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Summary of WP Student Team

PAIRS TRADE STRATEGY – NIKE VS ADIDAS

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Work project carried out under the supervision of:

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FUNDAMENTAL PAIRS TRADE STRATEGY – NIKE VS ADIDAS

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‘Nike vs Adidas: A Fundamental
Analysis for a pairs trade strategy’

Nicola Grassoni

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Abstract (100 words maximum)

This study examines and suggests a Pairs Trade strategy involving Nike and Adidas. The analysis aims to uncover relative mispricing between the two companies. Grounded in Discounted Cash Flow modeling as the main valuation approach, it is further strengthened by Scenario analysis and Monte Carlo simulations to ensure robustness. Alternative valuation methods, such as multiple valuation, complement the analysis to assess which stock is undervalued or overvalued. The conclusion, following a technical back-testing of a mean reversion strategy, suggests taking a long position in Nike and a short position in Adidas.

Keywords

Financial Statement Analysis, Valuation Drivers, WACC, Discounted Cash Flow, Multiples Analysis, Montecarlo Simulation, Scenario Analysis, Technical Analysis

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GROUP PART – Nicoletti & Grassoni

1. Nike & Adidas: the two main players of the sportswear industry

Nike and Adidas represent the excellence of the sportswear industry being the two most dominant players. While both lead the market, they differ in history, strategy, and brand identity, each striving for leadership in footwear, apparel, and equipment. As such, they shape the market landscape with their innovative products and unique strategic approaches. This section provides a comprehensive overview on the history of both companies and their different initiative and positioning in the industry.

1.1 Nike Background

Nike is the world leading company in the sporting & athletic footwear and apparel industry. It has seen its rise in 1964 thanks to the idea of Bill Bowerman and Phil Knight under the name of Blue Ribbon Sports. The name Nike was born only in 1971, as initially the company was a distributor of Japanese running shoes under the Onitsuka Tiger brand (now ASICS). In 1971, Nike launched its first branded product with the iconic Swoosh, a logo that will be forever known worldwide after that day. The steps that followed positioned Nike as a top player in the industry as in 1980 they already reached 50% of the market share in the U.S. Another crucial move in Nike history was the launch of the iconic slogan “Just Do It” in 1988, that positioned the Nike brand as a symbol of aspiration and athletic ambition. Nowadays, the company is headquartered in Beaverton, Oregon, and operates as the largest athletic footwear and apparel company globally. As of 2024, it organizes its business across several regions. North America is the company’s largest market accounting for approximately 43% of its total revenue. Nike's dominance in the U.S. market is driven by its extensive retail network, high-profile sponsorship agreements (ex. LeBron James), and strong digital sales performance via Nike.com and its mobile apps. EMEA (Europe, Middle East & Africa) is the second key geographical segment.

It accounts for approximately 26% of its total revenue, with football sales being a key contributor. Greater China is the third largest provider accounting for 16% of Nike total revenue. Lastly, Asia Pacific and Latin America (APLA) contributes to 13%, as sales in this region saw a steady growth during the years, with a focus on expanding direct-to-consumer channels and tapping into local sports culture. Between these, the geographical area that experienced the highest growth from 2016 was Greater China, with a CAGR of 7.48% (Statista 2024). Nike's product portfolio is represented by footwear, apparel, and sports equipment. Specifically, Nike's product offerings are divided into different categories: Nike basketball, Running department, the Jordan Brand, Football, Training, and Sportswear. In addition, Nike owns the famous brand "Converse" that manufactures sneakers, lifestyle footwear, clothing and accessories. The footwear segment is the most significant, generating 68% of total revenue. Apparel, accounting for 28% of total revenue, is the second largest segment, leaving equipment with 4% of total revenue. The footwear segment has been the primary driver of revenue growth for Nike, achieving the highest CAGR of 5.1% since 2016, compared to the apparel and equipment segments, which each recorded a CAGR of approximately 2.5% (Statista 2024). This trend is particularly evident in Greater China, where footwear achieved an impressive CAGR of 8.8%. In contrast, the EMEA region saw the apparel and equipment segments outperform footwear, with both achieving an 8% CAGR compared to 6% for footwear over the same period. Similarly, in the APLA region, the footwear segment experienced faster and more significant growth, further emphasizing its importance to Nike's overall performance. Nike's products are sold through multiple channels: NIKE Direct (comprising digital platforms and physical stores) and wholesale distribution. The direct-to-consumer (DTC) business, particularly its digital sales, was one of the fastest-growing channels, contributing nearly 43% of total revenues in 2024. The DTC strategy enables Nike to establish a more personal relationship with consumers while maintaining higher profit margins compared to wholesale

channels. As a matter of fact, from 2016 the DTC business outpaced the wholesale distribution in terms of growth, with a CAGR of 11.8% vs 2.4% (Statista 2024). This strategy put its target on a digital approach focused on direct engagement with customers through digital platforms and rapid innovation. Indeed, during the years, Nike has invested heavily in its digital ecosystem, such as the Nike App, SNKRS, and Nike Running Club, to boost its digital revenues. Nike's manufacturing process is primarily carried out by independent contract manufacturers outside the United States. For footwear production, Vietnam accounts for 50% of total output, followed by Indonesia at 27% and China at 18%. In apparel manufacturing, Vietnam leads with 28%, followed by China at 16% and Cambodia at 15% (Statista 2024). Nike places a strong emphasis on innovation, sustainability, and social impact, which are critical to its long-term strategy. Through investments in new technologies like Flyknit and React Foam, the company delivers high-performance products that suits both athletes and casual consumers. Its commitment to sustainability is greatly shown by the Move to Zero initiative, aimed at achieving zero waste and carbon neutrality across its operations. Notably, in 2023, Nike successfully recycled 99% of waste from its footwear manufacturing processes. Lastly, Nike's corporate culture prioritizes inclusion and social impact, with a workforce of approximately 79,000 employees worldwide, focused on spreading diversity and development. Now that a general business overview of Nike was established, is possible to perform a SWOT analysis to summarize its strengths and opportunities but also weaknesses and threats. As analyzed, Nike was able to position itself as leader in the sportswear industry thanks to the relation it has built with its customers and its innovative products. One of the main strengths is therefore its strong brand image, as it is worldwide recognized that a Nike's product is a quality product. In addition, endorsement from top athletes, combined with extensive marketing campaigns positioned Nike as a global brand. Moreover, as mentioned before, Nike product portfolio is broad and can provide a wide range of products, meeting different consumer taste and demands.

Another point of strength relies on its worldwide presence, making it possible to reach consumers in any geographical region. Lastly, Nike is known for its continuous research of innovation, giving it a competitive advantage in the market (Jo Manthara 2024). Despite its many strengths, Nike faces challenges such as reliance on third-party manufacturers, as most of its product are outsourced, mainly in Asia. This can expose to risks like supply chain disruptions and labor controversies. Moreover, the company is vulnerable to counterfeit products, which can erode consumer trust and affect revenues. However, Nike has significant opportunities for growth. The rising demand for athleisure and sustainable products presents a chance to diversify offerings while aligning with consumer trends. Emerging markets such as Asia and Latin America also offer unexploited potential for expansion, as Nike presence in these regions it's not as strong as Europe and North America. Lastly, exploring new product categories, such as wearable technology and fitness apps, could further diversify revenue streams and protect from increasing competition from companies focusing on just specific items. With regards to possible threats, there is increasing competition in the industry, not only from Adidas, but from “new” companies that are trying to steal Nike market shares. Another main threat relies on the fast-changing trends in this industry. If Nike is not able to quickly adapt, it can lose interest from its consumers and lose market shares.

1.2 Adidas Background

Founded in 1949 by Adi Dassler, Adidas AG, is the second world's leading brand in the athletic and sporting goods industry and largest sportswear manufacturer in Europe. In 1949, the company licensed a sneaker characterized by the famous adidas 3-Stripes. In the following years, Dassler was able to establish Adidas as leader in the footwear industry with different sporting figures wearing Adidas for their competitions. In 1972 the company presented “The Trefoil” as their new logo, symbol of performance, and now recognized as lifestyle and streetwear. From then on, Adidas has grown into a global corporation. It operates under its core

brand, but it also has several subsidiary brands, including Reebok, and Runtastic, a digital sports company. Adidas organizes its business across different main geographical areas as it is a leader in the industry. EMEA represent the biggest market for the company. Indeed, it account for 38% of its total net sales. Europe sales drive the area, being the home market for Adidas. North America follows generating 25% of revenues. Initially the company faced some difficulties in establishing its position in the country, however after different partnerships with athletes and fashion brands, it was able to gain significant market shares. Asia Pacific and Latina America (APLA) combined represent 22% of net sales. During the years in these regions there was increasing interest in football and lifestyle product, with an expansion in consumer spending. This is why the segment experienced a 5.65% CAGR from 2016, the highest between all the geographic areas. Lastly, Greater China account for 15% of net sales (Statista 2024). However, due to regulatory changes and market saturation, Adidas is rethinking its strategies in the region. The German giant's product portfolio comprehends footwear, apparel, and accessories, furnishing sports such as football, running, basketball, training, and lifestyle wear. Footwear is the largest contributor, accounting for 57% of global revenue, followed by apparel at 36%, and accessories and equipment at 7% (Statista 2024). Since 2002, the footwear segment has been the strongest performer, achieving a CAGR of 6.81%, while the apparel segment followed closely with a slightly lower CAGR of 5.74%. Adidas products are sold with different channels: DTC and wholesale. In the year 2023, the DTC channels, divided in E-Commerce and own retail, accounted for 41% of sales, an increase of 2% from 2022. On the other side, the wholesale channel accounted for 59% of total sales (Statista 2024). Regarding this, one of the main company's objectives to optimize its business model is the transition from a narrow focus on direct-to-consumer business to a service-oriented model toward retail partners. Moreover, Adidas manufacturing process is almost 100% outsourced, like its main competitor, in order to maintain a competitive production cost. Indeed, Vietnam and Cambodia are respectively the

leading manufactures for footwear and apparel. Regarding the footwear segment, Vietnam produced 38% of the total volume, Indonesia 32% and China 14%. This resulted in almost 97% of the total footwear production being outsourced in Asia. Similarly, the total apparel production in Asia was around 91%. As mentioned, Cambodia was the largest with 23% of the total volume, followed by 20% in Vietnam and 15% in China. Turkey, instead, became the largest sourcing country in 2023, with 26% of the sourced volume for accessories and gear. Given this, a key aspect of Adidas' operation is the focus on supply chain efficiency. The primary strengths lie in its historical brand equity and cultural influence. Indeed, it was able to provide products such as the Samba and Gazelle that perfectly integrates sport and lifestyle and appeal to consumers interests. Another critical focus for the company is its impact through social and environmental activities. One example is the project "Move for the Planet" that collects money with the goal to fund projects around the world that provide education on sustainability and making sport facilities more equipped for extreme weather conditions. As for Nike, a SWOT analysis is performed for Adidas. The company has established itself as a leading global brand with a focus on innovation, distinguishing itself with the iconic three-stripe logo and a blend of performance and fashion-oriented products. Unlike Nike, Adidas places significant emphasis on collaborations with designers and luxury brands, bridging the gap between high fashion and sportswear. This approach has enabled the company to expand its presence in lifestyle markets alongside its athletic focus and capture the attention of different customers. The German brand also leads in sustainability efforts, actively pursuing initiatives like using recycled materials and aiming for climate neutrality, positioning itself as a socially responsible company in a market increasingly influenced by environmental concerns (Jo Manthara 2024). Despite its strengths, it faces challenges exclusive to its structure and market position. Indeed, it has a slower penetration in the North American market compared to Nike's dominance and relies heavily on European and Asian revenues as its shares is higher than the competitor. In addition, similarly

to Nike, supply chain disruption can deeply affect Adidas operations, due to their overreliance on Asian manufacturers. Opportunities for Adidas lie in the expansion of its e-commerce presence, an area where it has fallen behind Nike's digitally advanced DTC strategy. Adidas has also the possibility to exploit the growing trend of blending activewear with casual fashion, with already consolidated collaboration from icon shoes such as Samba's with famous designers. However, it must remain cautious against threats such as the rising competition from established brands, and emerging local players in Asia. In addition, economic volatility, counterfeit products, and fluctuating raw material costs can present a threat to its profitability.

2. Industry analysis

The apparel and footwear industry has been a major contributor to global and national economies, particularly in the U.S. and other leading markets. The industry plays a fundamental role in economic growth, employment, and international trade, with both apparel and footwear industries making substantial contributions to Gross Domestic Product (GDP). In 2021 for example, the U.S. apparel sector alone contributed approximately \$367 billion to the GDP, accounting for around 2% of the total U.S. GDP (Statista 2024). Regarding global impact, the industry can generate around 3 trillion in revenue annually, contributing an important 5% to global GDP. One of the most significant factors shaping the industry is the shift in consumer purchasing habits, with the rise of e-commerce playing a key part. The growing reliance on digital marketplaces has placed traditional stores under pressure, forcing a transformation in retail strategies. E-commerce is enabling consumers to access a broader selection of footwear and apparel, making it easier for manufacturers and wholesalers to distribute products across different regions. This is why both Nike and Adidas DTC sales experienced such a high growth during the years and expenditures in innovation increased to keep in line with this trend.

2.1 Footwear Market

The footwear market is segmented into four primary categories: athletic footwear, sneakers, leather footwear, and textile and other footwear. Among these, textile and other footwear dominate the market, accounting for around 35% of global sales in 2023, generating revenues of \$140 billion. Moreover, the sneakers market, despite a smaller segment, has been experiencing rapid growth and is projected to increase by 35% from 2018 to reach \$98 billion by 2028. In general, global footwear sales amounted to \$398 billion in 2023, with projections indicating steady growth with an average annual growth rate of approximately 7% until 2028 (Cascarino, et al. 2024). Geographically, Asia is the largest regional market for footwear, with revenues of \$152.7 billion in 2022, and is expected to grow around 10% annually (Cascarino, et al. 2024). This growth is indicative of the increasing importance of emerging markets, both as production hubs and as significant consumer markets. In contrast, Europe, North America, and China are projected to experience lower growth, with CAGR of approximately 4%, 7%, and 6%, respectively. These regions continue to play a significant role in driving overall industry expansion due to their established consumer bases and strong brand presence. Meanwhile, Middle East and Africa stand out as high-potential markets, with a projected CAGR of around 10%.

2.2 Apparel Market

Apparel market refers to clothing that is produced for private end customers. This represents a huge market with worldwide revenues of 1.7 trillion in 2023. Overall, this segment is expected to grow annually at 6% until 2028 (Cascarino, et al. 2024). Geographically, Asia leads this segment in terms of total revenue. Indeed, in 2022 generated 617 billion in revenue, and it is expected to be the second highest growing region with a CAGR of approximately 8% until 2028. The region's growth is fueled by both local consumption and export markets, with nations like Bangladesh, Vietnam, and India playing major roles in the manufacturing of clothing due

to their cost-effective labour markets. Moreover, Middle and Africa leads the way in expected growth with a CAGR of around 9%, but their contribution in terms of total revenue is still minimal. However, these markets alongside with Latin American region represent opportunities for future growth. The expansion of the middle class in these regions, coupled with rising disposable incomes, is expected to drive demand for both affordable and branded apparel.

2.3 Sportswear Industry Main Players

The industry is characterized by lots of different players, those focusing more on luxury apparel such as Gucci or Prada; those focused on sporting footwear and others focused on different aspects. Therefore, it is important to understand which are the main players that compete with Nike and Adidas. In this report, Under Armour, Puma, Lululemon, VF Corp and Amer Sports are recognized as main competitors for Nike and Adidas (Statista 2024). Puma can be recognized as one the main players in apparel and footwear industry with the focus on athletic items. As a matter of fact, in 2023 the company was third, behind Nike and Adidas, in global sales between athletic apparel, accessories and footwear selling companies. In addition, since 2016 it has increased its global revenue with a CAGR of around 10%, underlying its efficiency in competing with the two main players. Similarly, Under Armour was fifth between athletic apparel, accessories and footwear selling companies with a revenue of around 5.9 billion. Since 2016 it has experienced a lower growth than Puma, as its compounded annual growth rate was around 2.5%. One of the main differences it has with the other companies is that its focus area is apparel rather than footwear. Lastly, Lululemon Athletica was ranked fourth in total revenue between athletic apparel, accessories and footwear selling companies, it has experienced an incredible growth since 2016 with a CAGR of 17.5%. Lululemon's significant growth is largely attributed to its use of high-quality, durable, and comfortable materials, which set it apart in this competitive market. As of 2024 it is the company with the highest expected sales growth during the next years with a CAGR of around 14%, ultimately establishing it as one of the main players

of the sector. While VF Corporation is not strictly focused on athletic or sports apparel, it is included as a competitor due to its significant presence in the broader footwear and apparel market, particularly with lifestyle-oriented brands, such as Vans, The North Face, Timberland, and Dickies. Company's revenue experienced fluctuations during recent years. In fiscal year 2024, it reported revenues of \$10.455 billion, a 9.97% decline from the previous year (MacroTrends 2024). Similarly, Amer Sports stands as a significant player, owning renowned brands such as Arc'teryx, Salomon, Wilson, Atomic, and Peak Performance. Since initiating its transformation journey three years ago, Amer Sports has achieved a remarkable 21% CAGR, culminating in net revenues of \$4.37 billion in 2023 (Amer Sports 2024).

2.4 Industry Key features

The sportswear sector benefits from major trends such as digital evolution, growing emerging markets presence, and the integration of athletic performance with lifestyle fashion. Nike is trying to exploit these trends increasing its digital ecosystem presence, Nike App and SNKRS platform, that has driven its digital sales to 43% of total revenues, reflecting a robust DTC strategy and consistent with slogans like "Just Do It," which match with the company's worldwide presence and high-performance products. Adidas, on the other hand, emphasizes its long-standing brand equity and collaborations with premium designers to combine athletic and high fashion, attracting a wide range of consumers. Moreover, Adidas is better exploiting the growth of emerging markets, with higher market share in these regions and projected future investment to consolidate its positioning. Both firms are capitalizing on the athleisure movement, with Nike focusing on innovative footwear technology and Adidas driving development through cultural impact and collaborative product lines.

2.5 Sustainability

As sustainability continues to influence corporate strategies, the emergence of anti-ESG sentiment presents a significant challenge for companies like Adidas and Nike. With a growing focus on factors such as geopolitical risks, both companies and investors are allocating less attention to sustainability risks and opportunities. Furthermore, recent consumer trends reveal a declining emphasis on sustainability, particularly in the apparel and footwear sectors. According to (Adams, Alldredge e Kohli 2024), younger consumers in Europe and the U.S. are increasingly deprioritizing sustainability as a key purchasing factor amidst inflationary pressures and economic uncertainty. Between 2023 and 2024, the percentage of Gen Z and millennial consumers willing to pay a premium for sustainable products decreased. This shift confirms the difficulty of using sustainability as a competitive differentiator especially in this industry, mainly given the higher production costs associated with eco-friendly products. Adidas and Nike have both made important steps in sustainability. Both companies prioritize environmental goals, with Adidas leading its “End Plastic Waste” initiative and Nike advancing its “Move to Zero” campaign. These initiatives required substantial upfront investments and significant supply chain modifications, placing greater pressure on Adidas's tighter operating margins. In fact, Adidas has taken a more aggressive stance on measurable KPIs, particularly in the social pillar. For example, the company has implemented Fair Labor Association (FLA) Workplace Standards and committed to ensuring that 80% of its workers are covered by collective bargaining agreements by 2025. In contrast, Nike has been less transparent in reporting social-related KPIs, although the company has made improvements in recent years. One of Nike’s key strengths lies in its high R&D spending, among the highest in the industry, which provides a competitive advantage by driving innovation in sustainable materials and manufacturing processes. As reflected in ESG scores, Adidas ranks highest among its peers, while Nike remains competitive, showing positive trends over time (Figure 2.1, Appendix).

Despite the challenges, regulatory pressures such as carbon taxes and stricter emissions targets remain inevitable, forcing companies to continue their sustainability initiatives. The regulatory frameworks in which companies operate further highlight key differences. Adidas, headquartered in the EU, operates under stricter regulations that place a stronger emphasis on ESG initiatives. In contrast, Nike, based in the U.S., functions within a regulatory environment that places comparatively less emphasis on sustainability. The climate crisis and reputational risks underscores the necessity of keeping sustainability central to strategic planning, as a vehicle to mitigate long-term risks. Our base-case forecast assumes that both Adidas and Nike will maintain strong positions in sustainability, within the current context of ESG sentiment de-prioritization. This further mitigates medium to long-term risks, as both companies are already well-positioned due to their substantial investments in sustainability initiatives to date.

3. Macroeconomic Overview: main factor influencing the sector

Understanding diverse macroeconomic contexts is pivotal for evaluating the performance of consumer goods companies like Nike and Adidas. Economic fluctuations influence consumer confidence and discretionary spending, which are key drivers for apparel and footwear demand. While advanced economies face headwinds from high borrowing costs and slowing growth, emerging markets offer robust expansion fueled by rising disposable income. Analyzing these dynamics provides crucial insights into how global economic conditions influence valuations, with geographic segmentation serving as the primary driver for understanding and forecasting the financial performance of the leading sportswear companies across different regions.

United States and Eurozone

Global inflation, driven by post-COVID supply chain disruptions, fiscal stimulus and strong consumer demand, peaked at around 10% in developed economies in June 2022. This surge significantly increased production and logistics costs, putting pressure on profit margins and

forcing both companies to carefully adjust pricing strategies to support consumer demand. In response to soaring inflation, central banks acted decisively: the Federal Reserve raised rates to 5.50%, the Bank of England to 5.25% and the European Central Bank to 4.5% by mid-2023. While these measures were crucial in containing inflation, they also increased financing costs, hitting Adidas in particular, whose weaker performance in 2022-2023 made it more vulnerable to adverse financing conditions than Nike. The economic effects of inflation and monetary policies have stressed differences between the United States and Europe. In the U.S., the economy demonstrated resilience, with Gross Domestic Product (GDP) growth stabilizing at 2-3% in 2023-2024 and consumer spending remaining robust. Advanced economies are likely to continue cutting interest rates as inflation normalizes. Indeed, the Federal Reserve is expected to cut rates by 50 basis points by year-end, with a total reduction of 100 basis points by the end of 2025. GDP growth is forecasted about 3% for 2024 and 2% for 2025 (Trading Economics 2024). These favorable conditions benefited Nike, whose dominant position in the North American market allowed it to leverage steady demand despite earlier inflationary pressures. However, several signs suggest potential uncertainty for the future, such as prolonged periods when the Fed Funds rate exceeds nominal growth, which often indicate economic risks. This stresses the need for further rate adjustments to mitigate potential challenges, a key assumption built into the current base case of our analysis. In contrast, Eurozone economic recovery has been slower and more uneven, with GDP growth stagnating between 0.1% and 0.7%; hence interest rate cuts are expected to proceed more rapidly than in the U.S., where strong private consumption supports growth, to counteract weaker demand and industrial challenges. A significant example is Germany, where GDP contracted by 0.1% in Q2 2024, highly affected by energy dependencies (Trading Economics s.d.). Elevated energy costs due to the Russia-Ukraine and Middle east conflicts further weighted on consumer spending and supply-chain dependencies especially for Adidas, resulting in higher one-off losses during the recent years.

Growth is projected to stay below 1.5% annually in 2024 and 2025, with the ECB likely prioritizing rate reductions to stimulate the economy amid slower recovery dynamics. Therefore, beyond the current trend that positions Adidas with a stronger momentum than Nike, these regional disparities highlight Nike's advantage in operating within a more resilient U.S. market, while Adidas continues to face economic challenges of Europe.

Greater China

After peaking in early 2020, China's inflation sharply declined as COVID lockdowns weakened consumer demand and disrupted economic activity. Although a recovery began in 2021 and early 2022 following the initial reopening of the economy, the prolonged lockdowns in 2022 reversed much of this progress. Reduced retail activity and production delays slowed both consumer spending and industrial output, severely limiting sales and disrupting supply chains for Nike and Adidas, particularly in their 2022 results. These disruptions set the stage for the deflationary pressures that emerged by 2023 and 2024. By mid-2024, inflation had fallen to near zero or negative levels, with core inflation at just 0.4%, reflecting the ongoing uncertainty: retail sales, growing at just 5% annually compared to 10% pre-2019, and stagnant investment highlight ongoing structural challenge (Asian Development Bank 2024). The People's Bank of China has responded with rate cuts, alongside plans to issue 2 trillion yuan in special sovereign bonds to stimulate weak domestic consumption. Despite these issues, China's 2024 growth target of 5% appears achievable while long-term growth is expected to gradually slow, reaching 3.6% by 2027. Both companies, heavily reliant on the Chinese market, see long-term opportunities to regain momentum in this key revenue region. Pre-COVID, Adidas derived over 20% of its revenue from China, while Nike has shown consistent but flat growth there. For this reason, Adidas's recent efforts to strengthen its presence may provide a competitive edge.

Emerging Markets

Emerging Asia has shown consistent resilience, with GDP growth stabilizing at 5% in 2023-2024, supported by strong domestic demand and exports in high-tech industries. Inflation, which peaked in 2021, has moderated to 2.5%-3%, providing a more stable economic environment. In contrast, Latin America has faced higher inflation at 7-8% and slower GDP growth, around 3%, reflecting ongoing vulnerabilities to global shocks, external pressures, and monetary tightening. However, emerging markets are poised for steady economic growth in 2024, driven by strong domestic demand and favorable demographics. Regions such as Southeast Asia, India, and Brazil are expected to outperform advanced economies, supported by resilient consumption and rising investment. India, with its young workforce and rapid urbanization, leads the group in GDP growth, and similarly Southeast Asia benefits from robust expansion. These regions offer long-term potential, driven by a young, optimistic and fast-growing consumer base, favoring premium products and brands. As a result, Adidas and Nike are well-positioned to benefit from the favorable conditions. The former already generates over 25% of its revenue from developing Asia and Latin America combined, demonstrating a strong momentum in these regions. This higher share reflects its successful market differentiation strategies, particularly in developing Asia, where it has concentrated its recent efforts on deepening penetration and building brand loyalty. Nike, on the other hand, has slightly lower current exposure to these regions, with less than 15% of its revenue from the combined Asia-Pacific and Latin America segments. However, its global leadership and strong direct-to-consumer strategies position it for significant future growth as it continues to scale operations in these high-potential markets (Asian Development Bank 2024).

INDIVIDUAL PART – Gregorio Nicoletti

4. Financial Analysis: Understand historical performance

The analysis aims to provide deeper insights into the key aspects of both companies' operations, explore their historical financial performance, from cash flow management and liquidity management to their capital structure and profitability. In addition, sales and cost drivers will be the foundation in projecting future forecast used for the different ending valuation methods.

4.1 Financial Statement Reformulation

Financial analysis is essential because it enables stakeholders to assess a company's financial stability, profitability, and potential for future growth. However, financial statements are structured in a way which may not present a clear picture for analytical purposes. Therefore, it is necessary to reformulate income statements and balance sheets to separate core from non-core activities and financing activities to provide a clearer view of the company's focus areas, long-term strategies, and potential future performance. Table 4.1 and 4.2 illustrates the reclassification and shows the results for each category. Additionally, for a more detailed analysis we divided core and non-core segments by product type (footwear, apparel, and equipment) (Table 4.3 and 4.4, Appendix) and geographic areas. After this examination and reclassification, we found that non-core activities are minor for Nike and largely offset for Adidas. For the balance sheet, we also divided items between core and non-core activities to understand how capital is allocated within the company's operations. For Adidas, H1 2024 data was included due to the distinct nature of balance sheet items compared to income statement items, allowing continuity and comparison with end-2023 figures. This ensures a more consistent comparison with Nike's fiscal year and captures Adidas' 2024 trend reversal. Even in this case, most items are classified as part of core activities and included under core invested capital. The only exception is the inclusion of lease liabilities under financial items, as specified in the annual report (Table 4.5 and 4.6, Appendix).

