

NIKE, Inc

NKE

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NKE

Nike Forecasts Revenue Drop in Upcoming Half-Year Period

Earnings Result

In comparing the previous and current quarter financial reports of NIKE, Inc., there are several key highlights. Firstly, the company experienced a 1% increase in revenues compared to the previous year, with NIKE Direct revenues up 6% and NIKE Brand Digital sales up 4%. However, wholesale revenues were down 2%. The gross margin also increased by 170 basis points to 44.6% in the previous quarter and further increased to 44.8% in the current quarter. Diluted earnings per share saw a significant increase of 21% in the previous quarter, but decreased to \$0.77 in the current quarter due to restructuring charges. Despite this, the company remains optimistic about future growth and is focused on maximizing the impact of its new innovation cycle.

Net profit still declined

The net income of NIKE, Inc. decreased by 2 cents compared to the previous year but beat expectation. This decline in net income can be attributed to higher income tax expenses. Overall, NIKE, Inc. experienced moderate growth in net income compared to the previous periods.

Modest Revenue Growth

The company reported a revenue of 12.43 billion, beating estimate of 12.31 billion by 0.3% year-over-year. The total NIKE BRAND revenues increased by 2% to \$11,948 million, with growth in both footwear and equipment categories. However, there was a decline in apparel and global brand divisions revenues. The report also mentions that the revenue growth was impacted by currency exchange rate fluctuations.

Nike's Profitability

The gross margin for NIKE, Inc. increased by 150 basis points to 44.8% due to strategic pricing actions and lower ocean freight and logistics costs. However, higher product input costs and restructuring charges partially offset this increase. The operating margin, or EBIT margin, for NIKE, Inc. decreased from 11.9% to 10.9% for the three months ended February 29, 2024, and from 13.0% to 12.6% for the nine months ended February 29, 2024.

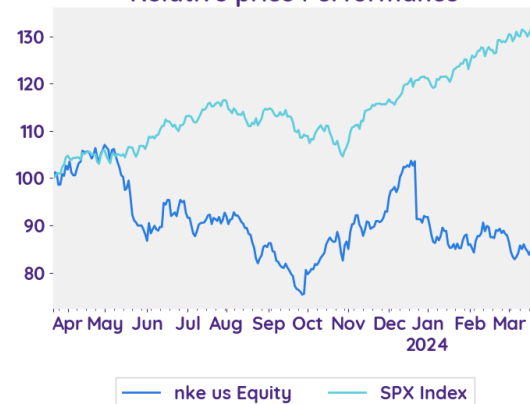
Balance sheet and cashflow

Nike's balance sheet showed a decrease in current assets, particularly in short-term investments and inventories. However, the company's cash and equivalents remained relatively stable. On the liabilities side, current liabilities decreased slightly, while long-term debt remained unchanged. The cashflow analysis revealed that cash generated by operations was offset by share repurchases, cash dividends, capital expenditures, and bond repayment. Overall, the balance sheet and cashflow analysis indicate some fluctuations in assets and liabilities, but the company continues to invest for growth and increase returns to shareholders.

Business Outlook

Nike expects low single-digit revenue decline in the next fiscal year's first half, but sees full-year revenue and earnings growth excluding restructuring impacts, with Q4 revenue slightly up.

Relative price Performance



SENTIMENT	1Q24	2Q24	3Q24	4Q24
net profit	Negative	Neutral	Positive	Neutral
margin	Negative	Neutral	Positive	Neutral
revenue	Positive	Neutral	Positive	Neutral

STOCK DATA	
Market Cap (USD Million)	152.75
Beta	1.16
Last close	100.82
12-m Low / High	88.7 / 128.7
Target price	120.00
Return Potential	19.0 %
% of Buy / Sell rating	59.0 % / 9.0 %

VALUATION DATA	12M FORWARD	5-YR AVERAGE
P/E	25.61	37.34
P/B	10.92	14.61
P/S	2.95	3.85
EV/EBITDA	21.48	24.98
Dividend Yield	0.0 %	

REVENUE - %CHG YOY	1Q24	2Q24	3Q24	4Q24	1Q25E
Footwear	3.8%	1.2%	2.4%	2.2%	2.3%
Apparel	-1.3%	-0.5%	-2.7%	1.8%	0.7%
Equipment	9.3%	17.4%	20.8%	4.2%	1.9%
Global Brand Divisions	-7.1%	-33.3%	-25.0%	-1.5%	1.5%

NIKE, Inc

NIKE, Inc. designs, develops, and markets athletic footwear, apparel, equipment, and accessory products for men, women, and children. The Company sells its products to retail stores, through its own stores, subsidiaries, and distributors. NIKE serves customers worldwide.

