that of the S&P 500.

NKE's debt-to-equity ratio of 0.86 is somewhat low overall, but it is high when compared to the subsector average, implying that the management of the debt levels should be evaluated further. Despite the fact that NKE's debt-to-equity ratio is mixed in its results, the company's quick ratio of 1.63 is high and demonstrates strong liquidity.

NIKE INC has improved earnings per share by 21.2% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, NIKE INC reported lower earnings of \$3.23 versus \$3.76 in the prior year. This year, the market expects an improvement in earnings (\$3.59 versus \$3.23).

NKE has underperformed the S&P 500 Index, declining 15.75% from its price level of one year ago. Looking ahead, we do not see anything in this company's numbers that would change the one-year trend. It was down over the last twelve months; and it could be down again in the next twelve. Naturally, a bull or bear market could sway the movement of this stock.

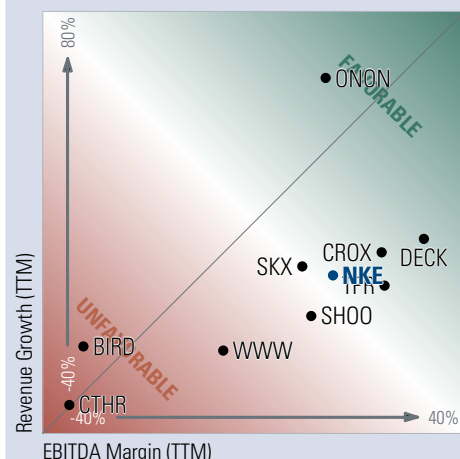
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Sector: Manufacturing | Footwear Manufacturing

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## PEER GROUP ANALYSIS

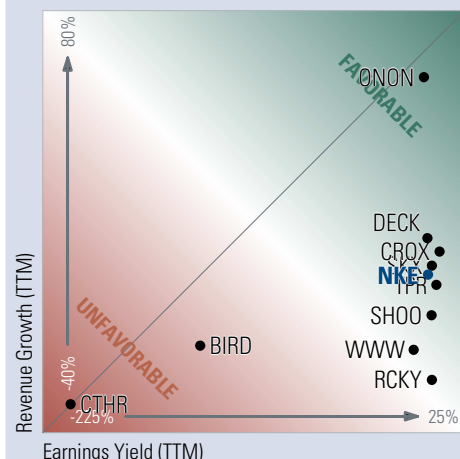
### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$10.9 Million and \$122 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -31.9% and 61%. Companies with NA or NM values do not appear.

## SUBSECTOR ANALYSIS

NIKE INC falls within the Manufacturing sector and the Footwear Manufacturing industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 2221 companies in the Manufacturing sector that total around \$29,922 billion in market capitalization as well as \$10,681 billion in annual sales.

The Leather and Allied Product Manufacturing subsector accounts for 0.8% of those revenues.

Establishments in the Leather and Allied Product Manufacturing subsector transform hides into leather by tanning or curing and fabricating the leather into products for final consumption. This subsector also includes the manufacture of similar products from other materials, including products (except apparel) made from leather substitutes, such as rubber, plastics, or textiles. Rubber footwear, textile luggage, and plastics purses or wallets are examples of leather substitute products included in this subsector. The products made from leather substitutes are included in this subsector because they are made in similar ways leather products are made (e.g., luggage). They are made in the same establishments, so it is not practical to separate them. The inclusion of leather and hide tanning and finishing in this subsector is partly because it is a relatively small industry that has few close neighbors as a production process, partly because leather is an input to some of the other products classified in this subsector, and partly for historical reasons.