4.2 Cash flow management and liquidity

Effective cash flow management and liquidity are two of the most important features in financial analysis, as they ensure that the company can settle its obligations, continue its activities, and finance new growth opportunities. Cash flow management is best described as practices applied to monitoring, analyzing, and ultimately optimizing cash inflows and outflows (Faque 2020). On the other hand, liquidity considers the capability of the company to meet its short-term liabilities through liquid assets. To determine the company's cash flow management, the evaluation will be based on the Cash Conversion Cycle (CCC) and its component: Average Holding Period, Average Collecting Period and Average Payable period. The first ratio measures the average days that inventory is kept before being sold. For the last reported year, Nike presented a value of 96. Compared to the previous year's Nike is better managing its inventory level, successfully obtaining capital inflow in less days. The value is in line with pre-COVID level, showing the ability in recovering from inventories issues induced by the pandemic. On the other side, Adidas' inventory takes on average 147 days before being sold, around 50 days more than Nike. The Average Collecting Period represent the number of days on average that it takes for a company to receive the money from its sales. Nike can generate capital inflow on average in 31 days. Similarly, Adidas has a value of 32 days and it's improving since the previous years. Lastly, the Average Payable Period represent the number of days needed before settling supplier obligation. Nike present a value of 37 days that shows a decrease from the previous years. Adidas present a similar worsening trend; however, it takes on average 74 days to pay its suppliers. This portrays an advantage compared to Nike as it has more flexibility in collecting the required capital. Both Nike and Adidas present similar CCC values, with Nike's CCC being around 10 days lower than Adidas' (91 vs 105). This represents the number of days it takes to the respective companies to perform their trade cycle. Table 4.7 and 4.8 present a summary of the analysis. To assess the company's liquidity levels, we used

different activity ratios. The first one is the current ratio. Throughout all the analyzed years Nike presented a ratio above 2, therefore showcasing its strong ability to meet short term obligations. Similarly, Adidas always had a value slightly above 1. Moreover, the Quick ratio measures the company ability to meet its short-term liabilities using its most liquid assets thus, without considering inventory. Nike presented a value above 1 in all the analyzed years. On the contrary, Adidas had a value of 0.66 in the last reported year, with similar values for previous ones. This indicates that Adidas rely heavily on the sales from its inventory to cover all short-term liabilities. Lastly, the Cash Ratio measures the company ability to cover its short-term liabilities with just Cash & cash equivalent. Nike present values of almost 1 for this ratio (0.93 last reported year). Instead, Adidas present a value of 0.18 for the last reported year, highlighting challenges in meeting its obligation with the available cash (Table 4.7 and 4.8, Appendix).

4.3 Capital Structure

Capital structure is an important determinant of market value and overall firm health. The proportion of debt to equity can affect the firm valuation and its cost of capital. A common approach taken by corporations is to use more debt capital in their financing mix to increase value for their shareholders, benefiting from the tax shield on interest payments. However, increasing reliance on debt also raises the firm's financial risk, potentially leading to higher borrowing costs and a greater overall cost of capital. One key metric to examine is the gearing ratio. Over the analyzed period, Adidas' gearing ratio reveals a dynamic trend, shifting from a positive 1.9% in 2018, to a steep increase reaching -58.6% in 2022, before stabilizing at -51.8% in H1 2024. These shifts indicate strategic adjustments, likely influenced by operational needs and market conditions but also signals increased financial risk. At the same time, Nike's gearing ratio demonstrates a stable and more conservative approach compared to Adidas. Starting at -9.6% in 2018 and declining further to -43.8% during the pandemic before stabilizing at -24.4% in 2024. Another perspective is given by Debt-to-Equity ratio. In 2022, Adidas' D/E ratio

peaked at 141.5%, reflecting a sharp increase in net debt due to reduced cash reserves and remained high at 107.6% in 2024. Nike's D/E ratio shows a different trend. It first jumped to 78.1% in 2020 due to a significant increase in long term debt. However, by 2024, Nike reduced its D/E ratio to 32.3%, signaling effective debt management and improved equity positions (Table 4.9 and 4.10, Appendix). Moreover, evaluating the Debt-to-EBITDA ratio provides valuable insight into a company's ability to manage debt relative to its operational earnings. For Adidas, the ratio increased significantly in 2023, jumping from 0.91 in 2021 to 3.90, driven by a notable rise in net debt and declining EBITDA. Nike, on the other hand, shows more stability. Its Debt-to-EBITDA ratio spiked to 1.54 in 2020 as long-term debt increased and EBITDA declined due to pandemic-related challenges. However, the company managed to reduce the ratio to 0.63 by 2024, reflecting improved EBITDA and debt management. Additionally, the solvency ratio measures a firm's ability to meet its long-term obligations. For Adidas, it dropped from 69.0% in 2018 to 33.4% in 2022, reflecting rising liabilities and a sharp decline in equity due to weaker performance. By H1 2024, it stabilized at 35.0%, showing limited recovery and a potential reverse trend. On the other side, Nike saw its solvency ratio rebound from a low of 34.6% in 2020 to 60.9% in 2024, because of a stronger profitability.

4.4 Profitability Analysis

Profitability analysis is one of the major critical aspects that portray the performance of a company by measuring the returns received on investment and the effectiveness of the operational activities during the fiscal year. This analysis will focus on metrics such as Return on Equity (ROE), Return on Assets (ROA), Return on Invested Capital (ROIC), Gross Margin, and EBITDA Margin. Gross Margin is the ratio used to assess the profitability of the core operations before facing other operating expenses, taxes, and interest. Both companies present a Gross Margin around 45-50%. This result is given by the nature of their industry. Indeed, brands like Nike and Adidas (being leaders in the industry) can command premium prices due

to their global reputation, allowing for significant markups on apparel and footwear, where production costs are relatively low compared to the retail price. Next, the EBITDA margin, which accounts for additional costs like SG&A expenses, offers a more comprehensive perspective on operational efficiency than Gross margin. This margin reveals a more notable contrast between the companies. Nike has consistently maintained a stable EBITDA margin around 15% (most recently at 14%), demonstrating its effective management of SG&A expenses and its ability to sustain robust operating margins over recent years. In contrast, Adidas has experienced a downward trend in its EBITDA margin, falling to 6%. This decline highlights Adidas's challenges in managing SG&A costs, partly due to the revenue drop from the termination of the Yeezy line. Despite this loss in revenue, Adidas still had to cover its fixed operating expenses, which, led to a lower EBITDA margin (ADIDAS 2023). Moreover, ROA is a profitability metric that measures a company's efficiency in generating earnings from its total assets. Nike's ROA has been relatively strong and stable over the years. Starting at 8.7% in 2018, Nike's ROA peaked at 17.1% in 2019. Despite a dip to 8.3% in 2020, due to global disruptions, Nike rebounded with a consistent upward trend with a ROA of 14.6% in 2024. In contrast, Adidas's ROA showed more volatility, starting strong at 11.8% to then decline to -0.6% in 2023. This downward trend reflects Adidas's struggles with lower revenue and fixed costs that could not be sufficiently offset, particularly after the loss of key product lines. On the other side, Return on Invested Capital is used to evaluate a company's ability to generate returns from its invested capital. During the years analyzed, Nike and Adidas present different trends, highlighting differences in capital management. As a matter of fact, Nike was able to achieve and maintain an overall ROIC always above 20%. This stability demonstrates Nike's effective capital utilization and ability to generate substantial returns from its operations. In contrast, Adidas's ROIC has been more volatile. Beginning at 31.4% in 2018, Adidas's ROIC dropped close to zero in 2020 before recovering to 29.4% in 2021. However, it saw a sharp decline to

8.4% in 2022 and turned negative at -0.9% in 2023. This downward trend highlights Adidas's recent struggles with profitability and efficient capital use. We further breakdown the ROIC to analyze the Core ROIC and its components. For both companies, core operational margin before COVID result were similar around 9%. During the years, Nike was able to maintain similar result. Instead, Adidas core operational margin deteriorated until a value of 0.9%. Core asset turnover instead measure the success of asset employment to generate returns. Nike's core asset turnover, although gradually decreasing, remains relatively high, falling from 397% in 2018 to 285% in 2024. Adidas, on the other hand, has experienced a more pronounced drop in core asset turnover, from 456.7% in 2018 to 206.0% in 2023. Table 4.11 and Table 4.12 provide a summary of the result. Lastly, ROE is one of the most fundamental measures of the efficiency with which a firm generates returns for shareholders from its equity. By breaking it down, we can understand which factors are the drivers for each company's ROE and gain further insight into the companies' capital allocation and efficiency of operations. For the years considered Nike present a steady ROE, ranging from 30% to 40% (39.5% last year). This consistency reflects Nike's effective use of equity to generate profits. On the other side, Adidas ROE presented high volatility with a peak ROE of 36% in 2021 to a -5.6% in 2023. If we investigate the components of ROE, is possible to highlight the differences in ROIC, stable and positive for Nike and declining for Adidas, as the main reason of such distinctive values in ROE. If we further analyze the last decomposition of ROE is possible to see that Nike's strong ROE is mainly driven by stable and profitable core operations, with minimal dependence on debt and non-core activities. Adidas ROE, by contrast, shows greater influence by non-core activities and leverage that deteriorate its value (Table 4.13 and 4.14, Appendix).

4.5 Cost Drivers

The close link between cost dynamics and revenue is evident in Nike and Adidas, reflecting the structure of their operations and strategic priorities. For Cost of Goods Sold (COGS), Adidas

has historically achieved higher profit margins compared to Nike, though it has been on a declining trend. This suggests that while Adidas' sales have decreased, it has not effectively managed its cost structure to align with this reduction. Nike, in contrast, has maintained stable COGS at approximately 45% of revenue, showcasing consistent cost efficiency even into the first quarter of 2025. Without access to unit sales data, it is challenging to identify precise cost drivers, but from the report analysis is evident that the reliance on outsourcing in Asia allows Adidas and Nike to maintain competitive COGS due to lower production costs. In marketing expenses, Adidas has reduced spending as a percentage of revenue but still remain higher than Nike's. This reduction has coincided with a proportional increase in distribution and selling expenses, reflecting the impact of supply chain challenges post-Russia-Ukraine war and Adidas' higher energy dependencies. On the other side, Nike has seen nominal increases, while reducing marketing expenses as a percentage of sales, due to its steady revenue growth. Operating overhead expenses have diverged between the two companies. Nike's nominal and percentage increases are attributed to rising employee numbers and wages to support growth. However, following weak results in 2024 and Q1 2025, Nike aims to reverse this trend (NIKE, INC. 2024). Adidas, on the other hand, has rationalized employee numbers while managing wage increases, reducing the impact of general and administration costs. These dynamics contribute to significant differences in total operating expenses (OPEX). Adidas' OPEX has risen from 90% of revenue in 2018-2019 to 99% in 2023, eroding profitability. Nike has maintained OPEX consistently below 90%, apart from the pandemic, reflecting its stronger cost efficiency and better operational alignment with sales, even in the 2025 first quarter with lower revenues. Adidas' EBITDA margin dropped from 18% pre-COVID to 6% in 2024, with operating profit at just 1.3%. Its higher D&A as a percentage of PP&E (23% vs. Nike's 16%) indicates heavier asset reliance, potentially reflecting less efficient asset utilization (Table 4.15 and 4.16, Appendix).

4.6 Sales Drivers

The sales drivers for Adidas and Nike reveal distinct dynamics across segments, channels, and geographical areas, shaped by market trends and strategic priorities. For segments, Adidas has seen footwear recover strongly post-COVID, now the fastest-growing division in 2024. Conversely, apparel grew during COVID but declined recently, while accessories and gear had continuous steady growth, reflecting global fitness and athleisure trends. Nike has consistently grown its footwear segment over the years, though it experienced a slowdown in 2024, signaling potential sales declines. In channels, Adidas has reduced its own retail stores to optimize costs, while e-commerce and social commerce sales have surged, now comprising nearly 44% of revenue versus 28.7% in 2018. Wholesale remains its largest channel, growing nominally due to partnerships, although its percentage contribution has declined with e-commerce's rise. Nike has also expanded its e-commerce presence while maintaining strong wholesale performance. Geographically, even though Adidas provides geographic data, its utility is limited due to changes in segmentation in the 2024 updated reporting structure. Adidas leads in EMEA, driven by its German roots, but struggled in 2023 due to Yeezy inventory liquidation, which pressured margins. In the Americas, Adidas faced competition from U.S. brands like Lululemon, with footwear sales down 22% in 2024. Nike has shown consistent growth in EMEA and NA, with the U.S. contributing over 40% of its revenues, yet EMEA sales have recently declined. In China, both brands suffered in 2022 due to lockdowns, however Adidas was hit harder, with the market representing 20% of its 2021 revenues. Emerging markets show Adidas' advantage, with LATAM and APAC contributing over 20% of total revenue and growing steadily. Nike's combined LATAM and APAC markets account for 13-14% of revenues. Given this, Adidas' stronger position in emerging markets, highlights its potential for growth and profitability (Table 4.17 and 4.18, Appendix).

4.7 Invested Capital

To forecast future financial statements, it is essential to identify the key drivers of invested capital. This analysis focuses mainly on operating cash, inventory levels and property, plant, and equipment. Unlike other industries where a slightly lower margin may suit, the consumer goods sector typically requires more operating cash due to the need for efficient inventory management and supply chain flexibility. We calculated Adidas' operating cash at 3% of total revenue, which aligns with the standard guideline for the retail and apparel sector. On the other side, given Nike's high cash levels, we assumed 5% of total revenue as operating cash. According to this approach, Adidas' excess cash is just 0.5% of revenues, reflecting reduced cash reserves, potentially impacting Adidas' ability to defend financial pressures, while Nike nearly doubled its cash reserves post COVID. This approach allows Nike to keep steady cash, ensuring the liquidity needed for operational and financial flexibility. Moreover, Adidas' PP&E remained stable, decreasing slightly from €2,237 million in 2018 to €2,095 million in H1 2024. The reduction in retail stores (from 2,520 in 2018 to 1,863 in 2023) was partially offset by investments in distribution centers to support e-commerce growth. The increase in Right-of-Use assets in 2024 suggests operational efficiency and resource alignment with demand, particularly in emerging markets. Similarly, Nike's investment in PP&E reflects its commitment in supporting long-term growth and operational capacity. In addition, the PP&E-to-store ratio, ranging between 4.44 and 4.78, showcase Nike consistency in allocating capital for PP&E however, with a declining investment in physical stores (NIKE, INC. 2024). As a matter of fact, also ROU as a percentage of revenue shows a declining trend due to Nike increased focus on digital sales. Moreover, Adidas' inventory management has faced significant challenges, reflected in the average holding period trend. The holding period peaked at 183.71 days in 2022, following reduced sales performance and the termination of the Yeezy collaboration, leading to inventory buildup. Similarly, Nike experienced a peak in its holding period during 2022 (121

days), however it was able to recover fast bringing it back to almost pre-COVID level around 96 days. Both Adidas and Nike inventory consistently exceeded PP&E as a percentage of revenue, reflecting the apparel sector's reliance on high stock levels to meet demand and seasonal trends. Goodwill remained stable for both companies, reflecting limited acquisition activity. Intangible assets are relatively low despite strong brand presence, emphasizing organic growth over brand acquisitions. Similarly, for both companies Current accrued liabilities as a percentage of OPEX show a slight decline, signaling improved cost control and a focus on streamlining operating expenses over recent years (Table 4.19 and 4.20, Appendix).

4.8 Forecasting Income Statement and Balance Sheet

Once having analyzed the historical financial performance and the different sales and cost drivers of the company, is now possible to use this analysis, adding other information, to forecast income statement and balance sheet for the future years. To do so we used several variables such as Real GDP growth of the various geographical areas, past and projected specific industry CAGR, and the in-depth analysis of the company performed (Table 4.21, Appendix). The main driver of our future valuation is revenue forecast. We decided to divide the future years in different “phases”: one from 2025 to 2029, and the other from 2030 to 2033. For the first phase our analysis will be focused on specific assumptions based on sales drivers and specific geographical info’s regarding footwear and apparel. In addition, we will use the 2025 Q1 result for Nike and 2024 H1 result for Adidas to understand latest trends. For the first phase, we will derive our revenue forecast divided by geographic areas for Adidas (given the absence of historical info for segment by geographic area) and by geographic areas and product type for Nike. For both companies, we derive our model projections based on currency neutral trend, except for 2024 adidas forecast that is high negatively impacted by currency fluctuations. Adidas’ H1 2024 results show a strong recovery, with double-digit currency-neutral growth in Europe (+22%), China (+7.5%), APAC (+23.2%), and LATAM (+13.1%), driven by vintage-

inspired models and focus on high-growth regions. North America revenues declined by 5.9%, impacted by discounted Yeezy inventory despite improving underlying business. This results in a strong overall 2024 for the company, compared to unremarkable 2024 for Nike with revenue growth of just 0.3% and showcasing difficulties that will continue for the next year. Indeed, Nike's 2025 outlook highlights challenges. To forecast revenues for the year 2025 we compared the 2025Q1 results with the 2024Q1 result and assumed that the percentage change will be almost constant for the full year. With regards to EMEA, on a currency neutral base, footwear revenue decreased by 12%, apparel by 11% and accessories by 6%, resulting in an overall decrease of 11%. This decline was due to several factors such as economic challenges and decrease in wholesale revenues. North America faced a slightly lower overall decrease of 10%. This was driven by a 14% decrease in the footwear segment and a 10% in the apparel. The main reasons behind this drop were reduced consumer demand and a significant drop in digital sales, which fell by 20%. Other main markets such as Greater China and APAC & LATAM experienced less amplified revenue drop. Greater China revenue declined an overall 3% with the main driver being the apparel sector (-9%). This decrease was influenced by elevated inventory levels and moderated consumer spending. Similarly, APAC & LATAM segment's revenues dropped by 2%. On the other side, Adidas will follow its 2024 momentum, with revenue growth for 2025 adjusted above the industry CAGR, resulting in €24.5 billion (+6%). For the year 2026 we expect a recovery from Nike (\$50.5 billion, +8%) and further boosted revenue for Adidas (€26.9 billion, +9.85%) because of the FIFA World Cup that will take place from June to July 2026 in United States, Canada and Mexico. This event is expected to drive growth particularly in NA, LATAM, and Europe, given the companies' strong presence in football. This is why for Nike, for the year 2026 we forecast revenue growth based on the regional and type of product projected CAGR combined with projected real GDP growth of the region, adjusted for expected market share, resulting in revenue of \$50.5 billion (+8% from previous year). Whereas for

Adidas, revenues are projected to growth above CAGR and further enhanced specifically in North America. This is due to the anticipated benefit from a reversal of recent negative trends, supported by Adidas strategic positioning and investments in the NBA, a sector dominated by Nike, and a renewed positioning in the wholesale market. Post-2026, growth in advanced economies like NA and Europe is forecasted to align with industry cyclicality, with Adidas revenue CAGR stabilizing at 5% in Europe and 4.6% in NA by 2029, driven by the athleisure and fitness wave. Similarly, Nike revenue growth will stabilize around 7% in NA and 6% in EMEA, slightly above industry growth due its recovery and revenue boost due to World Cup in 2026. In emerging markets like APAC and China, Adidas growth is forecasted above the regional CAGR, leveraging Adidas' competitive advantage in these regions. By 2029, China's CAGR of 8.4% and APAC's 10.4% highlight the potential for sustained growth, further supported by significant investments in retail stores and regional distribution expansion, allowing Adidas to strengthen its presence and capture consumer demand. On the other side, Nike revenue growth in these regions is forecasted to be lower than Adidas, with CAGR in Greater China around 5,9% and CAGR in LATAM&APAC around 9%. With regards to China, Nike has been the leading sportswear brand. This dominant position means that its growth potential is more constrained compared to Adidas, which have more room to expand their market presence. Additionally, the rise of local brands such as Anta and Li-Ning has intensified competition, affecting Nike's growth prospects. Instead, in APAC & LATAM, Adidas market share is higher compared to Nike. As said, Adidas has been actively investing in expanding its retail footprint and enhancing its distribution networks in these regions. These strategic initiatives have positioned Adidas for higher growth rates compared to Nike. From 2030 to 2033, revenue forecasts for both Nike and Adidas incorporate a weighted average of real GDP growth and industry trends, reflecting the long-term impact of economic prosperity and consumer wellness in shaping the sportswear industry globally. Adidas' gross margin is

forecasted to rise through 2025 and 2027 on 52%, supported by the momentum and conclusion of inventory clearance in 2024, to then stabilizing near pre-COVID levels at approximately above 50%. This reflects Adidas' improved efficiency but also the industry characteristics given its competitiveness. In comparison, Nike's gross margin for 2025 is projected to follow the results of the 2025Q1 resulting in a margin of 45%. From 2026 onward, Nike's gross margin is expected to increase and stabilize around 47%, aligning with industry values and historical trends. Marketing expenses for Adidas are expected to temporarily increase as a percentage of sales to sustain growth, then stabilize as the company matures. Similarly, Nike's selling and administrative expenses (S&A) are forecasted to rise in 2025 and 2026, reflecting increased investments in marketing and innovation to reinforce its market leadership. Both companies anticipate long-term stabilization of these costs, with Nike maintaining S&A expenses around 32% of sales. Adidas also projects a decline in distribution and selling expenses, driven by digitalization and IT investments, contributing to its improving cost structure. Both Adidas and Nike forecast improved profitability in the medium term, with Adidas targeting double-digit core results before taxes by 2026, while Nike's margins are expected to gradually improve as operational adjustments take effect. Nike's non-core operations are expected to remain constant, with limited impact on business results. Financial results will stay negative but improve due to declining interest rates. Similarly, Adidas anticipates improved non-core results as losses from the Russia-Ukraine conflict and Yeezy inventory clearance decrease, offset by consistent royalty revenue. Financial outcomes are projected to remain negative but improve over time as lower interest rates ease borrowing costs (Table 4.22 and 4.23, Appendix). To forecast the Balance Sheet, we kept the respective historical percentage of revenue to be allocated as operating cash for both companies: 5% for Nike and 3% for Adidas. Moreover, Adidas' inventory is expected to normalize to pre-COVID levels by 2026, maintaining adequate stock for growth. From 2028, inventory levels will rise slightly as the holding period stabilizes,

reflecting industry cycles. As for Nike, inventory holding period is forecasted to increase in 2025 and 2026 due to the expected difficulties in 2025. After 2026 it will gradually decline until reaching pre-COVID levels. This will still result in a continuous yearly increase of inventory level to meet up the demand. Adidas accounts receivables are projected to retain a higher collection period, reverting to pre-COVID levels to support revenue growth, with only modest reductions during weaker performance periods. Similarly, Nike receivables are projected to retain a higher collection period during 2025 and 2026 and then stabilize in future years. On payables, Adidas' strong creditor relationships should allow for a gradual increase in accounts payable periods, enhancing cash flow flexibility. Nike payable period will increase due to steps implemented. Indeed, Nike has employed a supplier finance program, commonly known as reverse factoring, to optimize its accounts payable processes. These programs allow Nike to extend payment terms with suppliers while enabling suppliers to receive early payment through third-party financial institutions. Moreover, Adidas PP&E investments are forecasted to peak in 2025, returning to pre-2024 levels to support growth, before declining as a percentage of revenue into the high single digits, reflecting a shift to digital distribution and fewer retail stores. Similarly, Nike's PPEs are expected to decline as a percentage of revenue. Indeed, Nike has strategically shifted its focus towards digital channels and direct-to-consumer sales, leading to a gradual reduction in its physical retail footprint. This transition is evident in the company's financial reports, which indicate a slight decrease in PPE investments related to retail operations. On the contrary, both Adidas and Nike RoU assets are expected to grow, enabling flexible market expansion, particularly in emerging regions (NIKE, INC. 2024) (ADIDAS 2023). Other intangible assets are set to rise significantly, supporting brand and intellectual property growth. Remaining balance sheet elements will follow historical revenue averages, or as a percentage of operating expenses where indicated (e.g., liabilities). Lastly, Adidas debt-to-equity ratio is projected to decline from 100% in 2024 to 50% by 2029, targeting 40% afterward,

signaling Adidas' commitment to long-term financial resilience. Instead, Nike debt-to-equity ratio is expected to grow in 2025 and be stable around 45% until 2029, where it starts declining targeting a 30% overall ratio (Table 4.24 and 4.25, Appendix).

5. Discounted Cash Flow (DCF) Valuation Method

Following the comprehensive financial analysis, we determined the intrinsic value of both companies, forming the basis of our two-fold valuation and pairs-trade strategy. DCF served as the cornerstone of our analysis. Free Cash Flows to the Firm (FCFF), representing funds available to investors (both debt and equity holders) and reinvestment, were calculated by subtracting changes in invested capital from the net result. Based on our reformulated income statement and balance sheet, and considering the limited distinction between core and non-core activities for both companies, we excluded non-core activities from the valuation. This approach allows us to concentrate exclusively on core operations, which are the primary drivers of growth and performance. Financing decisions are excluded from cash flow calculations since their impact is already accounted for in the cost of capital. Free Cash Flow is calculated using the following formula: $FCF = EBIT * (1 - \text{tax rate}) + \text{Depreciation \& Amortization} - \Delta \text{Operating Working Capital} - \text{CAPEX}$. While this formula offers a practical framework, it simplifies complexities inherent in large organizations, such as differentiating specific business units or accurately classifying financial elements, which may lead to challenges like imprecise ROIC calculations. To compute Financing Cash Flow, we incorporated net debt, other claims cash flows, and equity cash flows using the formula: $(\text{Financial Result} + \Delta \text{Net Debt and other claims}) + (\Delta \text{Equity} - \text{Comprehensive Income})$. This ensures the conformity of the Cash Conservation Equation ($\text{Free Cash Flow} = - \text{Financing Cash Flow}$), verifying that cash flows from operations and investments match those from debtholders and equity holders. For future projections of key underlying items, we analyzed the reports of both companies and employed tailored methodologies based on the available information. For Adidas' CAPEX, we obtain an

independent estimation of new investments alongside D&A benefiting from more detailed disclosures. Historical investment trends were reviewed, distinguishing expenditures on infrastructure (PP&E) from IT and digitalization (intangible assets). Considering the growing emphasis pattern on digitalization, the projection assumes a gradual shift, with a 60% allocation to PP&E and 40% to intangible assets by 2033. On the other side, Nike's projections, constrained by limited data, were derived using a standard approach. CAPEX was estimated as the difference between future and present PP&E and Intangible assets balances plus D&A. For both companies, the forecasted CAPEX exhibits a steady and linear growth trajectory to support revenue growth. Regarding D&A, Adidas' projections were computed separately for PP&E and intangible assets, based on historical averages. From 2027 onward, D&A is projected to decline as the investment mix increasingly favors intangible assets, which depreciate more slowly due to their lower value erosion. For Nike, D&A was projected as a historical percentage of the combined PP&E and intangible assets, providing a practical estimation grounded in past trends. Lastly, Operating NWC projections were focused exclusively on core components: Operating Cash, Accounts Receivables, Inventories, and Accounts Payables. Both companies are anticipated to better navigate their management of supply chain in the current dynamic macro environment. Adidas is expected to stabilize NWC levels to pre-COVID percentages following recent challenges, while Nike is projected to maintain recent-year trends, with a temporary increase in 2025 attributed to weaker performance and operational challenges (Table 5.1 and 5.2, Appendix). To enhance the projections of long-term value drivers, we adopted a theoretical framework based on company valuation principles. The uncertainty in identifying the exact timing for perpetuity usage reinforces the necessity of detailed projections over a 10-year horizon. By 2033, the stabilization of cash flows at approximately 2.5% annual growth supports our choice of a terminal growth rate of 2.5%, aligned with the expected nominal growth of the global economy. The analysis of ROIC and RONIC further validates the robustness of this

approach (Table 5.3 and 5.4, Appendix). Using the projected Free Cash Flows, we applied the DCF approach utilizing the Weighted Average Cost of Capital (WACC) to evaluate the intrinsic value of the company. The DCF approach, widely regarded as the most common valuation method, estimates a company's value by discounting future cash flows to the present. In the WACC calculation, we used the 10-year U.S. Treasury yield as the risk-free rate for Nike and the Bund 10-year for Adidas, aligning with the valuation's time horizon and reflecting the creditworthiness of the U.S. and German government. The equity beta was determined for Adidas compared to DAX and Euronext, and for Nike calculated from Dow Jones and S&P, as an average of each company's performance relative to their respective indices, resulting in a beta of 0.97 for Adidas and 0.70 for Nike. We calculated company-specific betas using monthly observations over the past 60 months, as this approach provides a robust measure of systematic risk, capturing longer-term market trends while smoothing out short-term volatility (Mauboussin e Callahan 2023), ensuring more accurate cost of equity estimations. The beta was then re-levered based on the forecasted target D/E ratio. This ensures alignment with market expectations and reflects regional risk environments. To achieve the most accurate analysis, we hypothesized several scenarios to identify a base case most aligned with the current market valuation. For Adidas, the base scenario employs its current D/E ratio based on market values as of November 8, 2024, at approximately 14%, with a share price of €219. For Nike, the current D/E is significantly lower at 5.5% (from a share price of \$76) reflecting its robust capital structure. As a target D/E ratio, we maintained levels below 30% for both companies (at 25%), consistent with the Russell 3000's long-term decline in leverage since 2008. Using the derived equity beta, we applied the CAPM with a 5% market risk premium for Adidas (Germany) and Nike (US), based on latest data (Damodaran 2024) (Kroll Inc. 2024), ensuring alignment with market expectations and reflects regional risk environments, resulting in a cost of equity of 7.6% for Adidas and 8.2% for Nike, primarily due to Germany's lower current risk-free rate. To

estimate the cost of debt for Adidas and Nike, we relied on their respective credit ratings and applied the Capital Asset Pricing Model (CAPM). This alternative approach was adopted due to the lack of precise information on recent corporate bond issuances, with credit ratings providing a more accurate and reliable basis for estimating current borrowing costs. For Adidas, with a credit rating of A3/A- from Moody's and S&P, we estimated a debt beta of 0.15 based on its risk profile and leveraged a risk-free rate of 2.4% (Bund 10-YR). Applying a 5% market risk premium, this resulted in a cost of debt of 3.15%. For Nike, rated Aaa/AAA, a lower debt beta of 0.05 was applied alongside a risk-free rate of 4.2% (10-year U.S. TY), resulting in a cost of debt of 4.41%. This methodology aligns credit ratings with systematic risk and provides a forward-looking, market-consistent estimate of each company's borrowing costs. Applying the Weighted Average Cost of Capital, we calculated values of 6.55% for Adidas and 7.24% for Nike. Given the high sensitivity of WACC to the risk-free rate, particularly notable due to its recent variability caused by ongoing policy changes and considering that the initial D/E ratio is an investor assumption subject to adjustments before re-leveraging beta, we performed a sensitivity analysis. The analysis highlights how significantly WACC can vary in response to changes in the two parameters, demonstrating their critical impact on overall valuation outcomes (Table 5.5 and 5.6, Appendix). Once calculated the appropriate discount factor, we derived the estimated share prices of approximately €175.7 for Adidas and \$87 for Nike. When compared to the observed share prices on the valuation date of 08/11/2024, which were €219 for Adidas and \$75.9 for Nike, the analysis reveals a significant disparity. Adidas appears to be overvalued by approximately 20%, while Nike shows an undervaluation of around 15% relative to their intrinsic values. The sensitivity analysis further validates these findings (Table 5.7 and 5.8, Appendix), confirming the clear misalignment between market prices and fundamental valuations that highlights a profit opportunity through a pairs-trading strategy, going long on Nike and short on Adidas.

INDIVIDUAL PART – Nicola Grassoni

6. Scenario and Simulation Analysis

We conducted a detailed scenario and simulation analysis, grounded in the primary valuation methodology of the research, the DCF, to evaluate potential outcomes for Nike and Adidas under varying key assumptions. This analysis explores the upside and downside risks of the proposed pairs-trade strategy: long Nike, short Adidas. The scenario analysis is divided into three approaches. The first examines short-term growth dynamics (CAGR 2025–2029), while the second focuses on long-term growth projections (CAGR 2030–2033), keeping margins constant. The third approach evaluates WACC changes. Additionally, a Monte Carlo simulation was employed to further refine our valuation of Adidas and Nike.

6.1 Adjusting Growth in Phase 1 (CAGR 2025–2029)

The short-term phase is critical because it reflects immediate strategic decisions, market dynamics, and external macro conditions that have a more direct impact on near-term cash flows and valuations than long term fluctuations. In the best-case scenario of our pairs trade strategy, despite recent momentum, Adidas faces persistent challenges, particularly in inventory management. With 59% of its revenue stemming from wholesale, the company relies on third-party retailers to manage inventory risks. However, its current surplus of unsold stock raises concerns about potential margin compression if inventory levels continue to grow. In parallel, stagnation in the Eurozone, with rising competition in North America, led by US sportswear brands, threatens its position and growth in the main regions. Moreover, the emergence of local brands in APAC constrains expansion in one of its most critical markets. Geopolitical risks and supply chain dependencies further amplify these challenges, underscoring Adidas's more vulnerability than Nike to external disruptions and limiting its ability to sustain momentum. In contrast, Nike's strong fundamentals and robust capital structure provide a solid foundation for

a return to its historical track record of positive value creation through strategic investments. The resilience of the U.S. market, characterized by stronger GDP growth relative to the Eurozone and a vibrant equity market, provides Nike a stable base to regain market share, leveraging its leadership and brand dominance. With a lower revenue share from emerging markets compared to Adidas, Nike has significant growth potential in these regions. Down 37% since 2020 and trading 60% below its 2022 peak, it presents an investment opportunity. In this scenario, compared to the base, its equity value could rise to \$101 (+13.83%), while Adidas faces a sharp drop to €138 (-27.3%), reflecting asymmetry and a higher potential drawdown for Adidas, as its current price may be sentiment-driven rather than based on fundamentals.

In the worst-case scenario, Adidas sustains its recent momentum, with strong sales growth fueled by resolved inventory challenges, leading to higher profitability. The company continues to gain market share in Europe, not affected by Eurozone economy and the end of supply-chain issues (geopolitical disruptions), while maintaining a competitive advantage in emerging markets. Nike faces a weaker recovery, with only modest improvements post-2025. Additionally, tariff-related headwinds and operational inefficiencies in Asia further erode Nike's profitability and ability to leverage emerging market opportunities. These dynamics weaken the long Nike strategy thesis, highlighting the risks of weak growth in its core markets and muted recovery potential. This scenario shows Nike's equity value declining to \$77 (-12.97%), while Adidas an increase to €223.8 (+21.5%). The more pronounced increase, combined with its sharp decline in the best-case scenario, highlights the potential higher volatility of Adidas compared to Nike (results for each company in table 6.1 and 6.2, Appendix).

6.2 Adjusting Growth in Phase 2 (CAGR 2030–2033)

The second approach explores CAGR adjustments from 2030 to 2033, when Nike and Adidas are anticipated to reach a stable growth phase. In the best-case scenario for our pair trading strategy, Nike capitalizes on its strong leadership position, particularly in North America where

higher disposable incomes and a robust economic outlook will drive growth. In addition, Nike is projected to increase its market share in emerging markets, supported by urbanization and effective digitalization strategies. Moreover, operational efficiency and adaptability to future trends further strengthen its profitability during this period. Overall, this will result in an expected intrinsic valuation of \$114.4, a 23.91% upside from current base scenario. Conversely, Adidas is expected to face significant challenges in this scenario. Consolidation of local Asian brands and shifting consumer preferences towards culturally relevant products will reduce its market share in emerging markets. Moreover, in the Eurozone, lower growth rates relative to other regions will constrain Adidas's ability to expand combined with difficulties in gaining market shares in North America. Given these challenges, the expected share price is €156.5. In the worst-case scenario, Nike is expected to face growing challenges due to market saturation, changing consumer demands, and reduced brand loyalty. Also, a shift in consumer preferences toward sustainability will expose Nike's relative weaker ESG profile, potentially reducing brand appeal. Furthermore, its reliance on North America becomes a vulnerability if growth slows in the region or if competitors gain market share. This will result in a decrease of 8.47% from the base scenario share price, with a value of \$80.2. Instead, Adidas demonstrates resilience and will gain an advantage over Nike. Its strong ESG profile and lower incremental investments in sustainability allow it to maintain a cost advantage and appeal to environmentally conscious consumers. Moreover, Adidas's leadership in emerging markets is expected to strengthen even more, supported by its ability to navigate local preferences and capitalize on regional growth opportunities. Overall Adidas share price will reach a value of €207.2, 15.19% upside from the current base scenario (Table 6.3 and 6.4, Appendix). The best-case scenario presents a significantly stronger and more favorable outcome compared to the worst-case scenario, with much larger deltas, primarily driven by Nike's exceptional performance in the best-case scenario.

6.3 Adjusting WACC

In this final scenario analysis, we evaluated the impact of varying the WACC, recognizing it as the most critical valuation driver for both Adidas and Nike. Share prices and overall valuations are highly sensitive to this parameter, as it directly influences the discounting of future cash flows. The risk-free rate, a key component of WACC, plays an especially pivotal role in valuation, particularly during high-interest-rate environments. This highlights the importance of macroeconomic conditions and monetary policy decisions in shaping the risk-free rate and, consequently, the companies' valuations. In the best-case scenario, for Adidas, an escalation in geopolitical risks would likely increase energy and commodity prices, given Europe's significant dependency on imports for these resources. This would drive inflation higher, prompting central banks to maintain elevated interest rates and pushing the risk-free rate upward. Such conditions would also raise the equity risk premium as investors demand higher returns to compensate for increased uncertainty, further increasing the WACC to 7.84% that leads to a share price of €125.7 (-39.78%). On the other hand, for Nike the best case assumes a decline in the 10-year Treasury yield, which currently sits well above historical averages, following interest rate cuts and monetary easing. The equity risk premium is lower, supported by the relative stability and low volatility of the U.S. market enabling a more favorable discount rate, bringing the share price to \$120 (+27.5%) with a WACC set at 6%. In the worst-case scenario, Adidas benefits from a declining risk-free rate as central banks work to stimulate the Eurozone economy, alongside a reduced equity risk premium driven by easing geopolitical tensions. These factors lower Adidas's WACC to 5.48%, further supported by potential upgrades to its debt rating, and improving its valuation to \$251.1 (+30%). For Nike, equity markets reaching all-time highs could trigger volatility, while rising U.S. deficits place marginal upward pressure on the risk-free rate. Despite this, Nike's optimal capital structure and top-tier credit rating leave little room for downgrading, slightly increasing its WACC to 8.08% and

decreasing the share price by 12.1% to \$77.7 (Table 6.5 and 6.6, Appendix). This scenario is particularly sensitive, given the critical role of WACC in valuation. In relative terms, the best-case scenario shows stronger deltas, with Nike gaining +27% and Adidas losing -40%, driven by favorable macroeconomic trends and Nike's robust fundamentals.

6.4 Monte Carlo Simulation

Monte Carlo simulations are pivotal in modern financial analysis for assessing valuation sensitivities under uncertain and volatile market conditions. By performing 5,000 iterations for each company, we aimed to capture a broad spectrum of possible outcomes. This stochastic approach enhances the robustness of our valuation and provides a more comprehensive understanding of opportunities and risks associated with both companies (Lifland 2015). The parameters chosen for the Monte Carlo simulation—CAGR for the first and second stages, operating margin (EBIT), and WACC—represent critical drivers of cash flow and enterprise value, directly influencing the valuation of Adidas and Nike. The first-stage CAGR captures growth variability during the high-growth phase, while the second-stage CAGR reflects the stabilization of growth in the mature phase, with reduced uncertainty. Operating margin represents core operational efficiency, incorporating fluctuations in costs and pricing power, and has a significant impact on cash flows. WACC, as the discount rate, integrates macroeconomic risks and company-specific capital structure adjustments, providing a critical measure of valuation sensitivity under varying scenarios. Random variables for each parameter were generated based on their respective means and standard deviations (as shown in the Table 6.7 and 6.8, Appendix), using a normal distribution to ensure realistic dispersion of outcomes. The key steps included: firstly, reconstructing the FCF model for both Adidas and Nike. Secondly, fixing baseline values for 2024 (Adidas) and 2025 (Nike) to reflect the expected reverse trend for Adidas and the expected deceleration in Nike's growth. Beyond these years, parameter variability was applied to project cash flows stochastically. Lastly, conducting 5,000

iterations for each company, recalculating valuations by adjusting cash flows for each set of parameter values while maintaining other assumptions constant. The Monte Carlo simulations yielded distinct outcomes for Adidas and Nike, which are summarized in the attached tables and histograms. For Adidas, the mean simulated share price of €172.5 closely aligns with the DCF valuation of €175, with a relatively symmetric distribution around this value. However, the current market price of €219 significantly exceeds the third quartile (Q3) of €199.5, suggesting a potential overvaluation. This discrepancy reflects the high sensitivity of Adidas's valuation to variability in growth rates and operating margins, particularly in light of its 2024 recovery trajectory. Nike, on the other hand, exhibits a tighter and moderately skewed distribution, with most outcomes clustering between \$78.2 and \$91.6, near the DCF valuation of \$87. However, the simulated mean share price of \$85.2 is slightly lower than the DCF valuation, underscoring the impact of the expected deceleration in growth during the initial year of the forecast period. This suggests that the market has already priced in some of the short-term challenges, moderating near-term upside potential despite the stock trading below its simulated mean. Adidas's distribution reveals that 86.58% of the simulations resulted in a "Sell" signal (price < €219), while only 13.42% indicated a "Buy" opportunity (Table 6.9 and Figure 6.1, Appendix). The US sportswear leader, on the other hand, demonstrates a much more favorable outlook, with 82.50% of simulations resulting in a "Buy" signal (price ≥ \$75.9) and only 17.50% suggesting a "Sell" (Table 6.10 and Figure 6.2, Appendix). The comparison highlights an asymmetry: Adidas's overvaluation appears more significant than Nike's slight undervaluation. This divergence supports a long-short strategy, favoring a long position in Nike to leverage its reversal trend and consistent fundamentals, which the market may currently undervalue. Meanwhile, Adidas's overvaluation could stem from its favorable sentiment rather than strong underlying fundamentals.

7. Additional Valuation Methods

To ensure the robustness of our conclusions, we employed a range of valuation methodologies, including Free Cash Flow to Equity (FCFE), Economic Value Added (EVA), and Multiples Valuation, as complementary approaches to DCF analysis. By comparing their outcomes and addressing potential limitations, we synthesized these methods using a Football Field Analysis.

7.1 Free Cash Flow to Equity (FCFE)

Free Cash Flow to Equity refers to the cash flow available to equity holders after accounting for operating expenses, taxes, capital expenditures and changes in working capital. The change in net debt adjusts FCFE by accounting for financing activities: an increase in net debt provides additional cash available to equity holders, as it effectively funds operations or investments, while a decrease in net debt reduces FCFE, reflecting cash used to repay debt obligations instead of being distributed to shareholders. Under this method, cash flows are discounted to their present value using the cost of equity: this is particularly valuable in situations where a company's capital structure is complex or dynamic. Unlike DCF, which relies on WACC and assumes a stable capital structure, FCFE provides a shareholder-specific view by directly reflecting the impact of financing activities. With regards to Nike, this result in an overall share price of \$77.6, a +2.2% than current share price (results and sensitivity analysis shown in Table 7.1, Appendix). On the other side, Adidas share price is lower (price of €165.6) than the actual price, with percentage decrease of -24.4% (results and sensitivity analysis shown in Table 7.2, Appendix). Both FCFE valuations are lower than DCF due to their reliance on debt, which reduces cash flows available to equity holders. For Adidas, short-term plans to reduce net debt and its weaker credit rating compresses FCFE. This effect is more pronounced than for Nike, despite its consistent use of long-term debt, likely allows it to benefit from better conditions in the bond markets, reducing the cost of debt and minimizing its impact on FCFE.

7.2 Enterprise Value Added (EVA)

Economic Value-Added measures a company's financial performance by assessing the value created above the required return on invested capital. It calculates the NOPAT minus the invested capital, where the capital charge reflects the cost of both equity and debt capital used to finance the business. This methodology offers a clear view of value generation by focusing on economic profit, making it particularly useful for comparing performance across periods or companies with varying capital structures (Sharma e Satish 2010). EVA has been used as a complementary methodology to DCF in the valuation of Nike and Adidas, reflecting the partial capital-intensive nature of the sportswear industry. This capital intensity arises from manufacturing investments, supply chain infrastructure with high expenses for global distribution networks, retail and wholesale operations tied to inventory, and sustainability initiatives. However, the applicability has certain limitations due to the nature of the industry, where brand value, innovation, and marketing are key drivers of performance, relying heavily on intangible assets such as intellectual property and brand loyalty. These intangible elements, increasingly important in the industry, are not fully captured in the invested capital calculation of EVA. Moreover, its dependence on precise inputs, such as WACC and core invested capital, can introduce sensitivity to assumptions especially for long term projections, which is a potential drawback. Applying the EVA framework, the analysis still reflects a small overvaluation of 1.5% for Adidas, even with a consistent value creation and positive economic profit every year, highlighting the current elevated price levels of Adidas shares (detailed results in table 7.3, Appendix). Nike's intrinsic valuation of \$77 suggests a small undervaluation relative to its current share price, indicating compressed value creation due to a shorter projection for Nike than Adidas that reduces the cumulative economic value accounted for in the model (detailed results in table 7.4, Appendix).

7.3 Multiples Valuation

Multiples valuation is a widely used approach that involves comparing key financial metrics with similar companies to determine a company's market valuation relative to its peers. By evaluating these multiples, we gain insights into how Nike and Adidas are valued in comparison to their main competitors, providing a benchmark for assessing their performance and potential market positioning. To ensure a robust and relevant comparison, we identified five "comparable companies" that are primary competitors of Nike and Adidas. These comparable are selected based on similarities in market positioning, revenue size, product offerings, and global reach within the sportswear and footwear industry. The selected companies are Puma, Under Armour, Lululemon, VF Corp and Amer Sport. The multiples valuation is based on five main financial ratios: Price-to-Earnings (P/E), Enterprise Value-to-EBITDA (EV/EBITDA), Enterprise Value-to-EBIT (EV/EBIT), Enterprise Value-to-Sales (EV/Sales), and Price-to-Book (P/B), with their values reported in table 7.5 (Appendix). Each multiple provides a distinct perspective on company valuation, allowing us to explore different aspects of operational performance, profitability, and asset utilization. The implied valuations are derived using the averages value found for each of the different ratios. In addition, Worst and Best scenarios are analyzed for each multiple using the first and third quartiles respectively. Table 7.6 (Appendix) presents the analysis of each multiple and the results for Adidas and Nike, which are detailed below. The P/E ratio indicates the market's willingness to pay for each dollar of earnings, serving as a measure of growth expectations and investor sentiment. The average P/E multiple among Nike, Adidas, and their competitors was approximately 38x. This ratio is critical for assessing how both companies are perceived in terms of their profitability and future earnings potential. With regards to Nike, the multiple provided a value per share of \$124.3, resulting in a 64% higher price than the current. On the other side, Adidas value per share is estimated at €219.7, approximately in line with the actual price. The EV/EBITDA multiple evaluates operational

performance independently of capital structure, making it particularly useful in capital-intensive industries such as sportswear. The median of the multiple is around 17.8x and the average around 16x. Given this, Nike share price resulted in line with the actual value per share of \$75.8. Adidas derived share price was €190.8, showcasing a -13% decrease. The EV/EBIT multiple is similar to EV/EBITDA but includes depreciation and amortization, providing a deeper insight into after-capital cost efficiency. This ratio offers another perspective on the underlying operating performance of Nike and Adidas. Given the relative capital-intensive nature of the sportswear industry, this ratio allows us to understand how each company manages its operational costs in relation to its enterprise value. With an average EV/EBIT of 24.46x, Nike value per share is derived at \$100 resulting in a 32% increase. On the contrary, Adidas share value is derived at €149.2 performing a -32%. Nike's higher EV/EBIT valuation suggests stronger after-capital cost efficiency, while Adidas's decline reflects higher depreciation costs or less efficient asset utilization relative to enterprise value. The EV/Sales ratio compares the total value of the company to its revenue, which is useful for companies with varying profitability levels. This ratio provides insight into how much the market values each unit of revenue generated by Nike and Adidas. The average EV/Sales was approximately 2.05x. This resulted in a share price of \$67.1 for Nike and €235.3 for Adidas, representing respectively a -9% decrease and a 11% increase. The P/B ratio is a measure of market valuation relative to the book value of net assets, often used to gauge how much investors are willing to pay for each unit of asset value. The average P/B ratio among comparable companies was around 5.17x resulting in a share price for Nike of \$49.8 and for Adidas of €150.4. The results appear low due to the nature of the multiple, less effective in capturing the market value of firms in industries driven by strong brand positioning. As the values differ drastically from ratio to ratio, we derived a base share price based on multiples by taking the averages of these values. For Nike this resulted in a share price of \$83.4 (9,86% increase from current price) and for Adidas

in a price of 189.1 (14% decrease from current price), further supporting the long Nike and short Adidas pairs trade strategy.

7.4 Football Field

Football field valuation is a widely used method, designed to compare and consolidate the results of various valuation approaches. By illustrating the valuation ranges derived from each method, the football field chart provides a clear and comprehensive overview, enabling analysts to assess the consistency and variance among the results. This comparative framework is fundamental in delivering a final valuation on the company's intrinsic price estimate. For our football field valuation, we derived worst-case, base-case, and best-case scenarios for each valuation method. Regarding the DCF model, our analysis incorporated four distinct approaches. In all cases, the base case remained constant, while the best-case and worst-case scenarios were adjusted. The first approach involved a standard DCF model, where the best- and worst-case scenarios were determined using sensitivity analysis by varying the WACC and the Terminal growth rate. The remaining approaches are based on the scenario analysis performed, focusing on ST CAGR, LT CAGR and WACC, where each variable was adjusted individually while keeping the others constant, applying both best- and worst-case scenarios. These scenarios were included for illustrative purposes in the figures but were not factored into the weighted average calculation. For both Economic Value Added and Free Cash Flow to Equity models, best- and worst-case scenarios were developed using sensitivity analysis. For EVA, variations in WACC and terminal growth rate were employed to generate the scenarios. For FCFE, adjustments in the cost of equity and terminal growth rate were used. Lastly, the multiples valuation incorporated scenario-specific outcomes. The worst-case scenario was determined using the 25th percentile of the multiples, while the best-case scenario utilized the 75th percentile. These approaches allowed us to comprehensively assess the valuation outcomes across various methodologies, providing a clear range of potential results for each scenario.

Nike's football field analysis offers a clear view of the company's undervaluation. Across nearly all valuation methods base scenario, Nike's stock price is determined to be undervalued relative to its current share price. The only exceptions are the P/B multiple and the Sales multiple. However, the results from the multiples analysis should be interpreted with caution due to challenges in identifying truly comparable companies, as Nike is the clear leader in the sportswear industry. Additionally, multiples-based valuations often fail to incorporate firm-specific information, which can skew the analysis. Therefore, to determine the final share price, we assigned a weighted average to the valuation methods: 70% to the DCF method, 10% each to EVA and FCFE models, and 10% to the average of the various multiples-derived prices. This approach resulted in an overall share price estimate of approximately \$85, representing a 11% potential upside compared to Nike's current share price of \$75.9 (Figure 7.1, Appendix). In contrast, Adidas's football field analysis highlights the company's overvaluation. Most valuation methods, including DCF, FCFE, and various multiples, suggest a lower intrinsic value compared to its current share price. The only exception is the Sales multiple, which indicates a share price above the current level, while the EVA method yields a value close to the actual market price. Therefore, applying the same weighting scheme used for Nike, the final estimated share price for Adidas is €180, representing a significant decrease of approximately 22% from its current share price (Figure 7.2, Appendix)

8. Technical Analysis: A Mean Reversion Pairs-Trade Strategy

Technical analysis is a method of evaluating securities by analyzing statistical trends derived from trading activity, such as price movement and volume. Unlike fundamental analysis, which assesses a company's financial health and intrinsic value, technical analysis focuses on identifying patterns and trends that can suggest future price movements (Rodolfo Toríbio, et al. 2017). This approach operates on the premise that historical trading data can provide insights into future market behavior, as price movements often reflect all available information and

investor sentiment. In our study, we employed a mean reversion (MR) pair trading strategy using weekly price data from January 10, 2010, to October 20, 2024. This strategy is based on the concept that asset prices tend to revert to their historical mean over time. Nike and Adidas weekly return during the observed period presented a correlation of 0.84, therefore we assume that there is a possibility to exploit deviations from their typical relationship. Firstly, we calculated the weekly spread between the two, the benchmark on which our strategy will be based. Indeed, when the price spread between the two diverges from its historical average, the strategy involves taking a long position in the underperforming asset and a short position in the outperforming one, anticipating a convergence back to the mean. Specifically, we applied both 5-week and 10-week mean reversion strategies to evaluate the sensitivity of the strategy to varying time horizons and identify which provided more reliable signals. The final strategy signals a long position on Nike and a short on Adidas when the weekly spread falls below the 5-week moving average, accounting for forward-looking bias. Similarly, when the spread is above the average, the position will be to go long Adidas and short Nike. We also divided the dataset in two different time frames: from 2019 to 2024 will be our “In sample”, and from 2010 to 2018 will be our “Out of sample”, ensuring that our strategy was not only tailored to historical data but also possessed predictive power in real-world scenarios and avoiding overfitting. The results of the 5-week mean reversion trading strategy demonstrate its potential to generate returns, with an average annual return of 9.28% from 2010 to 2024. Years like 2010, 2020, and 2022 saw strong performance, while 2016 and 2014 experienced significant losses, highlighting the strategy's vulnerability to different market scenarios. These results are typical for mean reversion strategies, which perform well during short-term price dislocations rather than stable or trending markets. 2010 was characterized by uncertainty post Global Financial crisis. 2020 saw extreme turbulence from the COVID-19 pandemic, while 2022 experienced high volatility from aggressive rate hikes and geopolitical tensions. Such market shocks create

frequent pricing dislocations, offering ideal conditions for the strategy. On the other hand, the strategy triggers false signals in stable market conditions, such as from 2014 to 2016, where the two companies may experience a positive uptrend (Table 8.1, Appendix). The standard deviation of 22.37% reflects moderate to high risk, and the average Sharpe ratio of 0.41 indicates modest risk-adjusted returns, with notable outperformance in select years but considerable underperformance during unfavorable conditions. The in-sample period (2019-2024) produced a return of 20% with a Sharpe ratio of 0.75, demonstrating strong overall performance, while the out-of-sample period (2010-2018) returned just 2% with a Sharpe ratio of 0.12, revealing challenges in generalizing the strategy to different market environments. In addition, in the In-sample period the total number of positive weeks was 53.6% and the results provided a positive skewness of 1.89, indicating a distribution with a longer or fatter right tail, i.e. a higher probability of large positive returns. Kurtosis, instead, measures the dimension of the tails of the return distribution, the bigger the higher the likelihood of extreme values compared to a normal distribution. Our strategy provided a kurtosis of 15.67, meaning extreme returns (both positive and negative) are more likely than normal distribution. The strategy exhibited moderate volatility, with a peak weekly return of 27.78% and a maximum drawdown of -25.97%, as reported in table 8.2 and illustrated in figures 8.1, 8.2 and 8.3 (Appendix). Conversely, the Out-of-sample results showed weaker performance, with 51.4% positive weeks, negative skewness (-0.54), and reduced kurtosis (8.72). The maximum weekly return was 11.29%, while the maximum drawdown expanded to -65.41%, reflecting higher downside risk (Table 8.3, Appendix). Therefore, the strategy confirms potential in volatile environments but struggles with scalability outside the sample (Figures 8.4, 8.5 and 8.6, Appendix). Including transaction costs is crucial in trading strategies, as they can significantly erode profitability, especially in frequent-trading approaches like mean reversion. Transaction costs, assumed to be 0.2%, further lowered the In-sample Info Sharpe (0.57), reducing attractiveness but still with

robust results, while the already weak Out-of-sample Info Sharpe would deteriorate further in negative territory (-0.16), highlighting the limited scalability risk-adjusted performance under real-world conditions (Table 8.4, Appendix). Overall, the strategy performs well in mean-reverting periods but struggles in trending conditions, necessitating further improvement for robustness and pointing the importance of potential improvements with dynamic volatility filters or regime-specific thresholds (Das, et al. 2024).

9. Risks

The long Nike - short Adidas strategy assumes that deviations in the price spread between these two companies will revert to their historical mean, further supported by fundamental valuation. However, several risks could undermine this approach. The sportswear industry is highly sensitive to macroeconomic changes, including inflation, interest rates, and fluctuations in consumer spending. Economic downturns or unexpected geopolitical events could affect Nike and Adidas, potentially destabilizing the anticipated convergence. Competition also presents a significant risk, as both companies face not only rivalry from each other but also increasing pressure from emerging market players and local brands in key regions such as Asia, impacting their relative performance and market penetration. Additionally, Nike and Adidas are heavily reliant on global supply chains, particularly in Asia: geopolitical tensions, rising tariffs, or labor issues could lead to disruptions that disproportionately impact one of the two companies, skewing the expected outcomes of the strategy. Nike's strong focus on digital transformation, direct-to-consumer channels, and R&D initiatives has been a critical driver of its growth. However, if Adidas successfully narrows this gap, the valuation assumptions supporting the strategy may no longer hold. Furthermore, both companies are under increasing scrutiny regarding ESG factors. Nike's relatively less transparent stance on measurable sustainability KPIs compared to Adidas may expose it to reputational or regulatory challenges that could negatively impact its long-term valuation. Finally, the sportswear sector's highly cyclical nature,

combined with its dependence on trends and consumer sentiment, poses additional risks. Stock price movements in this industry are often driven by changes in fashion trends, unexpected endorsements, or shifts in consumer preferences, which may lead to significant deviations from fundamental valuations. These sentiment-driven dynamics could result in prolonged mispricing and heightened volatility, thereby adversely affecting the strategy's returns.

10. Conclusion

In summary, our analysis strongly supports a long position on Nike and a short position on Adidas, based on three key insights. First, the financial statement analysis highlights Nike's superior operational efficiency, liquidity, and profitability metrics, consistently outperforming Adidas. This superior financial stability enables Nike to navigate turbulent periods with resilience, as demonstrated by its ability to improve margins despite lower revenue growth in Q1 2025. Second, the DCF valuation underscores Nike's upside potential, revealing strong evidence that it is trading below its intrinsic value, while Adidas appears significantly overvalued and more exposed to downside risks despite a forecast boosted by recent momentum. This is reinforced by multiple valuation methods, which show that Adidas benefits from positive market sentiment disconnected from its fundamentals, while Nike presents a more favorable profile. Lastly, scenario and Monte Carlo analyses confirm asymmetrical outcomes, with Nike demonstrating positive asymmetry and relative stability across various scenarios, whereas Adidas shows increased vulnerability to macroeconomic pressures. This mean-reversion pairs-trade strategy capitalizes on pronounced disparity, leveraging Nike's potential advantages and Adidas' relative weaknesses to suggest a promising investment opportunity.