### PEER GROUP: Leather and Allied Product Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>NIKE</b>	<b>NIKE INC</b>	<b>100.26</b>	<b>122,039</b>	<b>29.32</b>	<b>51,542.00</b>	<b>5,299.00</b>
ONON	ON HOLDING AG	32.68	9,288	105.42	2,128.27	94.53
SKX	SKECHERS U S A INC	61.42	8,175	17.60	8,000.34	545.80
WWW	WOLVERINE WORLD WIDE	10.01	798	NM	2,242.90	-39.60
CROX	CROCS INC	125.99	7,622	9.84	3,962.35	792.57
BIRD	ALLBIRDS INC	0.76	76	NM	254.07	-152.46
SHOO	MADDEN STEVEN LTD	41.62	3,080	18.10	1,981.58	171.55
DECK	DECKERS OUTDOOR CORP	933.05	23,950	33.56	4,119.58	723.81
RCKY	ROCKY BRANDS INC	25.39	188	17.88	461.83	10.43
TPR	TAPESTRY INC	47.35	10,860	11.96	6,726.70	928.10
CTHR	CHARLES & COLVARD LTD	0.36	11	NM	25.07	-23.05

The peer group comparison is based on Major Leather and Allied Product Manufacturing companies of comparable size.

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## COMPANY DESCRIPTION

NIKE, Inc., together with its subsidiaries, designs, develops, markets, and sells athletic footwear, apparel, equipment, accessories, and services worldwide. The company provides athletic and casual footwear, apparel, and accessories under the Jumpman trademark; and casual sneakers, apparel, and accessories under the Converse, Chuck Taylor, All Star, One Star, Star Chevron, and Jack Purcell trademarks. It also sells a line of performance equipment and accessories comprising bags, sport balls, socks, eyewear, timepieces, digital devices, bats, gloves, protective equipment, and other equipment for sports activities under the NIKE brand; and various plastic products to other manufacturers. In addition, the company markets apparel with licensed college and professional team, and league logos, as well as sells sports apparel; and licenses unaffiliated parties to manufacture and sell apparel, digital devices, and applications and other equipment for sports activities under NIKE-owned trademarks. It sells its products to footwear stores; sporting goods stores; athletic specialty stores; department stores; skate, tennis, and golf shops; and other retail accounts through NIKE-owned retail stores, digital platforms, independent distributors, licensees, and sales representatives. NIKE, Inc. was founded in 1964 and is headquartered in Beaverton, Oregon.

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## STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of NKE shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, NKE has a growth score better than 90% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>2.0 out of 5 stars</b>	★	★	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 30% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>2.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 40% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
<b>Income</b>	<b>3.5 out of 5 stars</b>	★	★	★	☆	☆
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 60% of the companies we track.		weak				strong

## THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

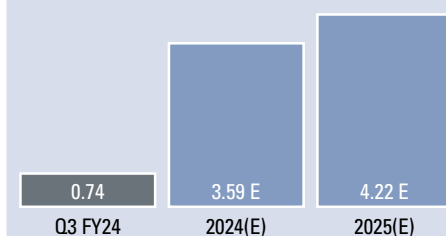
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## Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



## INCOME STATEMENT

	Q2 FY23	Q2 FY22
Net Sales (\$mil)	13,388.00	13,315.00
EBITDA (\$mil)	2,016.00	1,760.00
EBIT (\$mil)	1,825.00	1,587.00
Net Income (\$mil)	1,578.00	1,331.00

## BALANCE SHEET

	Q2 FY23	Q2 FY22
Cash & Equiv. (\$mil)	9,927.00	10,621.00
Total Assets (\$mil)	37,203.00	39,647.00
Total Debt (\$mil)	12,177.00	12,525.00
Equity (\$mil)	14,146.00	15,272.00

## PROFITABILITY

	Q2 FY23	Q2 FY22
Gross Profit Margin	46.03%	44.19%
EBITDA Margin	15.05%	13.21%
Operating Margin	13.63%	11.92%
Sales Turnover	1.39	1.24
Return on Assets	14.24%	14.21%
Return on Equity	37.46%	36.89%

## DEBT

	Q2 FY23	Q2 FY22
Current Ratio	2.74	2.69
Debt/Capital	0.46	0.45
Interest Expense	70.00	65.00
Interest Coverage	26.07	24.42