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Appendix

Figures

Figure 2.1: Nike vs Adidas ESG Score

Nike vs large-cap peers

Nike's overall ESG score has held up against its largest peers, although its 'management score', a gauge of the company's adherence to corporate governance best practice, has fallen sharply in recent years, analysis by LSEG shows

	ESG Score (Last reported fiscal year)	ESG Score (FY-1)	ESG Score (FY-2)	ESG Score (FY-3)	Management Score (Last reported fiscal year)	Management Score (FY-1)	Management Score (FY-2)	Management Score (FY-3)
Adidas	88.8	88.2	91	90.4	89.1	95.1	94.4	91.1
Moncler	82.9	82.9	79.5	80.7	72.8	61.9	57.1	75.5
Ralph Lauren	79.7	78.2	77.8	69.1	66.5	77	86.4	81.6
LVMH	81.7	78.1	76.5	68.6	61.9	69.5	60.7	30.7
Nike	73.1	73	72.1	71.2	12.6	13.8	32.6	58.2
Asics	68.1	69.4	65.8	57	84	65.1	78.3	23.7
Deckers Outdoor	61.6	65	63.4	60	20.6	26.8	28.4	29.2
ANTA Sports	62.6	65.2	58.4	55.2	66.8	63.2	69.6	60.8
Hermes International	58.2	57.8	62.7	66.1	33.6	37.8	61.2	70.9
Lululemon	55.5	56.7	47.1	38.2	85.3	79.3	52.5	60.9
Prada	47.3	45.7	51.2	49.9	16.3	13.5	30.9	28.4
Skechers	33.5	21.6	20.4	22.1	33.3	71.1	23.6	36.4

Source: LSEG

Figure 6.1: Adidas Monte Carlo Simulation Results

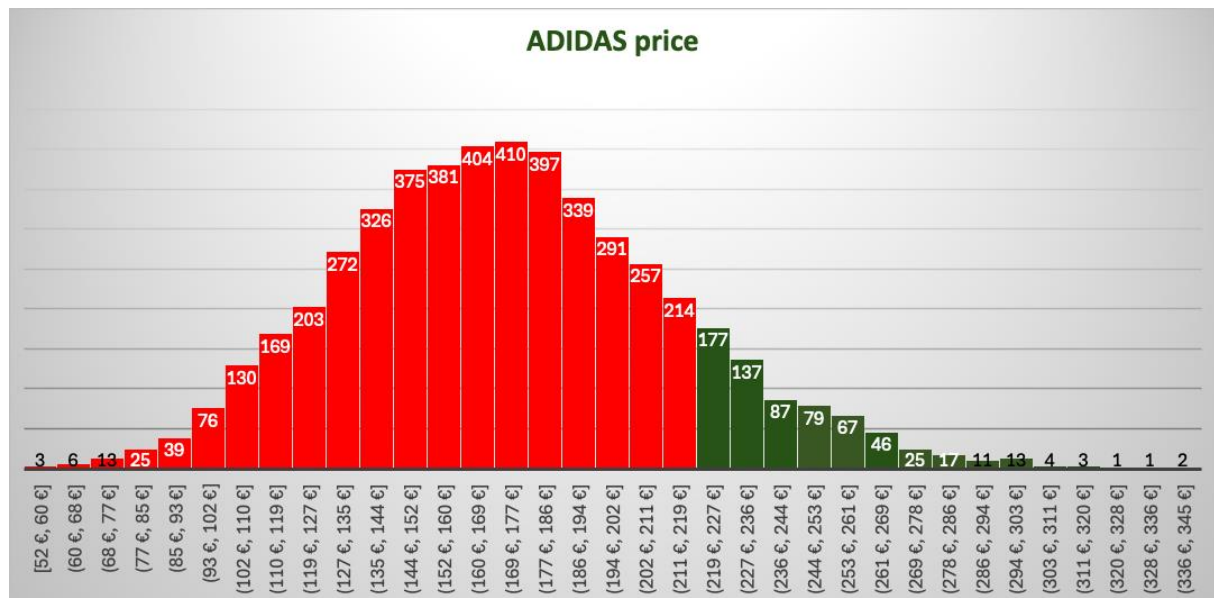


Figure 6.2: Nike Monte Carlo Simulation Results

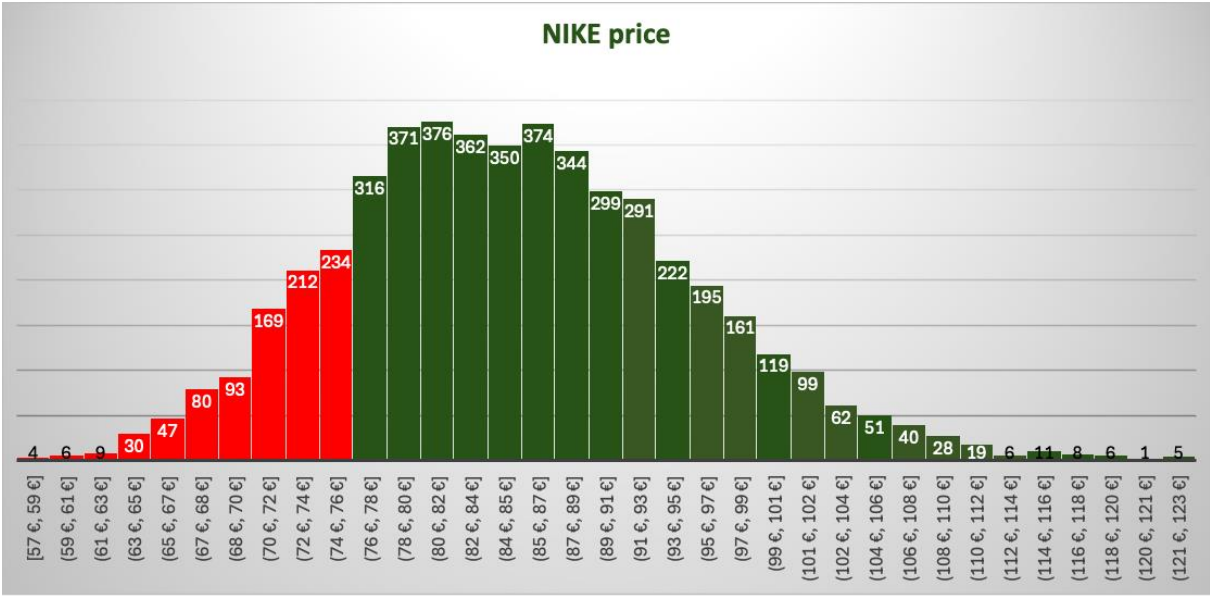


Figure 7.1: Nike Football Field Valuation

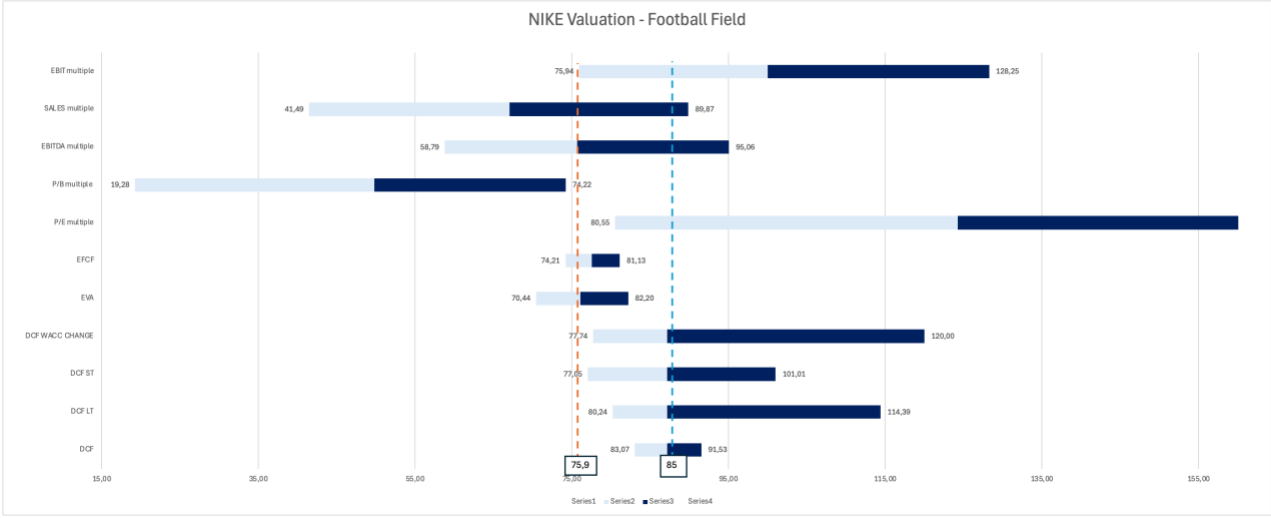


Figure 7.2: Adidas Football Field Valuation

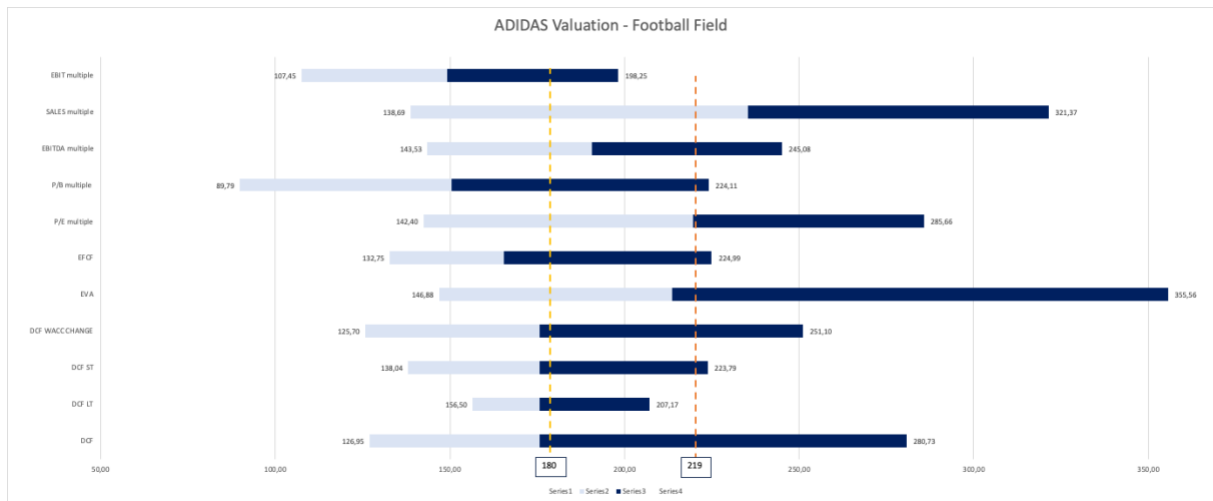


Figure 8.1: 5-week Mean Reversion pairs trade strategy Cumulative Returns (In Sample)

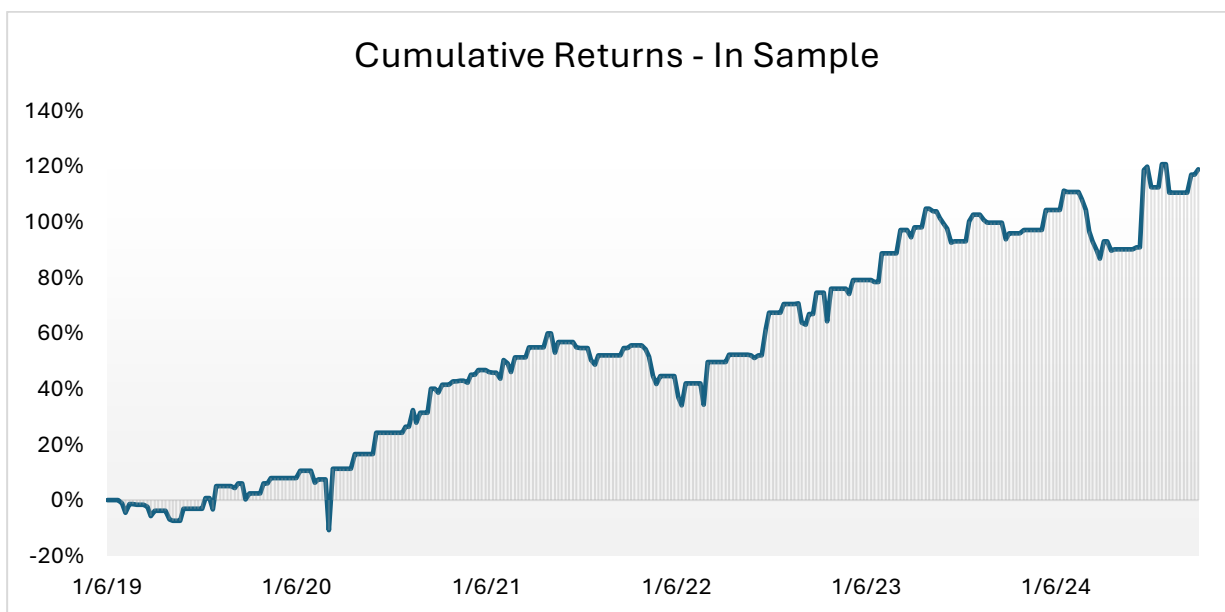


Figure 8.2: 5-week Mean Reversion pairs trade strategy Drawdown (In Sample)

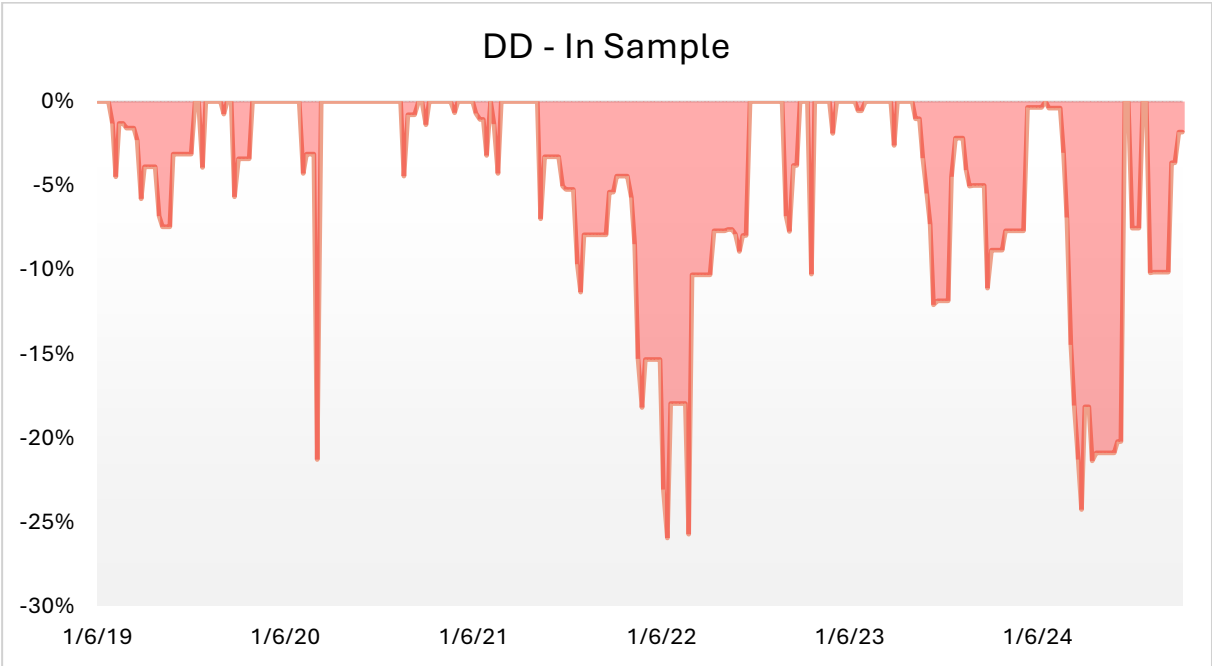


Figure 8.3: 5-week Mean Reversion pairs trade strategy Weekly Returns (In Sample)

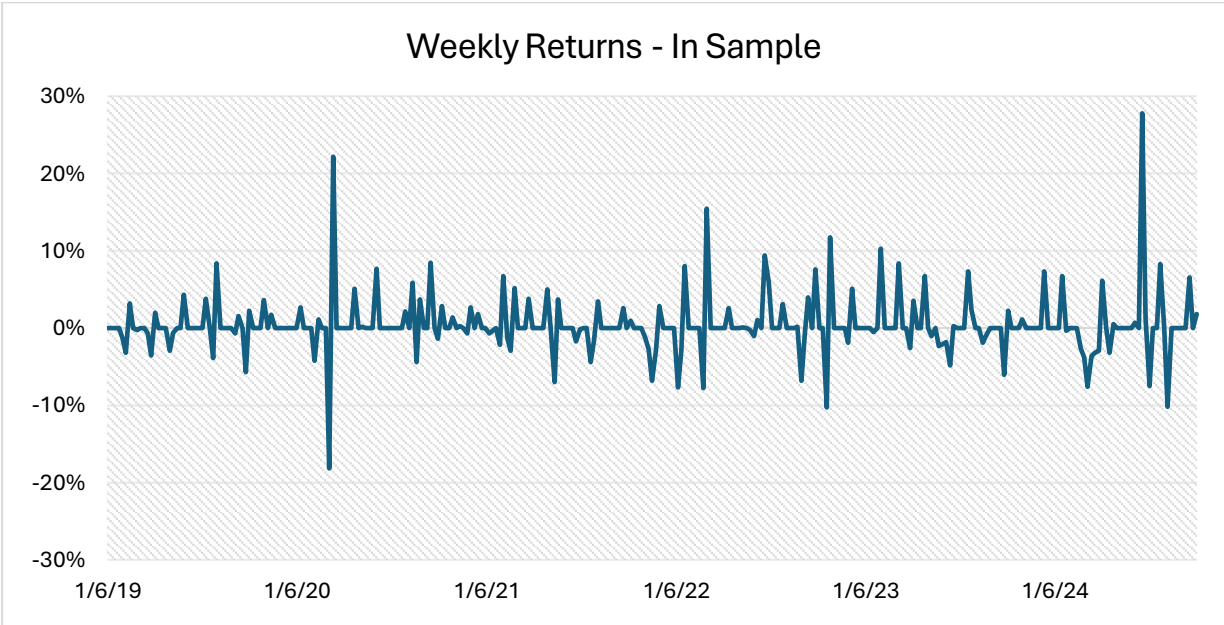


Figure 8.4: 5-week Mean Reversion pairs trade strategy Cumulative Returns (Out-of-Sample)

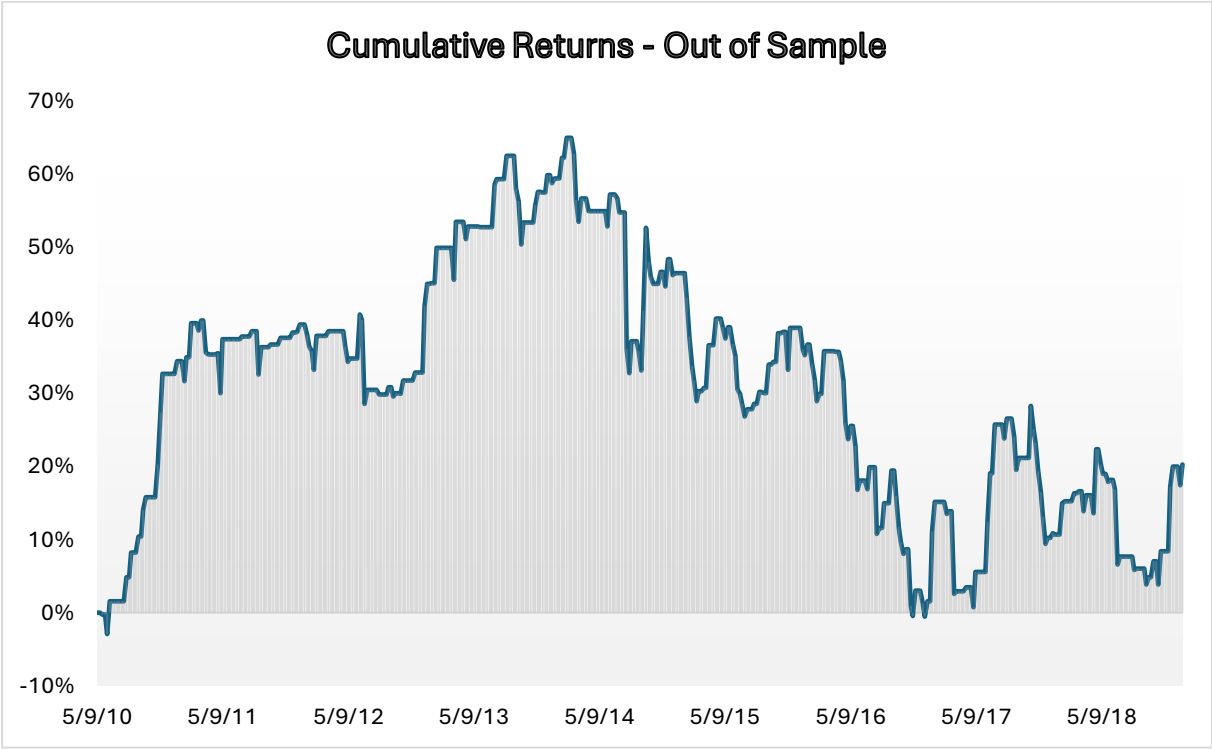


Figure 8.5: 5-week Mean Reversion pairs trade strategy Drawdown (Out-of-Sample)

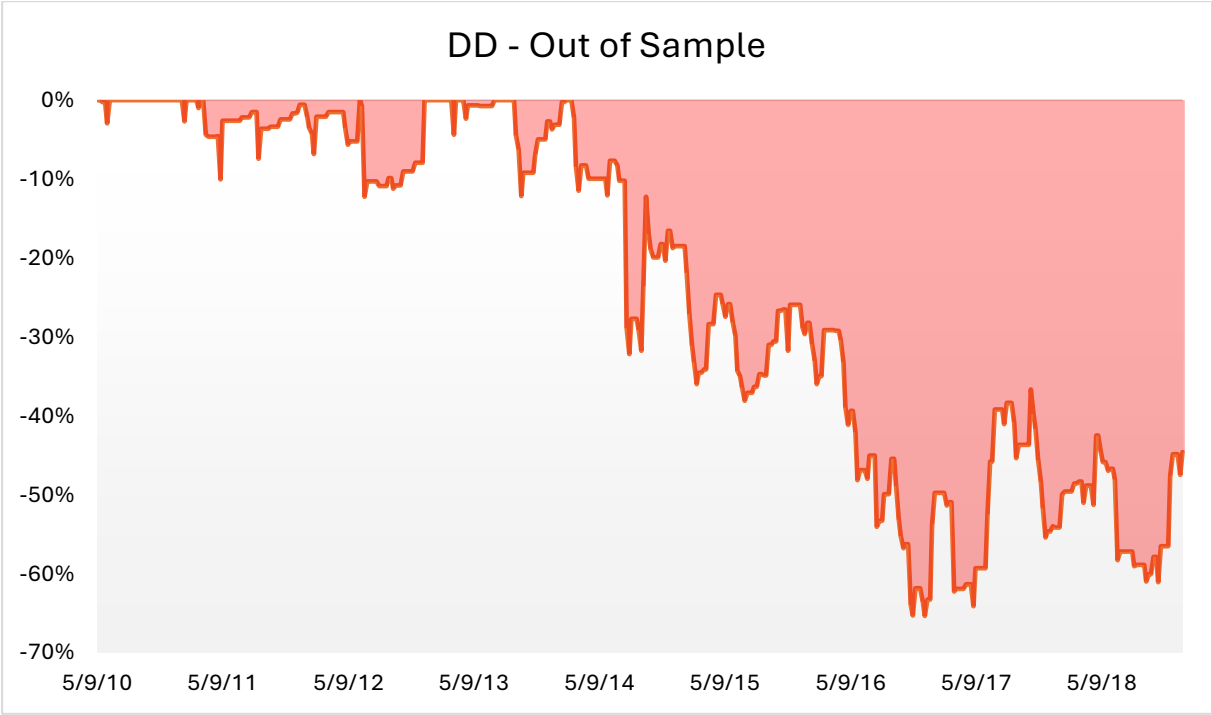
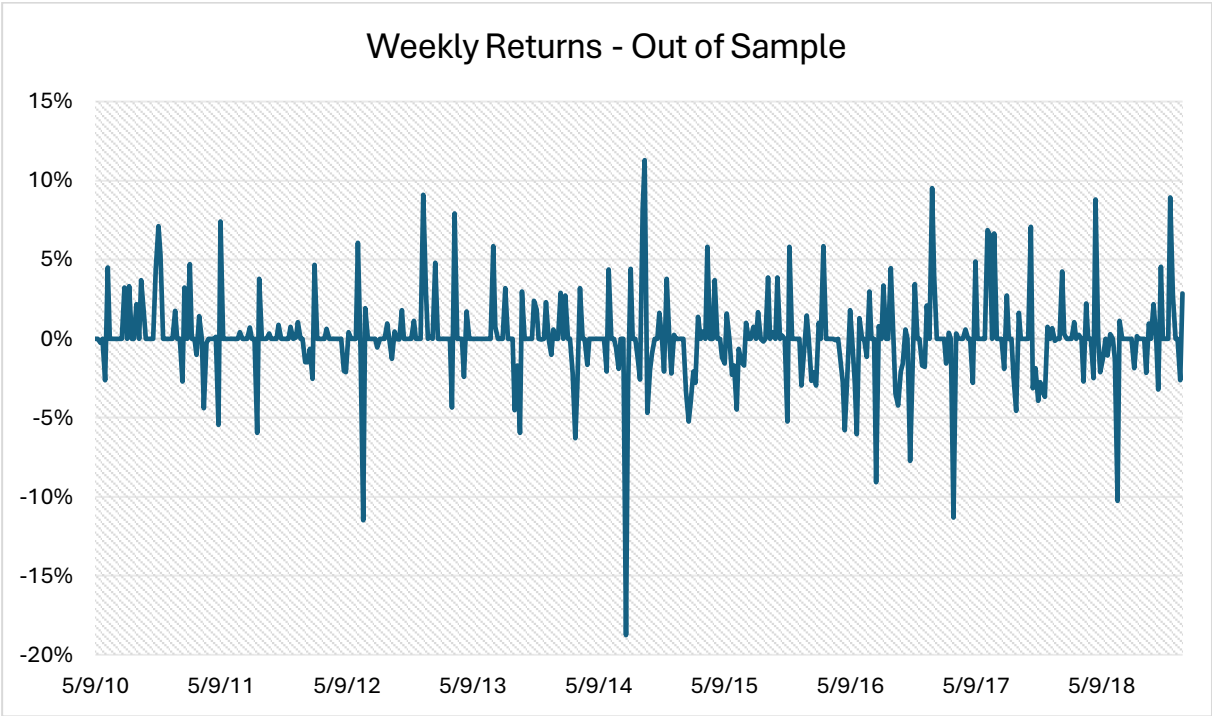


Figure 8.6: 5-week Mean Reversion pairs trade strategy Weekly Returns (Out-of-Sample)



Tables

Table 4.1: Adidas Income Statement Reclassification

ADIDAS IS Reclassification						
Core Operations in € million	2018	2019	2020	2021	2022	2023
Revenues	21.915	23.640	18.435	21.234	22.511	21.427
COGS	10.552	11.347	9.213	10.469	11.867	11.244
Marketing	3.001	3.042	2.373	2.547	2.763	2.528
SG&A	6.026	6.649	5.980	6.263	7.252	7.386
Core result before tax	2.336	2.602	869	1.955	629	269
Statutory Tax	640	713	238	536	172	74
Tax Adj	116	119	44	155	59	5
Core result after tax	1.811,94	2.008,05	674,89	1.574,33	515,65	200,29
Non-Core Operations in €	2018	2019	2020	2021	2022	2023
Royalty and commission inc.	129	154	61	86	112	83
Other operating income	48	56	42	28	173	71
Sundry expenses	105	134	116	76	182	137
Impairment losses (net) on	41	18	111	6	63	19
Non-Core result before tax	31	58	-124	32	40	-2
Statutory Taxes	8	15	34	9	11	1
Non deductible expense	27	26	11,00	7,00	160,00	61,00
losses for which benefits w- changes in tax rates other, net	29	53	52,00	38,00	251,00	1,00
withholding tax expenses	3	3	3,00	2,00	7,00	-
Gain/(loss) from disconti- Other comprehensive incor	-	1	3,00	4,00	3,00	2,00
	132	83	37,00	55,00	5,00	50,00
	5	59	19,00	666,00	384,00	44
	150	84	540,00	573,00	18,00	238
Non-Core result after tax	35	43	651	1.254	345	307
Financials in € million	2018	2019	2020	2021	2022	2023
Financial income	57	64	29	19	39	79
Financial expenses	47	166	196	153	320	282
Financial result before tax	10	-102	-167	-134	-281	-203
Statutory Taxes	3	28	46	37	77	56
Financial result after taxes	7	74	121	97	204	147
TOTAL RESULT	1.854	1.891	97	2.731	657	255
Check	FALSE	FALSE	TRUE	TRUE	FALSE	FALSE
approximation mismatch	1	3	0	0	1	3

Table 4.2: Nike Income Statement Reclassification

NIKE IS Reclassification							
Core Operations in \$ millions	2018	2019	2020	2021	2022	2023	2024
Revenue	36.397	39.117	37.403	44.538	46.710	51.217	51.362
COGS	20.441	21.643	21.162	24.576	25.231	28.925	28.475
S&A expenses	11.511	12.702	13.126	13.025	14.804	16.377	16.576
Core result before taxes	4.445	4.772	3.115	6.937	6.675	5.915	6.311
Statutory Taxes	1.298	1.002	654	1.457	1.402	1.242	1.325
State taxes	52	58	23	87	93	93	94
Core result after tax	3.095	3.712	2.438	5.394	5.180	4.580	4.892
Non Core Operations in \$ millions	2018	2019	2020	2021	2022	2023	2024
Other expense (income)	-	66,0	78,0	139,0	14,0	181,0	228,0
Non core result before taxes	-	66,0	78,0	139,0	14,0	181,0	228,0
Statutory Taxes	-	19,3	16,4	29,2	2,9	38,0	58,8
Subpart F deferred tax benefit	-	1.872,7	-	-	-	312,6	-
foreign derived intangible income benefit	-	160,0	-	233,8	246,5	272,7	378,3
Excess tax benefit from share based compensations	-	229,2	172,8	207,9	299,7	325,9	68,2
Income tax audits and contingency reserves	-	-	-	40,4	99,9	99,8	62,0
Foreign earnings	-	756,9	100,8	170,3	13,3	119,7	105,4
US R&D tax credit	-	26,0	52,8	52,0	59,9	66,5	74,4
other, net	-	56,2	33,6	83,7	59,9	113,1	86,8
NonCore result after tax	-	1.124	354	170	542	1.028	488
Financials in \$ millions	2018	2019	2020	2021	2022	2023	2024
Interest expense (income)	-	54	49	89	262	205	6
Financial result before taxes	-	54	49	89	262	205	6
Stat Tax	-	16	10	19	55	43	1
Financial result after taxes	-	38	39	70	207	162	5
TOTAL RESULT	1.933	4.028	2.538	5.728	6.046	5.072	5.702
Check	TRUE	FALSE	TRUE	FALSE	TRUE	FALSE	FALSE
approx mismatch	1	0	1	0	2	2	

Table 4.3: Adidas Core Result per Segment

Core Result per segment						
Footwear	2018	2019	2020	2021	2022	2023
Revenue	12.783	13.521	10.129	11.336	12.287	12.139
COGS	6.155	6.490	5.062	5.589	6.477	6.370
Gross profit	6.628	7.031	5.067	5.747	5.810	5.769
Opex	5.265	5.543	4.590	4.703	5.466	5.617
Core result before taxes	1.363	1.488	477	1.044	343	152
Stat Tax	373	408	131	286	94	42
Tax adj	- 68	- 68	- 24	- 83	- 32	- 3
Core result after tax	1.057,28	1.148,51	370,82	840,47	281,46	113,47
Apparel						
			2020	2021	2022	2023
Revenue	8.223	8.963	7.315	8.710	8.731	7.806
COGS	3.959	4.302	3.656	4.294	4.603	4.096
Gross profit	4.264	4.661	3.659	4.416	4.128	3.710
Opex	3.387	3.674	3.314	3.614	3.884	3.612
Core result before taxes	877	987	345	802	244	98
Stat Tax	240,26	270,31	94,48	219,73	66,85	26,85
Tax adj	- 43,52	- 45,12	- 17,46	- 63,58	- 22,88	- 1,82
Core result after tax	680,12	761,34	267,80	645,78	200,00	72,97
Accessories and gear						
			2020	2021	2022	2023
Revenue	910	1.156	991	1.188	1.493	1.482
COGS	438	555	495	586	787	778
Gross profit	472	601	496	602	706	704
Opex	375	474	449	493	664	686
Core result before taxes	97	127	47	109	42	19
Stat Tax	26,59	34,86	12,80	29,97	11,43	5,10
Tax adj	- 4,82	- 5,82	- 2,37	- 8,67	- 3,91	- 0,35
Core result after tax	75,27	98,19	36,28	88,08	34,20	13,85
TOTAL CORE RESULT	1.812,66	2.008,05	674,89	1.574,33	515,65	200,29

Table 4.4: Nike Core Result per Segment

Core Result per segment in \$ million						
Footwear	2019	2020	2021	2022	2023	2024
Revenues	25.880	24.947	30.007	31.237	35.290	35.227
COGS	14.319	14.115	16.558	16.873	19.930	19.530
S&A	8.404	8.755	8.775	9.900	11.284	11.369
Core result before taxes	3.157	2.078	4.674	4.464	4.076	4.328
Stat taxes	663,0	436,3	981,5	937,4	855,9	909,0
Tax DJ	38,1	15,4	58,3	62,3	64,1	64,3
CORE RESULT after tax	2.456	1.626	3.634	3.464	3.156	3.355
Apparel						
	2019	2020	2021	2022	2023	2024
Revenues	11.668	11.042	12.969	13.670	13.933	13.868
COGS	6.456	6.247	7.156	7.384	7.869	7.688
S&A	3.789	3.875	3.793	4.332	4.455	4.476
Core result before taxes	1.423	920	2.020	1.953	1.609	1.704
Stat taxes	298,9	193,1	424,2	410,2	337,9	357,8
Tax DJ	17,2	6,8	25,2	27,3	25,3	25,3
CORE RESULT after tax	1.107	720	1.571	1.516	1.246	1.321
Equipment						
	2019	2020	2021	2022	2023	2024
Revenues	1.428	1.305	1.411	1.650	1.755	2.112
COGS	790	738	779	891	991	1.171
S&A	464	458	413	523	561	682
Core result before taxes	174	109	220	236	203	260
Stat taxes	36,6	22,8	46,2	49,5	42,6	54,5
Tax DJ	2,1	0,8	2,7	3,3	3,2	3,9
CORE RESULT after tax	136	85	171	183	157	201
Other						
	2019	2020	2021	2022	2023	2024
Revenues	141	109	151	153	239	155
COGS	78	62	83	83	135	86
S&A	46	38	44	48	76	50
Core result before taxes	17	9	24	22	28	19
Stat taxes	3,6	1,9	4,9	4,6	5,8	4,0
Tax DJ	0,2	0,1	0,3	0,3	0,4	0,3
CORE RESULT after tax	13	7	18	17	21	15
TOTAL CORE RESULT	3.712	2.438	5.394	5.180	4.580	4.892
Check	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Table 4.5: Adidas Balance Sheet Reformulation

ADIDAS BS Reformulation								
Core Operations in € million	2018	2019	2020	2021	2022	2023	2023 H1	2024 H1
Operating cash	667	720	561	647	685	652	323	343
Inventories	3.445	4.085	4.397	4.009	5.973	4.525	5.540	4.544
Acc. receivables	2.418	2.625	1.952	2.175	2.529	1.906	2.567	2.771
Other Current Assets	725	1.076	999	1.062	1.316	1.002	1.134	969
PPE	2.237	2.380	2.157	2.256	2.279	2.157	2.148	2.095
Right-of-use assets	-	2.931	2.430	2.569	2.665	2.247	2.350	2.702
Deferred tax asset	651	1.093	1.233	1.263	1.216	1.358	1.290	1.228
goodwill	1.245	1.257	1.208	1.228	1.260	1.238	1.247	1.256
trademarks	844	859	750	16	0	0	0	0
Income tax receivable	48	94	109	91	102	156	122	232
Other intangible assets	196	305	252	336	429	442	436	446
other non current assets	94	103	103	74	76	50	62	69
Accounts payable	(2.300)	(2.703)	(2.390)	(2.294)	(2.908)	(2.276)	(2.210)	(2.560)
Income taxes	(268)	(618)	(562)	(536)	(302)	(323)	(343)	(394)
Other current provisions	(1.232)	(1.446)	(1.609)	(1.458)	(1.589)	(1.323)	(1.379)	(1.281)
Current accrued liabilities	(2.305)	(2.437)	(2.172)	(2.684)	(2.412)	(2.273)	(2.445)	(2.541)
Other current liabilities	(477)	(538)	(398)	(434)	(452)	(488)	(525)	(633)
Pensions and similar obligations	(246)	(229)	(284)	(267)	(118)	(139)	(121)	(110)
Deferred tax liabilities	(241)	(280)	(241)	(122)	(135)	(147)	(138)	(134)
Other non-current provisions	(128)	(257)	(229)	(149)	(88)	(188)	(119)	(274)
Non-current accrued liabilities	(19)	(9)	(8)	(8)	(7)	0	(4)	0
Other non-current liabilities	(68)	(7)	(17)	(9)	(6)	(103)	(7)	(79)
Core operations Invested Capital	5.286	9.004	8.241	7.765	10.513	8.473	9.928	8.649
Non-Core Operations								
Short-term financial assets	6	292	0	0	0	0	0	0
Other current financial assets	542	544	702	745	1.014	789	795	925
Assets classified as held for sale	0	0	0	2.033	0	0	0	0
Long-term financial assets	276	367	353	290	301	301	309	329
Other non-current financial assets	256	450	414	160	336	418	345	393
Liabilities classified as held for sale	0	0	0	-594	0	0	0	0
Non Core operations Invested Capital	1.080	1.653	1.469	2.634	1.651	1.508	1.449	1.647
Financial Activities								
Excess Cash	1.962	1.500	3.433	3.181	113	779	670	1.317
Short-term borrowings	(66)	(43)	(686)	(29)	(527)	(549)	(915)	(615)
Current lease liabilities	0	(733)	(563)	(573)	(643)	(545)	(572)	(582)
Other current financial liabilities	(186)	(235)	(446)	(363)	(424)	(266)	(337)	(160)
Long-term borrowings	(1.609)	(1.595)	(2.482)	(2.466)	(2.946)	(2.430)	(2.938)	(2.422)
Non-current lease liabilities	0	(2.399)	(2.159)	(2.263)	(2.343)	(2.039)	(2.110)	(2.479)
Other non-current financial liabilities	(103)	(92)	(115)	(51)	(44)	(6)	(13)	(2)
Non-controlling interests	13	(261)	(237)	(318)	(360)	(345)	(372)	(366)
Net Financials	11	(3.858)	(3.255)	(2.882)	(7.174)	(5.401)	(6.587)	(5.309)
TOTAL	6.377	6.799	6.455	7.517	4.990	4.580	4.790	4.987
EQUITY	6.377	6.796	6.454	7.519	4.991	4.580	4.790	4.989
Check	TRUE	FALSE	FALSE	FALSE	FALSE	TRUE	TRUE	FALSE
	0,00	3,00	1,00	(2,00)	(1,00)	0,00	0,00	(2,00)
		approximation mismatch	approximation mis	approximation mis	approximation mismatch		approximation mismatch	approximation mismatch

Table 4.6: Nike Balance Sheet Reformulation

NIKE BS Reformulation in \$ millions							
Core Invested Capital	2018	2019	2020	2021	2022	2023	2024
Operating Cash	1.820	1.956	1.870	2.227	2.336	2.561	2.568
Acc receivable	3.498	4.272	2.749	4.463	4.667	4.131	4.427
Inventories	5.261	5.622	7.367	6.854	8.420	8.454	7.519
Prepaid Expenses	1.130	1.968	1.653	1.498	2.129	1.942	1.854
PPE	4.454	4.744	4.866	4.904	4.791	5.081	5.000
Operating lease asset	-	-	3.097	3.113	2.926	2.923	2.718
Intangible asset	285	283	274	269	286	274	259
Goodwill	154	154	223	242	284	281	240
Notes Payable	336	9	248	2	10	6	6
Acc. Payable	2.279	2.612	2.248	2.836	3.358	2.862	2.851
Accrued liab	3.269	5.010	5.184	6.063	6.220	5.723	5.725
Income tax payable	150	229	156	306	222	240	534
Deferred income tax and others	2.509	2.011	2.326	2.921	3.821	3.770	4.511
Deferred income tax and others liab	3.216	3.347	2.684	2.955	2.613	2.558	2.618
Core Operation Invested Capital	9.861	9.803	13.905	14.329	17.237	18.028	17.362
Non-Core Invested Capital	2018	2019	2020	2021	2022	2023	2024
ST Investment	996	197	439	3.587	4.423	3.234	1.722
Non Core Operation Invested Capital	996	197	439	3.587	4.423	3.234	1.722
Financials	2018	2019	2020	2021	2022	2023	2024
Excess Cash	2.429	2.510	6.478	7.662	6.239	4.880	7.292
LT DEBT	3.474	3.470	9.409	9.413	9.420	8.927	8.903
Operating lease liab	-	-	3.358	3.398	3.197	3.211	3.043
Net Financials	- 1.045	- 960	- 6.289	- 5.149	- 6.379	- 7.258	- 4.654
Total	9.812	9.040	8.055	12.767	15.281	14.004	14.430
EQUITY	9.812	9.040	8.055	12.767	15.281	14.004	14.430
<i>Check</i>	<i>TRUE</i>	<i>TRUE</i>	<i>TRUE</i>	<i>TRUE</i>	<i>TRUE</i>	<i>TRUE</i>	<i>TRUE</i>

Table 4.7: Adidas CF Management & Liquidity Ratios

Cash flow management						
Adidas (in € million, unless stated otherwise)	2018	2019	2020	2021	2022	2023
Inventory	3,445	4,085	4,397	4,009	5,973	4,525
Cost of sale	(10,552)	(11,347)	(9,213)	(10,469)	(11,867)	(11,244)
Average Holding Period (in days)	119	131	174	140	184	147
YoY change		10,3%	32,6%	-19,8%	31,4%	-20,0%
Receivables	2,418	2,625	1,952	2,175	2,529	1,906
Sales	21,915	23,640	18,435	21,234	22,511	21,427
Average Collection Period (in days)	40	41	39	37	41	32
YoY change		0,6%	-4,6%	-3,3%	9,7%	-20,8%
Payables	2,300	2,703	2,390	2,294	2,908	2,276
Cost of Sales	(10,552)	(11,347)	(9,213)	(10,469)	(11,867)	(11,244)
Average Payable Period (in days)	80	87	95	80	89	74
YoY change		9,3%	8,9%	-15,5%	11,8%	-17,4%
CCC (in days)	80	85	118	97	135	105
YoY change		6,4%	39,0%	-17,8%	39,2%	-22,0%
Liquidity						
Adidas (in € million, unless stated otherwise)	2018	2019	2020	2021	2022	2023
Current Asset	9,813	10,934	12,154	13,944	11,732	9,809
Current Liabilities	6,834	8,754	8,827	8,965	9,257	8,043
Current Ratio	1,44	1,25	1,38	1,56	1,27	1,22
YoY change		-13,0%	10,2%	13,0%	-18,5%	-3,8%
Current Assets	9,813	10,934	12,154	13,944	11,732	9,809
Inventories	3,445	4,085	4,397	4,009	5,973	4,525
Current Liabilities	6,834	8,754	8,827	8,965	9,257	8,043
Quick Ratio	0,93	0,78	0,88	1,11	0,62	0,66
YoY change		-16,0%	12,3%	26,1%	-43,9%	5,6%
Cash and Equivalents	2,629	2,220	3,994	3,828	798	1,431
Current Liabilities	6,834	8,754	8,827	8,965	9,257	8,043
Cash Ratio	0,38	0,25	0,45	0,43	0,09	0,18
YoY change		-34,1%	78,4%	-5,6%	-79,8%	106,4%
WC	2,979	2,180	3,327	4,979	2,475	1,766
YoY change		-26,8%	52,6%	49,7%	-50,3%	-28,6%

Table 4.8: Nike CF Management & Liquidity Ratios

Cash flow management							
Nike (in \$ millions)	2018	2019	2020	2021	2022	2023	2024
Inventory	5,261	5,622	7,367	6,854	8,420	8,454	7,519
Cost of sale	20,441	21,643	21,162	24,576	25,231	28,925	28,475
Average Holding Period (in days)	94	95	127	102	122	107	96
YoY change		0,9%	34,0%	-19,9%	19,7%	-12,4%	-9,7%
Receivables	3,498	4,272	2,749	4,463	4,667	4,131	4,427
Sales	36,397	39,117	37,403	44,538	46,710	51,217	51,362
Average Collection Period (in days)	35	40	27	37	36	29	31
YoY change		13,6%	-32,7%	36,3%	-0,3%	-19,3%	6,9%
Payables	2,279	2,612	2,248	2,836	3,358	2,862	2,851
Cost of Sales	20,441	21,643	21,162	24,576	25,231	28,925	28,475
Average Payable Period (in days)	41	44	39	42	49	36	37
YoY change		8,2%	-12,0%	8,6%	15,3%	-25,7%	1,2%
CCC (in days)	88	91	115	96	110	100	91
YoY change		2,6%	27,0%	-16,4%	14,0%	-8,8%	-8,7%
Liquidity							
Nike (in \$ millions)	2018	2019	2020	2021	2022	2023	2024
Current Asset	15,134	16,525	20,556	26,291	28,213	25,202	25,382
Current Liabilities	6,040	7,866	8,284	9,674	10,730	9,256	10,593
Current Ratio	2,51	2,10	2,48	2,72	2,63	2,72	2,40
YoY change		-16,2%	18,1%	9,5%	-3,3%	3,6%	-12,0%
Current Assets	15,134	16,525	20,556	26,291	28,213	25,202	25,382
Inventories	5,261	5,622	7,367	6,854	8,420	8,454	7,519
Current Liabilities	6,040	7,866	8,284	9,674	10,730	9,256	10,593
Quick Ratio	1,63	1,39	1,59	2,01	1,84	1,81	1,69
YoY change		-15,2%	14,9%	26,2%	-8,2%	-1,9%	-6,8%
Cash and Equivalents	4,249	4,466	8,348	9,889	8,574	7,441	9,860
Current Liabilities	6,040	7,866	8,284	9,674	10,730	9,256	10,593
Cash Ratio	0,70	0,57	1,01	1,02	0,80	0,80	0,93
YoY change		-19,3%	77,5%	1,4%	-21,8%	0,6%	15,8%
WC	9,094	8,659	12,272	16,617	17,483	15,946	14,789
YoY change		-4,8%	41,7%	35,4%	5,2%	-8,8%	-7,3%

Table 4.9: Adidas Capital Structure

ADIDAS Capital Structure							
€ million, unless stated otherwise	2018	2019	2020	2021	2022	2023	2024 H1
Core Invested Capital	5.286	9.004	8.241	7.765	10.513	8.473	8.649
Non Core Invested Capital	1.080	1.653	1.469	2.634	1.651	1.508	1.647
Total Invested Capital	6.366	10.657	9.710	10.399	12.164	9.981	10.296
Assets	15.612	20.680	21.053	22.137	20.296	18.020	19.620
PP&E	2.237	2.380	2.157	2.256	2.279	2.157	2.095
Liabilities	9.248	13.622	14.362	14.299	14.945	13.095	14.266
Net debt	11	(3.858)	(3.255)	(2.882)	(7.174)	(5.401)	(5.309)
Equity	6.377	6.796	6.454	7.519	4.991	4.580	4.989
EBIT	2.368	2.660	746	1.986	669	268	
EBITDA	2.882	3.845	1.966	3.065	1.874	1.358	
Gearing Ratio	-0,2%	36,2%	33,5%	27,7%	59,0%	54,1%	51,6%
Debt-to-equity Ratio	-0,2%	56,8%	50,4%	38,3%	143,7%	117,9%	106,4%
Debt-to-EBITDA Ratio	0,4%	-100,3%	-165,6%	-94,0%	-382,8%	-397,7%	
Solvency Ratio	69,0%	49,9%	44,9%	52,6%	33,4%	35,0%	35,0%
Financial Autonomy Ratio	40,8%	32,9%	30,7%	34,0%	24,6%	25,4%	25,4%
Interest Coverage Ratio	0,020	0,062	0,263	0,077	0,478	1,052	

Table 4.10: Nike Capital Structure

NIKE Capital Structure							
\$ million, unless stated otherwise	2018	2019	2020	2021	2022	2023	2024
Core Invested Capital	9.861	9.803	13.905	14.329	17.237	18.028	17.362
Non Core Invested Capital	996	197	439	3.587	4.423	3.234	1.722
Total Invested Capital	10.857	10.000	14.344	17.916	21.660	21.262	19.084
Assets	22.536	23.717	31.342	37.740	40.321	37.531	38.110
Liabilities	12.724	14.677	23.287	24.973	25.040	23.527	23.680
Net debt	(1.045)	(960)	(6.289)	(5.149)	(6.379)	(7.258)	(4.654)
Equity	9.812	9.040	8.055	12.767	15.281	14.004	14.430
EBIT	4.379	4.850	2.976	6.923	6.856	6.195	6.539
D&A	774	720	1119	797	840	859	844
EBITDA	5.153	5.570	4.095	7.720	7.696	7.054	7.383
Gearing Ratio	9,6%	9,6%	43,8%	28,7%	29,4%	34,1%	24,4%
Debt-to-equity Ratio	10,6%	10,6%	78,1%	40,3%	41,7%	51,8%	32,3%
Debt-to-EBITDA Ratio	0,20	0,17	1,54	0,67	0,83	1,03	0,63
Solvency Ratio	77,1%	61,6%	34,6%	51,1%	61,0%	59,5%	60,9%
Financial Autonomy Ratio	43,5%	38,1%	25,7%	33,8%	37,9%	37,3%	37,9%

Table 4.11: Adidas ROIC & ROA

ADIDAS ROA	2018	2019	2020	2021	2022	2023
Total Asset	15612	20680	21053	22137	20296	18020
Operational result	1.846	1.965	24	2.829	861	(107)
ROA	11,8%	9,5%	0,1%	12,8%	4,2%	-0,6%

ADIDAS ROIC

Total ROIC

	2018	2019	2020	2021	2022	2023
Revenues	21.915	23.640	18.435	21.234	22.511	21.427
Core result	1.812	2.008	675	1.574	516	200,3
Non core result	35 -	43 -	651	1.254	345 -	307
Core invested Capital	5.177	8.886	8.149	7.658	10.401	8.366
Non core invested capital	1.080	1.653	1.469	2.634	1.651	1.508
Result	1.846	1.965	24	2.829	861	(107)
Total Invested Capital	6.257	10.539	9.618	10.292	12.052	9.874
Total ROIC with lag	31,4%	0,2%	29,4%	8,4%	-0,9%	

Core ROIC

	2018	2019	2020	2021	2022	2023
Core Result	1.812	2.008	675	1.574	516	200
Core Invested Capital	5.177	8.886	8.149	7.658	10.401	8.366
Core ROIC	38,8%	7,6%	19,3%	6,7%	1,9%	
Weight	82,7%	84,3%	84,7%	74,4%	86,3%	
Weighted Core ROIC	32,1%	6,4%	16,4%	5,0%	1,7%	

Core ROIC Decomposition

	2018	2019	2020	2021	2022	2023
Core Operational Margin	8,3%	8,5%	3,7%	7,4%	2,3%	0,9%
Core Asset Turnover		456,7%	207,5%	260,6%	293,9%	206,0%
Core ROIC		38,8%	7,6%	19,3%	6,7%	1,9%
Check		TRUE	TRUE	TRUE	TRUE	TRUE

Core Operational Margin Breakdown	2018	2019	2020	2021	2022	2023
COGS/Revenue	48,1%	48,0%	50,0%	49,3%	52,7%	52,5%
Marketing / Revenue	13,7%	12,9%	12,9%	12,0%	12,3%	11,8%
Distribution and selling / revenue	20,3%	21,1%	25,0%	22,5%	24,9%	25,9%
General and administration/ revenue	7,2%	7,0%	7,5%	7,0%	7,3%	8,6%
Taxes/Revenue	2,4%	2,5%	1,1%	1,8%	0,5%	0,3%
Core Operational Margin	8,3%	8,5%	3,7%	7,4%	2,3%	0,9%
Check	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Core Asset turnover Breakdown	2018	2019	2020	2021	2022	2023
Operating cash /revenue		2%	3%	2%	2%	3%
Inventories/revenue		15%	22%	21%	18%	28%
Acc. Receivables/revenue		10%	14%	9%	10%	12%
Other Current Assets/revenue		3%	6%	5%	5%	6%
PPE/revenue		9%	13%	10%	10%	11%
Right-of-use assets/revenue			16%	11%	11%	12%
Deferred tax asset/revenue		3%	6%	6%	6%	6%
goodwill/revenue		5%	7%	6%	5%	6%
trademarks/revenue		4%	5%	4%	0%	0%
Income tax receivable/revenue		0%	1%	1%	0%	0%
Other intangible assets/revenue		1%	2%	1%	1%	2%
other non current assets/revenue		0%	1%	0%	0%	0%
Accounts payable/revenue		-10%	-15%	-11%	-10%	-14%
Income taxes/revenue		-1%	-3%	-3%	-2%	-1%
Other current provisions/revenue		-5%	-8%	-8%	-6%	-7%
Current accrued liabilities/revenue		-10%	-13%	-10%	-12%	-11%
Other current liabilities/revenue		-2%	-3%	-2%	-2%	-2%
Pensions and similar obligations/revenue		-1%	-1%	-1%	-1%	-1%
Deferred tax liabilities/revenue		-1%	-2%	-1%	-1%	-1%
Other non-current provisions/revenue		-1%	-1%	-1%	-1%	0%
Non-current accrued liabilities/revenue		0%	0%	0%	0%	0%
Other non-current liabilities/revenue		0%	0%	0%	0%	0%
Core Asset Turnover		456,7%	207,5%	260,6%	293,9%	206,0%
Check		TRUE	TRUE	TRUE	TRUE	TRUE

Table 4.12: Nike ROIC & ROA

NIKE ROA	2018	2019	2020	2021	2022	2023	2024
Total Asset	22.536	23.717	31.342	37.740	40.321	37.531	38.110
Operational result	1.972	4.067	2.608	5.935	6.208	5.068	5.575
ROA	8,7%	17,1%	8,3%	15,7%	15,4%	13,5%	14,6%

Total ROIC

	2018	2019	2020	2021	2022	2023	2024
Revenues	36.397	39.117	37.403	44.538	46.710	51.217	51.362
Core result	3.095	3.712	2.438	5.394	5.180	4.580	4.892
Non core result	-	1.124	354	542	1.028	488	683
Core invested Capital	9.861	9.803	13.905	14.329	17.237	18.028	17.362
Non core invested capital	996	197	439	3.587	4.423	3.234	1.722
Tot. Result	1.972	4.067	2.608	5.935	6.208	5.068	5.575
Tot Invested Capital	10.857	10.000	14.344	17.916	21.660	21.262	19.084
TOTAL ROIC with lag		37%	26%	41%	35%	23%	26%

Core ROIC

	2018	2019	2020	2021	2022	2023	2024
Core Result	3.095	3.712	2.438	5.394	5.180	4.580	4.892
Core Invested Capital	9.861	9.803	13.905	14.329	17.237	18.028	17.362
Core ROIC with lag		37,6%	24,9%	38,8%	36%	27%	27%
Weight		91%	98%	97%	80%	80%	85%
Weighted Core ROIC		34,19%	24,38%	37,60%	28,91%	21,14%	23,01%

Core ROIC Decomposition

	2018	2019	2020	2021	2022	2023	2024
Core Operational Margin	9%	9%	7%	12%	11%	9%	10%
Core Asset Turnover		397%	382%	320%	326%	297%	285%
Core ROIC		37,6%	24,9%	38,8%	36,2%	26,6%	27,1%
Check		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Core Operational Margin Breakdown	2018	2019	2020	2021	2022	2023	2024
COGS/Revenue	56%	55%	57%	55%	54%	56%	55%
S&A / Revenue	32%	32%	35%	29%	32%	32%	32%
Taxes/Revenue	4%	3%	2%	3%	3%	3%	3%
Core Operational Margin	9%	9%	7%	12%	11%	9%	10%
Check		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Core Asset turnover Breakdown	2018	2019	2020	2021	2022	2023	2024
Operating Cash/revenue		5%	5%	4%	5%	5%	5%
Acc receivable/revenue		9%	11%	6%	10%	9%	8%
Inventories/revenue		13%	15%	17%	15%	16%	16%
Prepaid Expenses/revenue		3%	5%	4%	3%	4%	4%
PPE/revenue		11%	13%	11%	10%	9%	10%
Operating lease asset/revenue		0%	0%	7%	7%	6%	6%
Intangible asset/revenue		1%	1%	1%	1%	1%	1%
Goodwill/revenue		0%	0%	1%	1%	1%	1%
Notes Payable/revenue		-1%	0%	-1%	0%	0%	0%
Acc. Payable/revenue		-6%	-7%	-5%	-6%	-7%	-6%
Accrued liab/revenue		-8%	-13%	-12%	-13%	-12%	-11%
Income tax payable/revenue		0%	-1%	0%	-1%	0%	0%
deferred income tax and others		6%	5%	5%	6%	7%	7%
deferred income tax and others liab		-8%	-9%	-6%	-6%	-5%	-5%
Core Asset Turnover		397%	382%	320%	326%	297%	285%
Check		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