## SHARE DATA

	Q2 FY23	Q2 FY22
Shares outstanding (mil)	1,517	1,550
Div / share	0.34	0.31
EPS	1.03	0.85
Book value / share	9.33	9.85
Institutional Own %	NA	NA
Avg Daily Volume	9,333,471	8,671,566

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

## FINANCIAL ANALYSIS

NIKE INC's gross profit margin for the second quarter of its fiscal year 2023 is essentially unchanged when compared to the same period a year ago. The company managed to grow both sales and net income at a faster pace than the average competitor in its subsector this quarter as compared to the same quarter a year ago. NIKE INC has strong liquidity. Currently, the Quick Ratio is 1.63 which shows the ability to cover short-term cash needs. The company managed to increase its liquidity from the same period a year ago, despite already having strong liquidity to begin with. This would indicate improved cash flow.

During the same period, stockholders' equity ("net worth") has decreased by 7.37% from the same quarter last year. The key liquidity measurements indicate that the company is unlikely to face financial difficulties in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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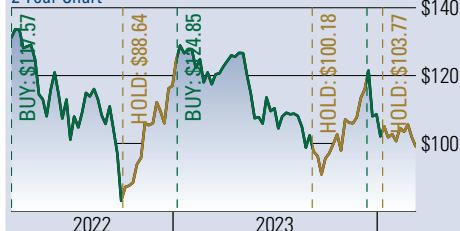
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## RATINGS HISTORY

Our rating for NIKE INC was recently downgraded from Buy to Hold on 1/10/2024. As of 3/14/2024, the stock was trading at a price of \$100.26 which is 22.1% below its 52-week high of \$128.68 and 13.1% above its 52-week low of \$88.66.

2 Year Chart



## MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
1/10/24	\$103.77	Downgrade	Buy	Hold
12/13/23	\$121.17	Upgrade	Hold	Buy
9/6/23	\$100.18	Downgrade	Buy	Hold
1/9/23	\$124.85	Upgrade	Hold	Buy
10/4/22	\$88.64	Downgrade	Buy	Hold
3/14/22	\$117.57	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

## RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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## VALUATION

HOLD. NIKE INC's P/E ratio indicates a discount compared to an average of 31.14 for the Leather and Allied Product Manufacturing subsector and a value on par with the S&P 500 average of 27.95. Conducting a second comparison, its price-to-book ratio of 10.75 indicates a significant premium versus the S&P 500 average of 4.68 and a premium versus the subsector average of 9.26. The current price-to-sales ratio is above the S&P 500 average, but below the subsector average. The valuation analysis reveals that, NIKE INC seems to be trading at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5
			premium		discount

**NKE 29.32** Peers **31.14**

- Average. An average P/E ratio can signify an subsector neutral price for a stock and an average growth expectation.
- NKE is trading at a valuation on par with its peers.

Price/Projected Earnings	1	2	3	4	5
		premium			discount

**NKE 23.79** Peers **23.39**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- NKE is trading at a premium to its peers.

Price/Book	1	2	3	4	5
		premium			discount

**NKE 10.75** Peers **9.26**

- Premium. A higher price-to-book ratio makes a stock less attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- NKE is trading at a premium to its peers.

Price/Sales	1	2	3	4	5
		premium			discount

**NKE 2.95** Peers **3.18**

- Average. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- NKE is trading at a valuation on par with its subsector on this measurement.

Price/CashFlow	1	2	3	4	5
			premium		discount

**NKE 21.11** Peers **19.85**

- Average. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- NKE is trading at a valuation on par to its peers.

Price to Earnings/Growth	1	2	3	4	5
		premium			discount

**NKE 2.67** Peers **2.17**

- Premium. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- NKE trades at a premium to its peers.

Earnings Growth	1	2	3	4	5
	lower				higher

**NKE -3.67** Peers **13.36**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, NKE is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower				higher

**NKE 4.95** Peers **8.95**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- NKE significantly trails its peers on the basis of sales growth.

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