NonCore ROIC

	2018	2019	2020	2021	2022	2023	2024
Non-Core Result	-	1.124	354	170	542	1.028	488
Non-Core Invested Capital		996	197	439	3.587	4.423	3.234
Non-Core ROIC with lag		36%	86%	123%	29%	11%	21%
Weight		9%	2%	3%	20%	20%	15%
Weighted Non-Core ROIC		3%	2%	4%	6%	2%	3%

NonCore ROIC Decomposition

	2018	2019	2020	2021	2022	2023	2024
Non-Core Operational Margin	-3,09%	0,91%	0,46%	1,22%	2,20%	0,95%	1,33%
Non-Core Asset Turnover		3927%	18986%	10145%	1302%	1158%	1588%
Non-Core ROIC		36%	86%	123%	29%	11%	21%
Check		TRUE	TRUE	TRUE	TRUE	TRUE	TRUE

Table 4.13: Adidas ROE

ADIDAS ROE				
Level 1 Decomposition				
	2020	2021	2022	2023
Comprehensive Result	(97)	2.731	657	(255)
Equity	6.454	7.519	4.991	4.580
ROE	-1,5%	36,3%	13,2%	-5,6%
Operating Income	24	2.829	861	(107)
Equity	6.454	7.519	4.991	4.580
Operating Income/Equity	0,37%	37,62%	17,24%	-2,34%
Financial Result	(121)	(97)	(204)	(147)
Equity	6.454	7.519	4.991	4.580
Financial Result/Equity	-1,9%	-1,3%	-4,1%	-3,2%
Operating Result	24	2.829	861	(107)
Invested Capital	9.618	10.292	12.052	9.874
ROIC	0,2%	27,5%	7,1%	-1,1%
Invested Capital/Equity	149,0%	136,9%	241,5%	215,6%
Financial Result	(121)	(97)	(204)	(147)
Net Debt	(3.163)	(2.775)	(7.062)	(5.294)
Cost of External Financing	-3,8%	-3,5%	-2,9%	-2,8%
Debt/Equity	-49,0%	-36,9%	-141,5%	-115,6%
Total ROE	-1,5%	36,3%	13,2%	-5,6%
Level 2 Decomposition				
	2020	2021	2022	2023
ROIC	0,2%	27,5%	7,1%	-1,1%
Debt/Equity	-49,0%	-36,9%	-141,5%	-115,6%
Cost of External Financing	-3,8%	-3,5%	-2,9%	-2,8%
ROE	-1,5%	36,3%	13,2%	-5,6%
Level 3 Decomposition				
	2020	2021	2022	2023
Weight Core	84,7%	74,4%	86,3%	84,7%
Core Operational Margin	3,7%	7,4%	2,3%	0,9%
Core Asset Turnover	226,2%	277,3%	216,4%	256,1%
Core Activity	7,0%	15,3%	4,3%	2,0%
Weight Non Core	15,3%	25,6%	13,7%	15,3%
Non Core ROIC	-44,3%	47,6%	20,9%	-20,4%
Non Core Activity	-6,8%	12,2%	2,9%	-3,1%
Debt/Equity	-49,0%	-36,9%	-141,5%	-115,6%
ROIC	0,2%	27,5%	7,1%	-1,1%
Cost of external financing	-3,8%	-3,5%	-2,9%	-2,8%
Financing Activity	-1,8%	8,9%	6,0%	-4,5%
ROE	-1,5%	36,3%	13,2%	-5,6%

Table 4.14: Nike ROE

NIKE ROE

Level 1 Decomposition

	2018	2019	2020	2021	2022	2023	2024
Comprehensive Result	1.933	4.028	2.538	5.728	6.046	5.072	5.702
Equity	9.812	9.040	8.055	12.767	15.281	14.004	14.430
ROE	19,7%	44,6%	31,5%	44,9%	39,6%	36,2%	39,5%

Operating Income	1.972	4.067	2.608	5.935	6.208	5.068	5.575					
Equity	9.812	9.040	8.055	12.767	15.281	14.004	14.430					
Operating Income/Equity	20,1%	45,0%	32,4%	46,5%	40,6%	36,2%	38,6%					
Financial Result	-	38	-	39	-	70	-	207	-	162	5	127
Equity	9.812	9.040	8.055	12.767	15.281	14.004	14.430					
Financial Result/Equity	-0,4%	-0,4%	-0,9%	-1,6%	-1,1%	0,03%	0,9%					

Operating Result	1.972	4.067	2.608	5.935	6.208	5.068	5.575							
Invested Capital	10.857	10.000	14.344	17.916	21.660	21.262	19.084							
ROIC	18,2%	40,7%	18,2%	33,1%	28,7%	23,8%	29,2%							
Invested Capital/Equity	110,6%	110,6%	178,1%	140,3%	141,7%	151,8%	132,3%							
Financial Result	-	38	-	39	-	70	-	207	-	162	5	127		
Net Debt	-	1.045	-	960	-	6.289	-	5.149	-	6.379	-	7.258	-	4.654
Cost of External Financing	-3,7%	-4,0%	-1,1%	-4,0%	-2,5%	0,1%	2,7%							
Debt/Equity	-11%	-11%	-78%	-40%	-42%	-52%	-32,25%							
Total ROE	19,70%	44,56%	31,50%	44,87%	39,56%	36,22%	39,51%							

Check TRUE TRUE TRUE TRUE TRUE TRUE TRUE

Level 2 Decomposition

	2018	2019	2020	2021	2022	2023	2024
ROIC	18,2%	40,7%	18,2%	33,1%	28,7%	23,8%	29,2%
Debt/Equity	-11%	-11%	-78%	-40%	-42%	-52%	-32%
Cost of External Financing	-3,7%	-4,0%	-1,1%	-4,0%	-2,5%	0,1%	2,7%
ROE	19,70%	44,56%	31,50%	44,87%	39,56%	36,22%	39,51%

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Level 3 Decomposition

	2018	2019	2020	2021	2022	2023	2024
Weight Core	90,8%	98,0%	96,9%	80,0%	79,6%	84,8%	91,0%
Core Operational Margin	8,5%	9,5%	6,5%	12,1%	11,1%	8,9%	9,5%
Core Asset Turnover	369,1%	399,0%	269,0%	310,8%	271,0%	284,1%	295,8%
Core Activity	28,5%	37,1%	17,0%	30,1%	23,9%	21,5%	25,6%
Weight Non Core	9,2%	2,0%	3,1%	20,0%	20,4%	15,2%	9,0%
Non Core ROIC	-113%	180%	39%	15%	23%	15%	40%
Non Core Activity	-10,3%	3,5%	1,2%	3,0%	4,7%	2,3%	3,6%
Debt/Equity	-11%	-11%	-78%	-40%	-42%	-52%	-32%
ROIC	18,2%	40,7%	18,2%	33,1%	28,7%	23,8%	29,2%
Cost of external financing	-3,7%	-4,0%	-1,1%	-4,0%	-2,5%	0,1%	2,7%
Financing Activity	1,5%	3,9%	13,3%	11,7%	10,9%	12,4%	10,3%
ROE	19,7%	44,6%	31,5%	44,9%	39,6%	36,2%	39,5%

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Table 4.15: Adidas Cost Value Drivers

CORE OPERATION		2018	2019	2020	2021	2022	2023
Net sales		21,915	23,640	18,435	21,234	22,511	21,427
COGS	Cost of sales	10,552	11,347	9,213	10,469	11,867	11,244
	YoY % Variation	-	7,53%	-18,81%	13,63%	13,35%	-5,25%
	% of Net Sales	48%	52%	42%	48%	54%	51%
	# Pieces produced			943	938	1018	756
	COGS per piece produced			9,77	11,16	11,66	14,87
	% of Total Core costs	53%	54%	52%	54%	54%	53%
	Gross profit	11,363	12,293	9,222	10,765	10,644	10,184
Gross Margin	52%	52%	50,00%	50,70%	47,30%	47,50%	
Royalty and commission income		129	154	61	86	112	83
Other operating income		48	56	42	28	173	71
Other operating expenses		9,172	9,843	8,580	8,892	10,260	10,070
YoY % Variation		-	7,32%	-12,83%	3,64%	15,38%	-1,85%
(% of net sales)		0	0	46,50%	41,90%	45,60%	47,00%
Marketing and point-of-sale expenses		3,001	3,042	2,373	2,547	2,763	2,528
YoY % Variation		-	1,37%	-21,99%	7,33%	8,48%	-8,51%
(% of net sales)		14%	13%	12,90%	12,00%	12,30%	11,80%
Distribution and selling expenses		4,450	4,997	4,601	4,782	5,601	5,547
YoY % Variation		-	12,29%	-7,92%	3,93%	17,13%	-0,96%
(% of net sales)		20%	21%	25,00%	22,50%	24,90%	25,90%
General and administration expenses		1,576	1,652	1,379	1,481	1,651	1,839
YoY % Variation		-	4,82%	-16,53%	7,40%	11,48%	11,39%
(% of net sales)		7%	7%	7,50%	7,00%	7,30%	8,60%
# Employees		-	65194	62285	61401	59258	59030
YoY % Variation		-		-4,46%	-1,42%	-3,49%	-0,38%
Expenses per employee			0,025	0,022	0,024	0,028	0,031
Sundry expenses		105	134	116	76	182	137
(% of net sales)		1%	1%	0,60%	0,40%	0,80%	0,60%
Impairment losses (net) on accounts receivable		41	18	111	6	63	19
Total Operating Overhead Expenses		6,172	6,801	6,207	6,345	7,497	7,542
YoY % Variation		-	10,19%	-8,73%	2,22%	18,16%	0,60%
% of Operating Expenses		67%	69%	72%	71%	73%	75%
TOTAL OPEX		19,724	21,190	17,793	19,361	22,127	21,314
YoY % Variation			7,43%	-16,03%	8,81%	14,29%	-3,67%
% of Net Sales		90,00%	89,64%	96,52%	91,18%	98,29%	99,47%
EBITDA		2,882	3,845	1,966	3,065	1,874	1,358
YoY % Variation		-	33,41%	-48,87%	55,90%	-38,86%	-27,53%
% of Net Sales		13%	18%	9%	14%	9%	6%
D&A	D&A and Impairment Losses	486	1177	1261	1149	1371	1170
	Impairment losses	16	666	700	633	841	665
	D&A	470	511	561	516	530	505
	YoY % Variation				-8,02%	2,71%	-4,72%
	PPE	2,237	2,380	2,157	2,256	2,279	2,157
	YoY % Variation		6,39%	-9,37%	4,59%	1,02%	-5,35%
	% of property and equipment, net	21,01%	21,47%	26,01%	22,87%	23,26%	23,41%
Reversal of Impairment losses				5	34	4	42
Interest Income				25	13	23	39
Interest Expense				156	111	138	162
Operating profit		2,368	2,660	746	1,986	669	268
YoY % Variation		-	12,33%	-71,95%	166,22%	-66,31%	-59,94%
(% of net sales)		10,8%	11,3%	4,00%	9,40%	3,00%	1,30%
EBT		2,378	2,558	579	1,852	388	65

Table 4.16: Nike Cost Value Drivers

CORE OPERATION		2018	2019	2020	2021	2022	2023	2024	
Net sales		36.397	39.117	37.403	44.538	46.710	51.217	51.362	
COGS	Cost of sales	20.441	21.643	21.162	24.576	25.231	28.925	28.475	
	YoY % Variation		5,88%	-2,22%	16,13%	2,67%	14,64%	-1,56%	
	% of Net Sales	56%	55%	57%	55%	54%	56%	55%	
	# Inventory	5261,00	5622,00	7367,00	6854,00	8420,00	8454,00	7519,00	
	COGS per Inventory	3,89	3,85	2,87	3,59	3,00	3,42	3,79	
	% of Total Core costs	64%	63%	62%	65%	63%	64%	63%	
	Gross profit	15.956	17.474	16.241	19.962	21.479	22.292	22.887	
	(% of net sales)	44%	45%	43%	45%	46%	44%	45%	
Other operating expense (income)		66 -	78	139	14 -	181 -	280 -	228	
YoY % Variation			-218,18%	-278,21%	-89,93%	-1392,86%	54,70%	-18,57%	
(% of net sales)									
SG&A	Demand Creation Expense	3.577	3.753	3.592	3.114	3.850	4.060	4.285	
	YoY % Variation		4,92%	-4,29%	-13,31%	23,64%	5,45%	5,54%	
	(% of net sales)	10%	10%	10%	7%	8%	8%	8%	
	Operating overhead expense	7.934	8.949	9.534	9.911	10.954	12.317	12.291	
	YoY % Variation		12,79%	6,54%	3,95%	10,52%	12,44%	-0,21%	
	# Employees	73100	76700	75400	73300	79100	83700	79400	
	YoY % Variation		4,92%	-1,69%	-2,79%	7,91%	5,82%	-5,14%	
	Expenses per employee	0,11	0,12	0,126	0,135	0,138	0,147	0,155	
	(% of net sales)	22%	23%	25%	22%	23%	24%	24%	
	TotaSelling and Administrartive	11.511	12.702	13.126	13.025	14.804	16.377	16.576	
YoY % Variation		10,35%	3,34%	-0,77%	13,66%	10,63%	1,22%		
% of Operating Expenses		36%	37%	38%	35%	37%	36%	37%	
TOTAL OPEX		31.952	34.345	34.288	37.601	40.035	45.302	45.051	
YoY % Variation			7,49%	-0,17%	9,66%	6,47%	13,16%	-0,55%	
% of Net Sales		88%	88%	92%	84%	86%	88%	88%	
EBITDA		5.153	5.570	4.095	7.720	7.696	7.054	7.383	
YoY % Variation			8,09%	-26,48%	88,52%	-0,31%	-8,34%	4,66%	
EBITDA MARGIN		14%	14%	11%	17%	16%	14%	14%	
D&A	D&A	774	720	1119	797	840	859	844	
	YoY % Variation		-6,98%	55,42%	-28,78%	5,40%	2,26%	-1,75%	
	PPE	4.454	4.744	4.866	4.904	4.791	5.081	5.000	
	YoY % Variation		6,51%	2,57%	0,78%	-2,30%	6,05%	-1,59%	
	% of property and equipment, net			15,18%	23,00%	16,25%	17,53%	16,91%	16,88%
	Interest Expense (Income)		54	49	89	262	205 -	6 -	161
	Operating profit		4.325	4.801	2.887	6.661	6.651	6.201	6.700
YoY % Variation			11,01%	-39,87%	130,72%	-0,15%	-6,77%	8,05%	
(% of net sales)		12%	12%	8%	15%	14%	12%	13%	

Table 4.17: Adidas Sales Drivers

ADIDAS Sales Drivers						
Retail	2018	2019	2020	2021	2022	2023
N° of stores	2.395	2.553	2.456	2.184	1.990	1.863
% of tot sales			20%	21%	19%	21%
YOY %growth				5,0%	-9,5%	10,5%
Total Sales of retail			3.687	4.459	4.277	4.500
YOY %growth				20,9%	-4,1%	5,2%
Sales per each store	-	-	1,50	2,04	2,15	2,42
YOY %growth				36,0%	5,3%	12,4%
Wholesale	2018	2019	2020	2021	2022	2023
% of tot sales			59%	62%	61%	59%
Net sales	21.915	23.640	18.435	21.234	22.511	21.427
Total Sales of wholesale			10.877	13.165	13.732	12.642
YOY %growth				21,0%	4,3%	-7,9%

E-commerce	2018	2019	2020	2021	2022	2023
% of tot sales			21%	19%	20%	20%
Net sales	21.915	23.640	18.435	21.234	22.511	21.427
Total Sales of e-comm			3.871	4.034	4.502	4.285
YOY %growth				4,2%	11,6%	-4,8%

Average sales per store	2018	2019	2020	2021	2022	2023
Net sales	21.915	23.640	18.435	21.234	22.511	21.427
YOY %growth		7,9%	-22,0%	15,2%	6,0%	-4,8%
Total stores	2.395	2.553	2.456	2.184	1.990	1.863
YOY %growth		6,6%	-3,8%	-11,1%	-8,9%	-6,4%
Per store	9,15	9,26	7,51	9,72	11,31	11,50

Revenue per segment	2018	2019	2020	2021	2022	2023
Footwear	12.783	13.521	10.129	11.336	12.287	12.139
YOY %growth		5,8%	-25,1%	11,9%	8,4%	-1,2%
% of tot revenue	58,3%	57,2%	54,9%	53,4%	54,6%	56,7%
Apparel	8.223	8.963	7.315	8.710	8.731	7.806
YOY %growth		9,0%	-18,4%	19,1%	0,2%	-10,6%
% of tot revenue	37,5%	37,9%	39,7%	41,0%	38,8%	36,4%
Accessories and gear	910	1.156	991	1.188	1.493	1.482
YOY %growth		27,0%	-14,3%	19,9%	25,7%	-0,7%
% of tot revenue	4,2%	4,9%	5,4%	5,6%	6,6%	6,9%
Total	21.916	23.640	18.435	21.234	22.511	21.427

Product sales by geographic area		2018	2019	2020	2021	2022	2023
EMEA							
	footwear					4.529	4.611
	YOY %growth						2%
	apparell					3.464	3.059
	YOY %growth						-12%
	acc. & gear					556	565
	YOY %growth						2%
Total		5.885	6.071	6.308	7.760	8.550	8.235
	YOY %growth		3%	4%	23%	10%	-4%
	% of tot revenue	26,85%	25,68%	34,22%	36,55%	37,98%	38,43%
North America							
	footwear					3.641	2.826
	YOY %growth						-22%
	apparell					2.242	1.920
	YOY %growth						-14%
	acc. & gear					522	474
	YOY %growth						-9%
Total		4.689	5.313	4.519	5.105	6.405	5.220
	YOY %growth		13%	-15%	13%	25%	-19%
	% of tot revenue	21,40%	22,47%	24,51%	24,04%	28,45%	24,36%
Greater China							
	footwear					1.709	1.819
	YOY %growth						6%
	apparell					1.379	1.293
	YOY %growth						-6%
	acc. & gear					91	78
	YOY %growth						-14%
Total				4.342	4.597	3.179	3.190
	YOY %growth				6%	-31%	0%
	% of tot revenue			23,55%	21,65%	14,12%	14,89%
ASIA - PACIFIC							
	footwear					1.177	1.234
	YOY %growth						5%
	apparell					917	863
	YOY %growth						-6%
	acc. & gear					148	157
	YOY %growth						6%
Total		7.141	8.032	2.083	2.180	2.241	2.254
	YOY %growth		12%	-74%	5%	3%	1%
	% of tot revenue	32,58%	33,98%	11,30%	10,27%	9,96%	10,52%
Latin America							
	footwear					1.288	1.530
	YOY %growth						19%
	apparell					668	617
	YOY %growth						-8%
	acc. & gear					147	145
	YOY %growth						-1%
Total		1.634	1.660	1.035	1.446	2.104	2.291
	YOY %growth		2%	-38%	40%	46%	9%
	% of tot revenue	7,46%	7,02%	5,61%	6,81%	9,35%	10,69%
Other Businesses							
	footwear					59	36
	YOY %growth						-39%
	apparell					62	53
	YOY %growth						-15%
	acc. & gear					29	65
	YOY %growth						124%
Total		877	605	148	146	150	155
Others segment							
	footwear						
	YOY %growth						
	apparell						
	YOY %growth						
	acc. & gear						
	YOY %growth						
Total		1739	1960				
TOTAL SALES							
		21.965	23.641	18.435	21.234	22.629	21.345
RECONCILIATION							
		-48				-117	83
TOTAL							
		21.917	23.641	18.435	21.234	22.512	21.428

Table 4.18: Nike Sales Drivers

Nike Sales drivers							
	2018	2019	2020	2021	2022	2023	2024
Footwear	22.268	24.222	24.947	30.007	31.237	35.290	35.227
YOY Growth		9%	3%	20%	4%	13%	0%
% of tot revenue	61,2%	61,9%	66,7%	67,4%	66,9%	68,9%	68,6%
Apparel	10.733	11.550	11.042	12.969	13.670	13.933	13.868
YOY Growth		8%	-4%	17%	5%	2%	0%
% of tot revenue	29,5%	29,5%	29,5%	29,1%	29,3%	27,2%	27,0%
Equipment	1.396	1.404	1.395	1.497	1.773	1.909	2.264
YOY Growth		1%	-1%	7%	18%	8%	19%
% of tot revenue	3,8%	3,6%	3,7%	3,4%	3,8%	3,7%	4,4%
Wholesale	23.969	25.423	24.310	27.251	26.900	28.696	28.847
YOY Growth		6%	-4%	12%	-1%	7%	1%
% of tot revenue	65,9%	65,0%	65,0%	61,2%	57,6%	56,0%	56,2%
Nike direct	10.428	11.753	12.984	17.136	19.657	22.282	22.351
YOY Growth		13%	10%	32%	15%	13%	0%
% of tot revenue	28,7%	30,0%	34,7%	38,5%	42,1%	43,5%	43,5%

North America							
	2018	2019	2020	2021	2022	2023	2024
By Product							
Footwear	9.322	10.045	9.329	11.644	12.228	14.897	14.537
YOY Growth		8%	-7%	25%	5%	22%	-2%
% of tot revenue	63%	63%	64%	68%	67%	69%	68%
Apparel	4.938	5.260	4.639	5.028	5.492	5.947	5.953
YOY Growth		7%	-12%	8%	9%	8%	0%
% of tot revenue	33%	33%	32%	29%	30%	28%	28%
Equipment	595	597	516	507	633	764	906
YOY Growth		0%	-14%	-2%	25%	21%	19%
% of tot revenue	4%	4%	4%	3%	3%	4%	4%
Total	14.855	15.902	14.484	17.179	18.353	21.608	21.396
YOY Growth		7%	-9%	19%	7%	18%	-1%
% of tot revenue	40,8%	40,7%	38,7%	38,6%	39,3%	42,2%	41,7%

By channel:							
Wholesale	10.159	10.875	9.371	10.186	9.621	11.273	11.004
YOY Growth				9%	-6%	17%	-2%
% of tot revenue			65%	59%	52%	52%	51%
Nike direct	4.696	5.027	5.113	6.993	8.732	10.335	10.392
YOY Growth				37%	25%	18%	1%
% of tot revenue			35%	41%	48%	48%	49%

Greater china							
	2018	2019	2020	2021	2022	2023	2024
By Product							
Footwear	3.496	4.262	4.635	5.748	5.416	5.435	5.552
YOY Growth				24%	-6%	0%	2%
% of tot revenue			69%	69%	72%	75%	74%
Apparel	1.508	1.808	1.896	2.347	1.938	1.666	1.828
YOY Growth				24%	-17%	-14%	10%
% of tot revenue			28%	28%	26%	23%	24%
Equipment	130	138	148	195	193	147	165
YOY Growth				32%	-1%	-24%	12%
% of tot revenue			2%	2%	3%	2%	2%
Total	5.134	6.208	6.679	8.290	7.547	7.248	7.545
YOY Growth				24%	-9%	-4%	4%
% of tot revenue	14,1%	15,9%	17,9%	18,6%	16,2%	14,2%	14,7%

By channel:							
Wholesale	3.216	3.726	3.803	4.513	4.081	3.866	4.262
YOY Growth				19%	-10%	-5%	10%
% of tot revenue			57%	54%	54%	53%	56%
Nike direct	1.918	2.482	2.876	3.777	3.466	3.382	3.283
YOY Growth				31%	-8%	-2%	-3%
% of tot revenue			43%	46%	46%	47%	44%

EMEA	2018	2019	2020	2021	2022	2023	2024
By Product							
Footwear	5.875	6.293	5.892	6.970	7.388	8.260	8.473
	YOY Growth			18%	6%	12%	3%
	% of tot revenue		63%	61%	59%	62%	62%
Apparel	2.940	3.087	3.053	3.996	4.527	4.566	4.380
	YOY Growth			31%	13%	1%	-4%
	% of tot revenue		33%	35%	36%	34%	32%
Equipment	427	432	402	490	564	592	754
	YOY Growth			22%	15%	5%	27%
	% of tot revenue		4%	4%	5%	4%	6%
Total	9.242	9.812	9.347	11.456	12.479	13.418	13.607
	YOY Growth	6%	-5%	23%	9%	8%	1%
	% of tot revenue	27,0%	23,9%	30,6%	28,0%	28,7%	26,6%

By channel:							
Wholesale	6.765	7.076	6.574	7.812	8.377	8.522	8.562
	YOY Growth			19%	7%	2%	0%
	% of tot revenue		70%	68%	67%	64%	63%
Nike direct	2.477	2.736	2.773	3.644	4.102	4.896	5.045
	YOY Growth			31%	13%	19%	3%
	% of tot revenue		30%	32%	33%	36%	37%

ASIA PACIFIC-LATIN AMERICA	2018	2019	2020	2021	2022	2023	2024
By Product							
Footwear	3.575	3.622	3.449	3.659	4.111	4.543	4.865
	YOY Growth			6%	12%	11%	7%
	% of tot revenue		69%	68%	69%	71%	72%
Apparel	1.347	1.395	1.365	1.494	1.610	1.664	1.614
	YOY Growth			9%	8%	3%	-3%
	% of tot revenue		27%	28%	27%	26%	24%
Equipment	244	237	214	190	234	224	250
	YOY Growth			-11%	23%	-4%	12%
	% of tot revenue		4%	4%	4%	3%	4%
Total	5.166	5.254	5.028	5.343	5.955	6.431	6.729
	YOY Growth			6%	11%	8%	5%
	% of tot revenue	14,4%	12,9%	14,3%	13,4%	13,8%	13,1%

By channel:							
Wholesale	3.829	3.746	3.408	3.387	3.529	3.736	3.930
	YOY Growth			-1%	4%	6%	5%
	% of tot revenue		68%	63%	59%	58%	58%
Nike direct	1.337	1.508	1.620	1.956	2.426	2.695	2.799
	YOY Growth			21%	24%	11%	4%
	% of tot revenue		32%	37%	41%	42%	42%

Converse	2018	2019	2020	2021	2022	2023	2024
By Product							
Footwear			1.642	1.986	2.094	2.155	1.800
	YOY Growth			21%	5%	3%	-16%
	% of tot revenue		89%	90%	89%	89%	86%
Apparel			89	104	103	90	93
	YOY Growth			17%	-1%	-13%	3%
	% of tot revenue		5%	5%	4%	4%	4%
Equipment			115	115	149	182	189
	YOY Growth			0%	30%	22%	4%
	% of tot revenue		6%	5%	6%	7%	9%
Total	1.886	1.906	1.846	2.205	2.346	2.427	2.082
	YOY Growth			19%	6%	3%	-14%

By channel:							
Wholesale			1.154	1.353	1.292	1.299	1.089
	YOY Growth			17%	-5%	1%	-16%
	% of tot revenue		63%	61%	55%	54%	52%
DTC direct			602	766	931	974	832
	YOY Growth			27%	22%	5%	-15%
	% of tot revenue		33%	35%	40%	40%	40%
Other			90	86	123	154	152
	YOY Growth			-4%	43%	25%	-1%
	% of tot revenue		5%	4%	5%	6%	7%

Table 4.19: Adidas Invested Capital

ADIDAS Invested capital								
in € million	2018	2019	2020	2021	2022	2023	2023 H1	2024 H1
Core Operations								
Operating cash	667	720	561	647	685	652		704
% of total revenue	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%		3,0%
Inventories	3.445	4.085	4.397	4.009	5.973	4.525		4.544
Average holding period (days)	119,16	131,40	174,20	139,77	183,71	146,89		142,75
% of total revenue	15,7%	17,3%	23,9%	18,9%	26,5%	21,1%		
Acc. receivables	2.418	2.625	1.952	2.175	2.529	1.906		2.771
Average collection period (days)	40,27	40,53	38,65	37,39	41,01	32,47		43,72
Other Current Assets	725	1.076	999	1.062	1.316	1.002		969
% of total revenue	0,03	0,05	0,05	0,05	0,06	0,05		0,04
PPE	2.237	2.380	2.157	2.256	2.279	2.157		2.095
N° Distribution centers	65	66	67	67	65	65		65
PPE for Distr. Centers	34	36	32	34	35	33		32
N° Own retail stores		2.520	2.456	2.184	1.990	1.863		
YoY Variation			-2,54%	-11,07%	-8,88%	-6,38%		
PPE for retail store		0,94	0,88	1,03	1,15	1,16		
% of total revenue		79,31%	70,91%	95,07%	89,48%	78,07%		
Right-of-use assets	-	2.931	2.430	2.569	2.665	2.247		2.702
YoY Variation			-17,09%	5,72%	-3,74%	-15,68%		20,25%
% of total revenue		13,4%	10,3%	13,9%	12,6%	10,0%		11,7%
Deferred tax asset	651	1.093	1.233	1.263	1.216	1.358		1.228
% of total revenue	2,97%	4,62%	6,69%	5,95%	5,40%	6,34%		5,31%
goodwill	1.245	1.257	1.208	1.228	1.260	1.238		1.256
YoY Variation			-3,90%	1,66%	2,61%	-1,75%		
% of total revenue	5,68%	5,32%	6,55%	5,78%	5,60%	5,78%		5,43%
trademarks	844	859	750	16	-	-		0
% of total revenue	3,85%	3,63%	4,07%	0,08%	0,00%	0,00%		0,00%
Income tax receivable	48	94	109	91	102	156		232
% of total revenue	0,22%	0,40%	0,59%	0,43%	0,45%	0,73%		2,06%
Other intangible assets	196	305	252	336	429	442		446
% of total revenue	0,89%	1,29%	1,37%	1,58%	1,91%	2,06%		1,93%
YoY Variation		55,61%	17,38%	33,33%	27,68%	3,03%		
other non current assets	94	103	103	74	76	50		69
% of total revenue	0,43%	0,44%	0,56%	0,35%	0,34%	0,23%		0,30%
Accounts payable	2.300	2.703	2.390	2.294	2.908	2.276		-2560
Average payable period (days)	79,56	86,95	94,69	79,38	89,44	73,88		80,42
Income taxes	268	618	562	536	302	323		-394
% of total revenue	-1,22%	2,61%	3,05%	2,52%	-1,34%	-1,51%		-1,70%
Other current provisions	1.232	1.446	1.609	1.458	1.589	1.323		-1.281
% of total revenue	5,62%	6,12%	8,73%	6,87%	7,06%	6,17%		-5,54%
Current accrued liabilities	2.305	2.437	2.172	2.684	2.412	2.273		-2541
% of OPEX	11,69%	11,50%	12,21%	13,86%	10,90%	10,66%		11,50%
Other current liabilities	477	538	398	434	452	488		-633
% of OPEX	2,42%	2,54%	2,24%	2,24%	2,04%	2,29%		2,86%
Pensions and similar obligations	246	229	284	267	118	139		-110
% of total revenue	1,12%	0,97%	1,54%	1,26%	0,52%	0,65%		0,48%
Deferred tax liabilities	241	280	241	122	135	147		-134
% of total revenue	1,10%	1,18%	1,31%	0,57%	0,60%	0,69%		1,19%
Other non-current provisions	128	257	229	149	88	188		-274
% of total revenue	0,58%	1,09%	1,24%	0,70%	0,39%	0,88%		1,18%
Non-current accrued liabilities	-19	-9	-8	-8	-7	0		0
Other non-current liabilities	-68	-7	-17	-9	-6	-103		-79
Core operations Invested Capital	5.396	9.122	8.334	7.871	10.626	8.581		8.649
Non-Core Operations								
Short-term financial assets	6	292	0	0	0	0	795	925
Other current financial assets	542	544	702	745	1014	789		4.00%
Assets classified as held for sale	0	0	0	2033	0	0	309	329
Long-term financial assets	276	367	353	290	301	301	345	1,42%
Other non-current financial assets	256	450	414	160	336	418		393
Liabilities classified as held for sale	0	0	0	-594	0	0		1,70%
Non Core operations Invested Capital	1.074	1.361	1.469	1.195	1.651	1.508		1.647
Financial Activities								
Excess Cash	1962	1500	3433	3181	113	779	670	1317
% of total revenue	8,95%	6,35%	18,62%	14,98%	0,50%	3,63%	-915	5,69%
Short-term borrowings	-66	-43	-686	-29	-527	-549	-572	-615
Current lease liabilities	0	-733	-563	-573	-643	-545	-337	-582
Other current financial liabilities	-186	-235	-446	-363	-424	-266	-2938	-160
Long-term borrowings	-1609	-1595	-2482	-2466	-2946	-2430	-2110	-2422
Non-current lease liabilities	0	-2399	-2159	-2263	-2343	-2039	-13	-2479
Other non-current financial liabilities	-103	-92	-115	-51	-44	-6	-372	-2
Non-controlling interests	13	-261	-237	-318	-360	-345		-366
YoY Variation		-2107,69%	-9,20%	34,18%	13,21%	-4,17%		
Net Financials	99	3.976	3.348	2.988	7.287	5.509		5.366

Table 4.20: Nike Invested Capital

NIKE Invested Capital							
Core Invested Capital	2018	2019	2020	2021	2022	2023	2024
Operating Cash	1.820	1.956	1.870	2.227	2.336	2.561	2.568
% of tot revenue	5%	5%	5%	5%	5%	5%	5%
Acc receivable	3.498	4.272	2.749	4.463	4.667	4.131	4.427
Average collection period (days)	35,08	39,86	26,83	36,58	36,47	29,44	31,46
Inventories	5.261	5.622	7.367	6.854	8.420	8.454	7.519
Average holding period (days)	93,94	94,81	127,07	101,79	121,81	106,68	96,38
Prepaid Expenses	1.130	1.968	1.653	1.498	2.129	1.942	1.854
% of tot revenue	3%	5%	4%	3%	5%	4%	4%
PPE	4.454	4.744	4.866	4.904	4.791	5.081	5.000
N of retail stores	1.096	1.096	1.096	1.048	1.046	1.032	1.045
PPE/N of retail stores	4,06	4,33	4,44	4,68	4,58	4,92	4,78
Operating lease asset (RoU assets)	-	-	3.097	3.113	2.926	2.923	2.718
Intangible asset	285	283	274	269	286	274	259
% of tot revenue	1%	1%	1%	1%	1%	1%	1%
Goodwill	154	154	223	242	284	281	240
% of tot revenue	0%	0%	1%	1%	1%	1%	0%
Notes Payable	336	9	248	2	10	6	6
Acc. Payable	2.279	2.612	2.248	2.836	3.358	2.862	2.851
Average payable period (days)	40,69	44,05	38,77	42,12	48,58	36,12	36,54
Accrued liab	3.269	5.010	5.184	6.063	6.220	5.723	5.725
% of tot revenue	9%	13%	14%	14%	13%	11%	11%
% of OPEX	10%	15%	15%	16%	16%	13%	13%
Income tax payable	150	229	156	306	222	240	534
deferred income tax and others	2.509	2.011	2.326	2.921	3.821	3.770	4.511
deferred income tax and others liab	3.216	3.347	2.684	2.955	2.613	2.558	2.618
CORE OP. INVESTED CAPITAL	9.861	9.803	13.905	14.329	17.237	18.028	17.362
YOY GROWTH %		-1%	42%	3%	20%	5%	-4%
Non-Core Invested Capital	2018	2019	2020	2021	2022	2023	2024
ST Investment	996	197	439	3.587	4.423	3.234	1.722
NON CORE OP. INVESTED CAPITAL	996	197	439	3.587	4.423	3.234	1.722
YOY GROWTH %		-80%	123%	717%	23%	-27%	-47%
Financials	2018	2019	2020	2021	2022	2023	2024
Excess Cash	2.429	2.510	6.478	7.662	6.239	4.880	7.292
LT DEBT	3.474	3.470	9.409	9.413	9.420	8.927	8.903
Operating lease liab	-	-	3.358	3.398	3.197	3.211	3.043
Financials	- 1.045 -	960 -	6.289 -	5.149 -	6.379 -	7.258 -	4.654

Table 4.21: Assumption Revenue Forecast

Key Macroeconomic Drivers																
GDP, current prices (Billions of U.S. dollars)																
	2019	2020	2021	2022	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	AVERAGE
North America	24,694	24,234	27,108	29,745	31,770	33,352	34,608	36,002	37,468	38,989	40,562					
% Growth		-1.86%	11.86%	9.73%	6.81%	4.98%	3.73%	4.03%	4.07%	4.06%	4.03%					4.90%
% Real GDP Growth	2,20%	-3.00%	6.00%	2.70%	2.80%	2.50%	2.10%	2.00%	2.10%	2.10%	2.10%	1.60%	1.60%	1.60%	1.60%	
Europe	21,847	21,137	24,236	24,219	25,802	27,096	28,220	29,338	30,358	31,432	32,535					
% Growth		-3.25%	14.66%	-0.07%	6.54%	5.01%	4.15%	3.96%	3.48%	3.54%	3.51%					4.36%
% Real GDP Growth	2.00%	-5.40%	6.40%	2.40%	1.20%	1.60%	1.60%	1.70%	1.60%	1.60%	1.50%	0.80%	0.80%	0.80%	0.80%	
Middle East	2,716	2,347	2,842	3,498	3,363	3,529	3,657	3,872	4,087	4,305	4,537					
% Growth		-13.60%	21.10%	23.07%	-3.84%	4.93%	3.62%	5.88%	5.55%	5.35%	5.37%					
% Real GDP Growth	0.60%	-3.10%	4.40%	6.20%	1.30%	1.90%	3.80%	4.10%	3.60%	3.30%	3.20%	2.30%	2.30%	2.30%	2.30%	
Africa	2,603	2,493	2,782	3,001	2,868	2,781	2,823	3,037	3,241	3,467	3,696					
% Growth		-4.25%	11.59%	7.89%	-4.44%	-3.05%	1.52%	7.59%	6.73%	6.96%	6.61%					
% Real GDP Growth	3.10%	-1.40%	4.70%	4.30%	3.30%	3.00%	4.20%	4.40%	4.30%	4.40%	4.40%	2.30%	2.30%	2.30%	2.30%	
EMEA	27,166	25,977	29,860	30,718	32,034	33,408	34,700	36,247	37,686	39,205	40,767					
% Growth		-4.38%	14.95%	2.87%	4.28%	4.28%	3.87%	4.46%	3.97%	4.03%	3.99%					
% Real GDP Growth	1.97%	-4.81%	6.05%	3.02%	1.40%	1.75%	2.04%	2.18%	2.05%	2.03%	1.95%					
China	14,341	14,863	17,759	17,849	17,758	18,273	19,535	20,811	22,051	23,320	24,590					
% Growth		3.64%	19.49%	0.50%	-0.51%	2.90%	6.90%	6.53%	5.96%	5.75%	5.45%					5.70%
% Real GDP Growth	6.00%	2.20%	8.40%	3.00%	5.20%	4.80%	4.50%	4.10%	3.60%	3.40%	3.30%	3.90%	3.90%	3.90%	3.90%	
APAC	31,903	31,988	36,576	36,507	37,036	38,348	41,024	43,622	46,284	49,125	51,979					
% Growth		0.27%	14.34%	-0.19%	1.45%	3.54%	6.98%	6.33%	6.10%	6.14%	5.81%					5.11%
% Real GDP Growth	4.20%	-0.80%	7.10%	4.10%	4.90%	4.50%	4.40%	4.30%	4.10%	4.00%	4.00%	3.70%	3.70%	3.70%	3.70%	
Emerging and Developing Asia	20,585	20,833	24,499	25,017	25,271	26,277	28,196	30,250	32,320	34,502	36,766					
% Growth		1.20%	17.60%	2.12%	1.01%	3.98%	7.30%	7.28%	6.84%	6.75%	6.56%					4.57%
% Real GDP Growth	5.30%	-0.50%	7.70%	4.40%	5.70%	5.30%	5.00%	4.90%	4.60%	4.50%	4.50%					
LATAM	5,242	4,399	5,121	5,857	6,564	6,728	6,894	7,266	7,630	8,015	8,410					
% Growth		-16.08%	16.41%	14.38%	12.07%	2.50%	2.46%	5.40%	5.01%	5.05%	4.93%					4.85%
% Real GDP Growth	0.20%	-6.90%	7.40%	4.20%	2.20%	2.10%	2.50%	2.70%	2.80%	2.70%	2.60%	1.60%	1.60%	1.60%	1.60%	

	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	AVERAGE
Consumer Spending per capita (in USD)																
North America	32,82	31,79	35,92	39,09	41,38	43,49	44,94	46,52	48,18	49,87	51,63	53,33	55,00	56,63	58,23	
% Growth		-2.46%	11.75%	9.16%	5.23%	4.77%	4.01%	4.12%	4.01%	4.08%	3.79%					4.90%
EMEA	6,66	6,17	6,85	6,99	7,28	7,42	7,59	7,82	8,04	8,27	8,51	8,71	8,90	9,08	9,26	
% Growth		-3.37%	13.98%	0.00%	7.44%	6.03%	4.77%	4.35%	3.62%	3.46%	3.31%					4.36%
China	385,50	369,00	445,50	422,50	406,10	413,70	428,60	442,30	455,40	469,20	481,60	493,00	501,80	509,90	517,50	
% Growth		-3.47%	19.20%	-0.66%	-0.88%	4.86%	6.54%	6.43%	5.86%	5.88%	4.98%					5.70%
APAC	3,53	3,43	3,85	3,79	3,81	3,97	4,22	4,48	4,74	5,03	5,32	5,59	5,85	6,12	6,40	
% Growth		0.49%	14.15%	-0.60%	1.09%	4.96%	6.86%	6.52%	6.12%	6.40%	5.11%					5.11%
APAC w/o China	15,90	15,54	16,97	16,64	17,18	18,05	19,35	20,63	21,95	23,47	24,70					
% Growth		-2.26%	9.20%	-1.94%	3.25%	5.06%	7.20%	6.61%	6.40%	6.92%	5.24%					4.57%
LATAM	5,72	4,72	5,33	6,18	6,91	7,33	7,60	7,97	8,35	8,72	9,09	9,41	9,72	10,02	10,31	
% Growth		-2.61%	13.47%	3.80%	4.34%	5.00%	5.40%	5.12%	4.87%	4.88%	4.28%					4.85%

KEY INDUSTRY DRIVERS

	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
EUROPE	85,0	88,4	91,9	95,6	99,4	103,4	107,6				
CAGR		4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%	4,00%
Footwear		4,7%	4,7%	4,7%	4,7%	4,7%	4,7%				
Apparel		3,3%	3,3%	3,3%	3,3%	3,3%	3,3%				
APAC	120,0	132,0	145,2	159,7	175,7	193,3	212,6				
CAGR		10,00%	10,00%	10,00%	10,00%	10,00%	10,00%	6,20%	6,20%	6,20%	6,20%
Footwear		11,7%	11,7%	11,7%	11,7%	11,7%	11,7%				
Apparel		8,3%	8,3%	8,3%	8,3%	8,3%	8,3%				
LATAM	24,0	25,4	27,0	28,6	30,3	32,1	34,0				
CAGR		6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	5,10%	5,10%	5,10%	5,10%
Footwear		7,0%	7,0%	7,0%	7,0%	7,0%	7,0%				
Apparel		5,0%	5,0%	5,0%	5,0%	5,0%	5,0%				
NORTHAMERICA	170,0	180,2	191,0	202,5	214,6	227,5	241,1				
CAGR		6,00%	6,00%	6,00%	6,00%	6,00%	6,00%	4,20%	4,20%	4,20%	4,20%
Footwear		7,0%	7,0%	7,0%	7,0%	7,0%	7,0%				
Apparel		5,0%	5,0%	5,0%	5,0%	5,0%	5,0%				
MIDDLE EAST & AFRICA	25,0	27,5	30,3	33,3	36,6	40,3	44,3				
CAGR		10,00%	10,00%	10,00%	10,00%	10,00%	10,00%	5,40%	5,40%	5,40%	5,40%
Footwear		11,7%	11,7%	11,7%	11,7%	11,7%	11,7%				
Apparel		8,3%	8,3%	8,3%	8,3%	8,3%	8,3%				
CHINA		5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	3,20%	3,20%	3,20%	3,20%
		5,8%	5,8%	5,8%	5,8%	5,8%	5,8%				
		4,2%	4,2%	4,2%	4,2%	4,2%	4,2%				

Table 4.22: Adidas Income Statement Forecast Base Scenario

Adidas IS Forecast BASE			2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues			23.132	24.513	26.929	28.530	30.128	31.674	32.723	33.773	34.824	35.871
NEW GEOGRAPHIC SEGMENTATION			Growth									
			8,0%	6,0%	9,9%	5,9%	5,6%	5,1%	3,3%	3,2%	3,1%	3,0%
EUROPE	TOTAL		7.914	8.389	9.060	9.423	9.799	10.191	10.436	10.686	10.943	11.206
	YoY Variation		22,0%				CAGR 25-29	4,99%				
	YoY Variation (Currency Neutral)		20,00%	6,00%	8,00%	4,00%	4,00%	4,00%	2,40%	2,40%	2,40%	2,40%
NA	TOTAL		4.913	5.060	5.566	5.789	5.963	6.142	6.320	6.490	6.653	6.806
	YoY Variation		-5,9%				CAGR 25-29	4,96%				
	YoY Variation (Currency Neutral)		-5,80%	3,00%	10,00%	4,00%	3,00%	3,00%	2,90%	2,70%	2,50%	2,30%
CHINA	TOTAL		3.429	3.601	4.033	4.396	4.791	5.127	5.370	5.612	5.850	6.084
	YoY Variation		7,5%				CAGR 25-29	9,24%				
	YoY Variation (Currency Neutral)		9,50%	5,00%	12,00%	9,00%	9,00%	7,00%	4,75%	4,50%	4,25%	4,00%
EMERGING MARKET	TOTAL		2.777	3.138	3.514	3.866	4.214	4.551	4.760	4.979	5.208	5.448
	YoY Variation		23,2%				CAGR 25-29	9,74%				
	YoY Variation (Currency Neutral)		23,20%	13,00%	12,00%	10,00%	9,00%	8,00%	4,60%	4,60%	4,60%	4,60%
LATAM	TOTAL		2.590	2.797	3.105	3.291	3.489	3.698	3.822	3.941	4.053	4.158
	YoY Variation		13,1%				CAGR 25-29	7,23%				
	YoY Variation (Currency Neutral)		28,00%	8,00%	11,00%	6,00%	6,00%	6,00%	3,35%	3,10%	2,85%	2,60%
OTHER BUSINESSES/SFGMENT			120	0	0	0	0	0	0	0	0	0
JAPAN/SOUTH KOREA	TOTAL		1.389	1.528	1.650	1.766	1.872	1.965	2.014	2.065	2.116	2.169
	YoY Variation		3,2%				CAGR 25-29	6,49%				
	YoY Variation (Currency Neutral)		8,20%	10,00%	8,00%	7,00%	6,00%	5,00%	2,50%	2,50%	2,50%	2,50%
Revenues			23.132	24.513	26.929	28.530	30.128	31.674	32.723	33.773	34.824	35.871
COGS			11.619	11.837	12.779	13.611	14.617	15.421	15.927	16.462	17.034	17.625
EUROPE	COGS		3.902	3.926	4.217	4.386	4.628	4.864	5.033	5.170	5.349	5.550
	GROSS PROFIT		4.012	4.463	4.843	5.036	5.171	5.327	5.403	5.517	5.594	5.656
	GROSS MARGIN		51%	53%	53%	53%	53%	52%	52%	52%	51%	50%
NA	COGS		2.746	2.677	2.833	3.005	3.150	3.245	3.276	3.364	3.448	3.528
	GROSS PROFIT		2.167	2.383	2.733	2.785	2.812	2.897	3.044	3.126	3.204	3.278
	GROSS MARGIN		44%	47%	49%	48%	47%	47%	48%	48%	48%	48%
CHINA	COGS		1.619	1.628	1.863	2.053	2.262	2.421	2.536	2.650	2.763	2.873
	GROSS PROFIT		1.811	1.973	2.170	2.343	2.529	2.706	2.834	2.962	3.088	3.211
	GROSS MARGIN		53%	55%	54%	53%	53%	53%	53%	53%	53%	53%
EMERGING MARKET	COGS		1.358	1.456	1.560	1.716	1.909	2.062	2.156	2.256	2.359	2.468
	GROSS PROFIT		1.419	1.682	1.954	2.149	2.305	2.489	2.604	2.724	2.849	2.980
	GROSS MARGIN		51%	54%	56%	56%	55%	55%	55%	55%	55%	55%
LATAM	COGS		1.386	1.469	1.568	1.662	1.823	1.932	1.997	2.059	2.117	2.172
	GROSS PROFIT		1.204	1.329	1.537	1.629	1.666	1.766	1.825	1.882	1.936	1.986
	GROSS MARGIN		47%	48%	50%	50%	48%	48%	48%	48%	48%	48%
JAPAN/SOUTH KOREA	COGS		608	682	737	788	845	897	930	963	998	1.034
	GROSS PROFIT		781	846	913	977	1.027	1.068	1.085	1.102	1.119	1.136
	GROSS MARGIN		56%	55%	55%	55%	55%	54%	54%	53%	53%	52%
GROSS PROFIT			11.788	12.676	14.150	14.920	15.510	16.254	16.795	17.312	17.790	18.247
GROSS MARGIN			51,0%	51,7%	52,5%	52,3%	51,5%	51,3%	51,3%	51,3%	51,1%	50,9%
Marketing			2.795	2.962	3.389	3.590	3.791	3.986	4.090	4.222	4.353	4.484
% net sales			12,1%	12,1%	12,6%	12,6%	12,6%	12,6%	12,5%	12,5%	12,5%	12,5%
YoY Variation			10,57%	5,97%	14,40%	5,95%	5,60%	5,13%	2,63%	3,21%	3,11%	3,01%
Tot Operating Expenses			7.687	7.522	7.787	8.088	8.431	8.830	9.088	9.339	9.583	9.820
% net sales			33,2%	30,7%	28,9%	28,3%	28,0%	27,9%	27,8%	27,7%	27,5%	27,4%
YoY Variation			4,1%	-2,1%	3,5%	3,9%	4,2%	4,7%	2,9%	2,8%	2,6%	2,5%
Distribution and selling expenses			5.760	5.614	5.763	5.963	6.221	6.541	6.725	6.907	7.087	7.264
	YoY Variation		24,9%	22,9%	21,4%	20,9%	20,7%	20,7%	20,6%	20,5%	20,4%	20,3%
	(% of net sales)		3,8%	-2,5%	2,7%	3,5%	4,3%	5,1%	2,8%	2,7%	2,6%	2,5%
General and administration expenses			1.927	1.909	2.024	2.125	2.210	2.289	2.363	2.432	2.497	2.556
	YoY Variation		4,8%	-0,9%	6,0%	5,0%	4,0%	3,6%	3,2%	2,9%	2,6%	2,4%
	(% of net sales)		8,4%	7,9%	7,8%	7,7%	7,6%	7,5%	7,5%	7,4%	7,4%	7,3%
# Employees			58.476	57.927	57.093	55.986	54.620	53.288	51.988	50.720	49.483	48.276
YoY Variation			-0,9%	-1,4%	-1,4%	-1,9%	-2,4%	-2,4%	-2,4%	-2,4%	-2,4%	-2,4%
Expenses per employee			0,033	0,033	0,035	0,038	0,040	0,043	0,045	0,048	0,050	0,053
Core result before taxes			1.306	2.192	2.974	3.242	3.288	3.438	3.617	3.751	3.853	3.942
Operating margin			5,6%	8,9%	11,0%	11,4%	10,9%	10,9%	11,1%	11,1%	11,1%	11,0%
Statutory Tax			385,6%	67,8%	35,7%	9,0%	1,4%	4,6%	5,2%	3,7%	2,7%	2,3%
Tax Adj			-83	-83	-83	-83	-83	-83	-83	-83	-83	-83
Core result after tax			1.031	1.674	2.242	2.437	2.470	2.579	2.709	2.806	2.880	2.945

Table 4.23: Nike Income Statement Forecast Base Scenario

NIKE INCOME STATEMENT FORECASTING										
NIKE IS Forecast BASE		2025	2026	2027	2028	2029	2030	2031	2032	2033
TOTAL REVENUES		46.995	50.544	54.464	58.271	62.401	64.484	66.591	68.723	70.926
		-9%	8%	8%	7%	7%	3%	3%	3%	3%
EMEA	TOTAL	12.118	12.901	13.745	14.656	15.639	16.060	16.460	16.837	17.239
	YoY Variation	-11%	6%	7%	7%	7%	3%	2%	2%	2%
	Footwear	7.490	7.971	8.482	9.027	9.606				
	YoY Variation	-12%	6%	6%	6%	6%				
	Apparel	3.916	4.095	4.283	4.479	4.684				
	YoY Variation	-11%	5%	5%	5%	5%				
NA	Accessories	712	835	980	1.150	1.349				
	YoY Variation	-5,6%	17%	17%	17%	17%				
	TOTAL	19.156	20.898	22.813	24.500	26.339	27.103	27.889	28.698	29.530
	YoY Variation	-10%	9%	9%	7%	8%	3%	3%	3%	3%
	Footwear	12.560	13.691	14.923	15.968	17.086				
	YoY Variation	-14%	9%	9%	7%	7%				
CHINA	Apparel	5.382	5.758	6.161	6.469	6.792				
	YoY Variation	-10%	7%	7%	5%	5%				
	Accessories	1.215	1.449	1.729	2.063	2.461				
	YoY Variation	34%	19%	19%	19%	19%				
	TOTAL	7.341	7.773	8.218	8.714	9.246	9.574	9.905	10.236	10.569
	YoY Variation	-3%	6%	6%	6%	6%	4%	3%	3%	3%
APAC + LATAM	Footwear	5.458	5.776	6.113	6.470	6.847				
	YoY Variation	-2%	6%	6%	6%	6%				
	Apparel	1.671	1.740	1.795	1.870	1.948				
	YoY Variation	-9%	4%	3%	4%	4%				
	Accessories	213	257	310	374	451				
	YoY Variation	29%	21%	21%	21%	21%				
CONVERSE	TOTAL	6.589	7.163	7.857	8.543	9.290	9.831	10.394	10.979	11.586
	YoY Variation	-2%	9%	10%	9%	9%	6%	6%	6%	6%
	Footwear	4.719	5.160	5.693	6.224	6.806				
	YoY Variation	-3%	9%	10%	9%	9%				
	Apparel	1.598	1.704	1.835	1.957	2.088				
	YoY Variation	-1%	7%	8%	7%	7%				
CONVERSE	Accessories	273	299	329	361	397				
	YoY Variation	9%	10%	10%	10%	10%				
REVENUES		46.995	50.544	54.464	58.271	62.401	64.484	66.591	68.723	70.926
COGS		25.646,82	27.027,64	29.123,89	31.203,86	32.854,32	33.950,62	35.060,36	36.192,82	37.388,76
GROSS PROFIT		21.348,43	23.516,61	25.340,55	27.066,65	29.547,05	30.532,99	31.531,01	32.529,90	33.537,47
Gross margin		45%	47%	47%	46%	47%	47%	47%	47%	47%
S&A expenses		15.776,67	16.715,38	17.331,02	18.637,27	19.958,49	20.592,23	21.265,33	22.014,68	22.791,47
% of net sales		34%	33%	32%	32%	32%	32%	32%	32%	32%
YoY Variation										
Demand Creation Expenses		4.967,77	5.342,93	5.212,68	5.141,90	5.506,41	5.657,91	5.842,85	6.098,58	6.365,05
% of net sales		11%	11%	10%	8,8%	8,8%	8,8%	8,8%	8,9%	9,0%
YoY Variation										
Operating overhead		10.808,91	11.372,46	12.118,34	13.495,38	14.452,08	14.934,32	15.422,48	15.916,10	16.426,42
% of net sales		23,00%	22,50%	22,25%	23,16%	23,16%	23,16%	23,16%	23,16%	23,16%
YoY Variation										
Core result before taxes		5.571,75	6.801,23	8.009,54	8.429,38	9.588,56	9.940,76	10.265,69	10.515,22	10.745,99
Op Margin		12%	13%	15%	14%	15%	15%	15%	15%	15%
Statutory Taxes		1.170,07	1.428,26	1.682,00	1.770,17	2.013,60	2.087,56	2.155,79	2.208,20	2.256,66
Core result after tax		4.401,68	5.372,97	6.327,53	6.659,21	7.574,96	7.853,20	8.109,89	8.307,03	8.489,33

Table 4.24: Adidas Balance Sheet Forecast

ADIDAS BS FORECASTED										
Core Operations in € million	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Operating cash	704	746	820	869	917	964	996	1,028	1,060	1,092
% of total revenue	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%	3,0%
Inventories	4,279	4,106	4,175	4,446	4,847	5,190	5,441	5,708	5,995	6,296
Average holding period (days)	134,44	126,61	119,24	119,24	121,03	122,84	124,69	126,56	128,46	130,38
% of total revenue	-5,82%	-5,82%	-5,82%	0,00%	1,50%	1,50%	1,50%	1,50%	1,50%	1,50%
Acc. receivables	2,771	2,903	3,115	3,222	3,403	3,577	3,741	3,907	4,076	4,248
Average collection period (days)	43,72	43,22	42,22	41,22	41,22	41,22	41,22	41,22	42,22	43,22
Other Current Assets	969	1,177	1,373	1,434	1,440	1,501	1,502	1,574	1,630	1,712
% of total revenue	0,0419	0,0480	0,0510	0,0503	0,0478	0,0474	0,0459	0,0466	0,0468	0,0477
PPE	2,095	2,225	2,318	2,383	2,447	2,516	2,570	2,624	2,677	2,729
N° Distribution centers	65,0	66,0	67,0	68,0	69,0	70,0	71,0	72,0	73,0	74,0
PPE for Distr. Centers	32,2	33,2	34,1	34,1	34,1	34,2	34,3	34,4	34,5	34,6
N° Own retail stores	1863,0	1900,3	1900,3	1900,3	1900,3	1900,3	1881,3	1862,4	1843,8	1825,4
YoY Variation	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
PPE for retail store	1,2	1,2	1,2	1,3	1,3	1,4	1,4	1,5	1,5	1,6
% of total revenue	9,06%	9,08%	8,61%	8,35%	8,12%	7,94%	7,85%	7,77%	7,69%	7,61%
Right-of-use assets	2,702	2,756	2,811	2,867	2,953	3,042	3,133	3,227	3,324	3,424
YoY Variation	20,25%	2,00%	-2,00%	2,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%
% of total revenue	11,68%	11,24%	10,44%	10,05%	9,80%	9,60%	9,58%	9,56%	9,55%	9,54%
Deferred tax asset	1,278	1,305	1,434	1,519	1,604	1,687	1,743	1,799	1,855	1,910
% of total revenue	5,31%	5,33%	5,33%	5,33%	5,33%	5,33%	5,33%	5,33%	5,33%	5,33%
goodwill	1,256	1,269	1,281	1,294	1,307	1,320	1,333	1,347	1,360	1,374
YoY Variation	1,45%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%	1,00%
% of total revenue	5,43%	5,17%	4,76%	4,54%	4,34%	4,17%	4,07%	3,99%	3,91%	3,83%
trademarks										
% of total revenue										
Income tax receivable	232	115	126	134	141	149	154	159	164	168
% of total revenue	0,95%	0,47%	0,47%	0,47%	0,47%	0,47%	0,47%	0,47%	0,47%	0,47%
Other intangible assets	446	606	709	816	921	1,020	1,119	1,219	1,319	1,421
% of total revenue	1,83%	2,47%	2,63%	2,86%	3,06%	3,22%	3,42%	3,61%	3,79%	3,96%
YoY Variation	0,90%	36%	17%	15%	13%	11%	10%	9%	8%	8%
other non current assets	69	92	102	108	114	120	123	127	131	135
% of total revenue	0,30%	0,38%	0,38%	0,38%	0,38%	0,38%	0,38%	0,38%	0,38%	0,38%
Accounts payable	2,560	2,689	2,991	3,279	3,481	3,630	3,749	3,875	4,010	4,149
Average payable period (days)	80,4	82,9	85,4	87,9	86,9	85,9	85,9	85,9	85,9	85,9
Income taxes	394	489	537	581	613	647	668	690	711	733
% of total revenue	1,70%	1,99%	1,99%	2,04%	2,04%	2,04%	2,04%	2,04%	2,04%	2,04%
Other current provisions	1,281	1,075	1,180	1,251	1,321	1,388	1,434	1,480	1,526	1,572
% of total revenue	5,54%	4,38%	4,38%	4,38%	4,38%	4,38%	4,38%	4,38%	4,38%	4,38%
Current accrued liabilities	2,541	2,625	2,817	2,974	3,156	3,321	3,423	3,531	3,642	3,755
% of OPEX	11,50%	-11,76%	-11,76%	-11,76%	-11,76%	-11,76%	-11,76%	-11,76%	-11,76%	-11,76%
Other current liabilities	633	536	575	607	644	677	698	720	743	766
% of OPEX	2,86%	2,40%	2,40%	2,40%	2,40%	2,40%	2,40%	2,40%	2,40%	2,40%
Pensions and similar obligations	110	229	252	266	281	296	306	315	325	335
% of total revenue	0,48%	0,93%	0,93%	0,93%	0,93%	0,93%	0,93%	0,93%	0,93%	0,93%
Deferred tax liabilities	134	211	231	245	259	272	281	290	299	308
% of total revenue	0,56%	0,86%	0,86%	0,86%	0,86%	0,86%	0,86%	0,86%	0,86%	0,86%
Other non-current provisions	274	212	233	247	261	275	284	293	302	311
% of total revenue	1,18%	0,87%	0,87%	0,87%	0,87%	0,87%	0,87%	0,87%	0,87%	0,87%
Non-current accrued liabilities										
Other non-current liabilities										
Core operations Invested Capital	8.857	9.269	10.412	10.662	11.154	11.708	12.176	12.724	13.269	13.854
Non-Core Operations	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Short-term financial assets		0								
Other current financial assets	925	899	961	989	1,015	1,067	1,102	1,138	1,173	1,208
Assets classified as held for sale	4,00%	3,67%	3,57%	3,47%	3,37%	3,37%	3,37%	3,37%	3,37%	3,37%
Long-term financial assets	329	359	396	420	444	466	482	497	513	528
Other non-current financial assets	1,42%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%
Liabilities classified as held for sale	393	369	398	420	444	466	482	497	513	528
	1,70%	1,50%	1,48%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%	1,47%
Non Core operations Invested Capital	1.647	1.627	1.755	1.830	1.902	2.000	2.066	2.132	2.198	2.264
Financial Activities	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Excess Cash	1,317	1,470	1,884	1,996	2,108	1,899	1,897	1,941	1,984	2,025
% of total revenue	5,69%	6,00%	7,00%	7,00%	7,00%	6,00%	5,80%	5,75%	5,70%	5,65%
Short-term borrowings	615	590	565	540	515	490	490	490	490	490
	0,00%									
Current lease liabilities	582	645	658	671	691	712	733	755	778	801
% of RoU Assets	-21,54%	-23,40%	-23,40%	-23,40%	-23,40%	-23,40%	-23,40%	-23,40%	-23,40%	-23,40%
Other current financial liabilities	160	160	160	160	160	160	160	160	160	160
	0,00%	0,65%	0,59%	0,56%	0,53%	0,51%	0,49%	0,47%	0,46%	0,45%
Long-term borrowings	2,422	2,422	2,422	2,422	2,322	2,222	2,172	2,172	2,172	2,172
	10,47%		8,99%	8,49%	7,71%	7,02%	6,64%	6,43%	6,24%	6,06%
Non-current lease liabilities	2,479	2,431	2,479	2,529	2,605	2,683	2,764	2,846	2,932	3,020
% of RoU Assets	-91,75%	-88,20%	-88,20%	-88,20%	-88,20%	-88,20%	-88,20%	-88,20%	-88,20%	-88,20%
Other non-current financial liabilities	2									
	0,00%									
Non-controlling interests	366	382	398	415	432	451	470	490	511	532
YoY Variation	4,25%	4,25%	4,25%	4,25%	4,25%	4,25%	4,25%	4,25%	4,25%	4,25%
Net Financials	-5.307	-5.159	-4.798	-4.741	-4.618	-4.818	-4.892	-4.973	-5.059	-5.150
TOTAL	5.197	5.736	7.369	7.751	8.438	8.889	9.350	9.883	10.408	10.968
EQUITY	5.197	5.736	7.369	7.751	8.438	8.889	9.350	9.883	10.408	10.968

Table 4.25: Nike Balance Sheet Forecast

NIKE BS FORECASTED									
	2025	2026	2027	2028	2029	2030	2031	2032	2033
Core Invested Capital									
Operating Cash	2,349,76	2,527,21	2,723,22	2,913,53	3,120,07	3,353,15	3,595,93	3,711,03	3,830,02
% of tot revenue	5%	5%	5%	5%	5%	5%	5%	5%	5%
Acc receivable	4,764	4,985	5,074	5,428	5,855	6,050	6,248	6,448	6,655
Average collection period (days)	37,00	36,00	34,00	34,00	34,25	34,25	34,25	34,25	34,25
Inventories	7,325,86	7,720,28	8,159,48	8,571,23	8,844,57	9,046,68	9,246,33	9,445,83	9,655,52
Average holding period (days)	104,26	104,26	102,26	100,26	98,26	97,26	96,26	95,26	94,26
% of tot revenue									
Prepaid Expenses	1,871,61	2,012,95	2,169,07	2,320,65	2,485,17	2,729,30	2,984,99	3,080,53	3,179,30
% of tot revenue	4%	4%	4%	4%	4%	4%	4%	4%	4%
PPE	4,948,00	4,942,13	4,956,15	4,999,44	5,049,34	5,097,74	5,144,66	5,190,14	5,234,19
N of retail stores	1,045,00	1,032,85	1,020,85	1,008,98	998,89	988,91	979,02	969,23	959,53
PPE/N of retail stores	4.73	4.78	4.85	4.95	5.05	5.15	5.25	5.35	5.45
% of tot revenue	11%	10%	9%	9%	8%	8%	8%	8%	7%
ROU	2,582,05	3,603,37	3,882,85	4,037,65	4,323,88	4,339,19	4,481,03	4,487,00	4,630,87
N of retail stores	1,045,00	1,032,85	1,020,85	1,008,98	998,89	988,91	979,02	969,23	959,53
Op. Lease assets/N of retail stores	2.47	3.49	3.80	4.00	4.33	4.39	4.59	4.63	4.83
Intangible asset	236,98	254,88	274,64	293,84	314,67	454,13	602,16	896,33	995,99
% of tot revenue	1%	1%	1%	1%	1%	1%	1%	1%	1%
Goodwill	240,37	511,24	605,36	647,06	693,57	716,72	840,03	970,00	1,036,57
% of tot revenue	1%	1,0%	1%	1%	1%	1%	1%	1%	1%
Notes Payable	5,40	5,70	6,93	8,28	9,62	10,87	11,23	11,59	11,98
Average payable period (days)	0,08	0,08	0,09	0,10	0,11	0,12	0,12	0,12	0,12
Acc. Payable	3,357,00	3,537,74	3,652,54	3,913,40	3,876,53	4,007,95	4,138,96	4,272,65	4,413,83
Average payable period (days)	47,78	47,78	45,78	45,78	43,09	43,09	43,09	43,09	43,09
Accrued liab	5,238,26	5,633,85	6,070,81	6,495,05	6,955,49	6,865,16	7,089,57	7,316,48	7,551,07
% of tot revenue	11%	11%	11%	11%	11%	11%	11%	11%	11%
Income tax payable	274,3	295,0	317,9	340,1	364,2	376,3	388,6	401,1	413,9
% of tot revenue	0,6%	0,6%	0,6%	0,6%	0,6%	0,6%	0,6%	0,6%	0,6%
Deferred income tax and others	3,299	3,558	4,041	4,499	4,818	4,979	5,408	6,062	6,256
% of tot revenue	7,02%	7,04%	7,42%	7,72%	7,72%	7,72%	8,12%	8,82%	8,82%
Deferred income tax and others liab	3,148	3,206	3,213	3,252	3,482	3,598	3,716	3,835	3,958
% of tot revenue	6,79%	6,34%	5,90%	5,58%	5,58%	5,58%	5,58%	5,58%	5,58%
CORE OP. INVESTED CAPITAL	15.594,54	17.438,00	18.624,51	19.702,51	20.814,03	21.907,12	23.206,53	24.454,03	25.124,77
Non-Core Invested Capital									
ST Investment	2,122	2,282	2,459	2,631	2,817	2,911	3,006	3,103	3,202
% of tot revenue	4,51%	4,51%	4,51%	4,51%	4,51%	4,51%	4,51%	4,51%	4,51%
NON CORE OP. INVESTED CAPITAL	2.122	2.282	2.459	2.631	2.817	2.911	3.006	3.103	3.202
YOY GROWTH %									
Financials									
Excess Cash	6,730	6,859	7,391	7,908	8,469	8,751	9,037	9,326	9,626
% of tot revenue	14%	14%	14%	14%	14%	14%	14%	14%	14%
LT DEBT	9,514	10,232	11,026	10,631	11,385	11,765	10,817	11,163	11,521
% of tot revenue	20%	20%	20%	18%	18%	18%	16%	16%	16%
Operating lease liab	3,350,36	3,603,37	3,882,85	4,037,65	4,323,88	4,339,19	4,481,03	4,487,00	4,630,87
% of tot revenue	7,13%	7,13%	7,13%	6,93%	6,93%	6,73%	6,73%	6,53%	6,53%
FINANCIALS	- 6.134	- 6.976	- 7.517	- 6.761	- 7.240	- 7.353	- 6.261	- 6.324	- 6.527
NET FINANCIAL ASSET	- 6.134	- 6.976	- 7.517	- 6.761	- 7.240	- 7.353	- 6.261	- 6.324	- 6.527
TOTAL INVESTED CAPITAL	17.716,28	19.719,98	21.083,48	22.333,31	23.631,33	24.818,43	26.213,00	27.556,73	28.326,95
EQUITY	11.582	12.744	13.566	15.573	16.391	17.466	19.952	21.233	21.800

Table 5.1: Nike Cash Flow Projection

NIKE Cash Flow Projection																
\$ million, unless stated otherwise																
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues	36.397	39.117	37.403	44.538	46.710	51.217	51.362	46.995	50.544	54.464	58.271	62.401	64.484	66.591	68.723	70.926
Operating Cash Flows																
Core Result Before Taxes	4.445	4.772	3.115	6.937	6.675	5.915	6.311	5.572	6.801	8.010	8.429	9.589	9.941	10.266	10.515	10.746
statutory taxes	1.298	1.002	654	1.457	1.402	1.242	1.325	1.170	1.428	1.682	1.770	2.014	2.088	2.156	2.208	2.257
tax adjustments	52	58	23	87	93	93	94									
NOPLAT	3.095	3.712	2.438	5.394	5.180	4.580	4.892	4.402	5.373	6.328	6.659	7.575	7.853	8.110	8.307	8.489
Depreciation and Amortisation	774	720	1119	797	840	859	844	823	822	825	832	840	848	856	864	871
Depreciation and Amortisation as % of PPE & Intangible	18%	16%	27%	18%	18%	16%	16%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%	16.6%
Operating Gross Cash Flow	3.869	4.432	3.557	6.191	6.020	5.439	5.736	5.225	6.195	7.152	7.491	8.415	8.701	8.966	9.171	9.360
Capex																
CAPEX as % of Revenues	0	2.0%	3.0%	1.5%	1.8%	2.2%	2.3%	1.9%	1.7%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Delta TRADE NWC	938	500	970	1,357	219	-421	-480	612	609	696	942	501	509	381	394	394
Current Assets	10579	11850	11986	13544	15423	15146	14514	14440	15233	15956	16913	17820	18450	19090	19605	20140
Current Liabilities	2279	2612	2248	2836	3358	2862	2851	3357	3,538	3,653	3,913	3,879	4,008	4,139	4,273	4,414
NWC	8300	9238	9738	10708	12065	12284	11663	11083	11695	12304	12999	13941	14442	14951	15332	15726
NWC as % of Revenues	23%	24%	26%	24%	26%	24%	23%	24%	23%	23%	22%	22%	22%	22%	22%	22%
Operating (Unlevered) Free Cash Flow	2.486	1.824	1.824	4.391	3.920	4.082	5.099	5.056	4.749	5.685	5.901	6.563	7.164	7.406	7.587	7.951

Table 5.2: Adidas Cash Flow Projection

Adidas Cash Flow Projection																
€ million, unless stated otherwise																
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Revenues	21.915	23.640	18.435	21.234	22.511	21.427	23.132	24.513	26.929	28.530	30.128	31.674	32.723	33.773	34.824	35.871
Operating Cash Flows																
Core Result Before Taxes	2.336	2.602	869	1.955	629	269	1.306	2.192	2.974	3.242	3.288	3.438	3.617	3.751	3.853	3.942
statutory taxes	640	713	238	536	172	74	358	600	815	888	901	942	991	1,028	1,056	1,080
tax adjustments	-116	-119	-44	-155	-59	-5	-83	-83	-83	-83	-83	-83	-83	-83	-83	-83
NOPLAT	1.812	2.008	675	1.574	516	200	1,031	1,674	2,242	2,437	2,470	2,579	2,709	2,806	2,880	2,945
Depreciation and Amortisation	511	561	516	530	505	522	582	622	625	625	647	657	665	671	677	677
D&A as % of PPE & Intangible	13%	13%	13%	10%	10%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%	13%
n&a PPE & w PPE & Intangible	45%	50%	44%	44%	41%	43%	46%	49%	48%	49%	49%	49%	49%	49%	49%	49%
D&A as % of Revenues	1.1%	1.0%	1.3%	1.6%	1.7%	1.8%	2.0%	2.1%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%
Operating Gross Cash Flow	1.812	2.519	1.236	2.090	1.046	705	1.554	2.256	2.864	3.062	3.095	3.226	3.366	3.471	3.552	3.622
Capex																
New investment	795	1.222	993	1.183	1.225	1.009	1.108	1.243	1.332	1.335	1.319	1.354	1.380	1.405	1.428	1.450
YoY Variation %		10.6%	39.2%	54.4%	4.2%	-27.5%	16.2%	12.9%	7.3%	0.0%	-2.2%	2.0%	2.3%	2.3%	2.2%	2.2%
New Investment pp&e	699	599	368	494	504	363	417	459	482	468	444	453	462	472	481	491
% Capex	88%	84%	85%	74%	73%	72%	71%	69%	68%	66%	64%	64%	63%	62%	61%	60%
YoY Variation %		-14.3%	-38.6%	34.2%	2.0%	-28.0%	15.0%	10.0%	5.0%	-3.0%	-5.0%	2.0%	2.0%	2.0%	2.0%	2.0%
New Investment Intangible Assets	96	112	64	173	191	141	168	202	227	242	249	254	261	269	276	283
% Capex	12%	16%	15%	26%	27%	28%	29%	31%	32%	34%	36%	36%	37%	38%	39%	40%
YoY Variation %		16.7%	42.86%	170.31%	10.40%	-26.18%	19.38%	20.06%	12.56%	6.28%	3.14%	2.00%	2.82%	2.74%	2.67%	2.60%
New investments as % of Revenues	3.6%	3.0%	2.3%	3.1%	3.1%	2.4%	2.5%	2.7%	2.8%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%	2.9%
Delta Trade NWC																
Current Assets	6530	7430	6910	6831	9187	7083	7755	7755	8110	8537	9167	9732	10178	10643	11131	11636
Current Liabilities	-2300	-2703	-2390	-2294	-2908	-2276	-2560	-2689	-2991	-3279	-3481	-3630	-3749	-3875	-4010	-4149
Trade NWC	4230	4727	4520	4537	6279	4807	5195	5066	5195	5066	5119	5299	5486	6102	6429	6788
NWC as % of Revenues	19%	20%	25%	21%	28%	22%	22%	21%	19%	18%	17%	17%	17%	18%	18%	19%
Operating (Unlevered) Free Cash Flow	801	449	891	-1.922	1.168	58	1.141	1.404	1.856	1.724	1.732	1.558	1.651	1.797	1.832	1.832

Table 5.3: Adidas Long Term Value Drivers

ADIDAS Long Term Value Drivers																
in million EUR																
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
NOPLAT (Core Result)	1.812	2.008	675	1.574	516	200	1.031	1.674	2.242	2.437	2.470	2.579	2.709	2.806	2.880	2.945
Δ Core IC	3.718	-762	-477	2.749	-2.040		384	412	1.144	250	491	554	468	548	545	585
Core Invested capital	5.286	9.004	8.241	7.765	10.513	8.473	8.857	9.269	10.412	10.662	11.154	11.708	12.176	12.724	13.269	13.854
ROIC	38,0%	7,5%	19,1%	6,6%	1,9%		12,2%	18,9%	24,2%	23,4%	23,2%	23,1%	23,1%	23,0%	22,6%	22,2%
RR	185,1%	-113,0%	-30,3%	533,1%			-1018,5%	37,2%	24,6%	51,0%	10,2%	19,9%	21,5%	17,3%	19,5%	18,9%
RONIC	-35,9%	-118,0%	222,1%	-11,5%			-40,7%	167,5%	138,1%	17,0%	13,5%	22,2%	23,5%	20,8%	13,5%	11,9%
Theoretical growth rate	-66,4%	133,3%	-67,2%	-61,2%	414,9%	62,3%	33,9%	8,7%	1,4%	4,4%	5,0%	3,6%	2,6%	2,2%	2,2%	2,2%
Revenue growth	7,9%	-22,0%	15,2%	6,0%	-4,8%		8,0%	6,0%	9,9%	5,9%	5,6%	5,1%	3,3%	3,2%	3,1%	3,0%
EBIT / Revenues	10,7%	11,0%	4,7%	9,2%	2,8%	1,3%	5,6%	8,9%	11,0%	11,4%	10,9%	10,9%	11,1%	11,1%	11,1%	11,0%
Revenues / Core Invested Capital	415%	263%	224%	273%	214%	253%	261%	264%	259%	268%	270%	271%	269%	265%	262%	259%

Table 5.4: Nike Long Term Value Drivers

NIKE Long Term Value Drivers																
In million USD	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
NOPLAT (Core Result)	3.095	3.712	2.438	5.394	5.180	4.580	4.892	4.402	5.373	6.328	6.659	7.575	7.853	8.110	8.307	8.489
Δ Core IC		-58	4.102	424	2.908	791	-666	-1.768	1.843	1.187	1.078	1.112	1.093	1.299	1.248	671
Core Invested capital	9.861	9.803	13.905	14.329	17.237	18.028	17.362	15.595	17.438	18.625	19.703	20.814	21.907	23.207	24.454	25.125
ROIC		37,6%	24,9%	38,8%	36,2%	26,6%	27,1%	25,4%	34,5%	36,3%	35,8%	38,4%	37,7%	37,0%	35,8%	34,7%
RR			-1,6%	168,3%	7,9%	56,1%	17,3%	-13,6%	-40,2%	34,3%	18,8%	16,2%	14,7%	13,9%	16,0%	15,0%
RONIC			2197,4%	72,1%	-50,4%	-20,6%	39,4%	73,6%	-55,0%	51,8%	28,0%	84,9%	25,0%	23,5%	15,2%	14,6%
Theoretical growth rate			-34,33%	121,25%	-3,96%	-11,59%	6,81%	-10,0%	22,1%	17,8%	5,2%	13,8%	3,7%	3,3%	2,4%	2,2%
Revenue growth		7,5%	-4,4%	19,1%	4,9%	9,6%	0,3%	-8,5%	7,6%	7,8%	7,0%	7,1%	3,3%	3,3%	3,2%	3,2%
EBIT / Revenues	12,2%	12,2%	8,3%	15,6%	14,3%	11,5%	12,3%	11,9%	13,5%	14,7%	14,5%	15,4%	15,4%	15,4%	15,3%	15,2%
Revenues / Invested Capital	335%	391%	261%	249%	216%	241%	269%	265%	256%	258%	261%	264%	260%	254%	249%	250%

Table 5.5: Adidas WACC & Sensitivity Analysis

ADIDAS WACC COMPUTATION	
Cost of Debt	
Synthetic credit rating	
Moody's / S&P	A3/A-
Implied Spread	1,07%
Risk Free Rate	2,4%
beta d	0,15
Equity Risk Premium (%)	5,0%
r_d	3,15%
Cost of Equity	
5 year Adjusted Beta_e	0,97
Debt / EV	12,0%
E/EV	88,0%
D/E	13,6%
Statutory Tax Rate Germany	27,4%
beta u	0,88
Target D/E	0,25
Equity Risk Premium (%)	5,0%
Relevered beta e	1,04
r_e	7,62%
r_u	6,73%
WACC	6,55%

ADIDAS WACC SENSITIVITY ANALYSIS								
Initial Debt to Equity								
	6,55%	6,1%	8,6%	11,1%	13,6%	16,1%	18,6%	21,1%
	3,9%	8,19%	8,12%	8,04%	7,97%	7,90%	7,84%	7,78%
	3,4%	7,72%	7,64%	7,57%	7,50%	7,43%	7,37%	7,30%
	2,9%	7,25%	7,17%	7,10%	7,03%	6,96%	6,89%	6,83%
Risk free	2,4%	6,77%	6,70%	6,62%	6,55%	6,49%	6,42%	6,36%
	1,9%	6,30%	6,22%	6,15%	6,08%	6,01%	5,95%	5,88%
	1,4%	5,83%	5,75%	5,68%	5,61%	5,54%	5,48%	5,41%
	0,9%	5,35%	5,28%	5,21%	5,14%	5,07%	5,00%	4,94%

Table 5.6: Nike WACC & Sensitivity Analysis

NIKE WACC COMPUTATION	
Cost of Debt	
Synthetic credit rating	
Moody's / S&P	AAA/Aaa
Implied Spread	0,6%
Risk Free Rate	4,2%
beta d	0,05
Equity Risk Premium (%)	5,0%
r_d	4,41%
Cost of Equity	
5 year Adjusted Beta_e	0,70
Debt / EV	5,1%
E/EV	94,9%
D/E	5,4%
Statutory Tax Rate	21%
beta u	0,67
Target D/E	0,25
Equity Risk Premium (%)	5,0%
Relevered beta e	0,80
r_e	8,18%
r_u	7,38%
WACC	7,24%

NIKE WACC SENSITIVITY ANALYSIS								
Initial Debt to Equity								
	7,24%	-2,11%	0,39%	2,89%	5%	7,89%	10,39%	12,89%
Risk free	0,057	8,87%	8,80%	8,74%	8,68%	8,62%	8,56%	8,50%
	0,052	8,39%	8,33%	8,26%	8,20%	8,14%	8,08%	8,03%
	0,047	7,91%	7,85%	7,78%	7,72%	7,66%	7,60%	7,55%
	0,042	7,43%	7,37%	7,30%	7,24%	7,18%	7,12%	7,07%
	0,037	6,96%	6,89%	6,82%	6,76%	6,70%	6,64%	6,59%
	0,032	6,48%	6,41%	6,34%	6,28%	6,22%	6,17%	6,11%
	0,027	6,00%	5,93%	5,87%	5,80%	5,74%	5,69%	5,63%

Table 5.7: Adidas DCF & Sensitivity Analysis

ADIDAS Discounted Cash Flow Method (DCF)	
<i>(EUR million)</i>	
PV (Explicit Forecast Period)	10.624
PV (Terminal Value)	25.881
Terminal Growth Rate	2,5%
Enterprise Value	36.505
-Net Debt	-5.401
Equity Value	31.104
EV/EBIT	27,94x
# shares outstanding (million)	178
Per share value	175,2
Share Value at 08/11	219
Overvalued	-20,0%

Sensitivity Analysis: Per Share Value								
WACC								
Terminal Growth Rate	175,2	5,80%	6,05%	6,30%	6,55%	6,80%	7,05%	7,30%
1,75%	186,0	173,1	161,7	151,5	142,3	134,0	126,4	
2,00%	196,5	182,3	169,7	158,6	148,5	139,5	131,4	
2,25%	208,5	192,6	178,7	166,4	155,4	145,6	136,8	
2,50%	222,4	204,4	188,9	175,2	163,1	152,4	142,7	
2,75%	238,5	218,0	200,4	185,1	171,7	159,9	149,4	
3,00%	257,5	233,8	213,8	196,5	181,5	168,4	156,8	
3,25%	280,2	252,5	229,3	209,6	192,7	178,0	165,1	

Table 5.8: Nike DCF & Sensitivity Analysis

NIKE Discounted Cash Flow Method (DCF)	
<i>(USD million)</i>	
PV (Explicit Forecast Period)	41.449
PV (Terminal Value)	93.713
<i>Terminal Growth Rate</i>	2,50%
Enterprise Value	135.162
<i>-Net Debt</i>	4.654
Equity Value	130.508
<i>EV/EBIT</i>	21,42x
<i># shares outstanding (thousands)</i>	1.497
Per share value	87,2
<i>Share Value At 8/11</i>	75,9
Undervalued	14,9%

Sensitivity Analysis: Per Share Value									
		WACC							
		87,2	6,49%	6,74%	6,99%	7,24%	7,49%	7,74%	7,99%
Terminal Growth Rate	1,75%	91,5	86,7	82,2	78,2	74,6	71,2	68,1	
	2,00%	95,4	90,1	85,3	80,9	77,0	73,4	70,1	
	2,25%	99,7	93,8	88,6	83,9	79,6	75,8	72,3	
	2,50%	104,5	98,1	92,3	87,2	82,6	78,4	74,6	
	2,75%	110,0	102,8	96,5	90,8	85,8	81,2	77,1	
	3,00%	116,3	108,2	101,1	94,9	89,4	84,4	80,0	
	3,25%	123,5	114,4	106,4	99,5	93,4	87,9	83,1	

Table 6.1: Adidas Short Term CAGR Scenario Analysis

(EUR Million)			
ADIDAS SCENARIO ST CAGR	Down	Base	Up
Sum (dFCF)	8.894	10.624	12.334
Terminal Value	20.924	25.881	32.708
EV	29.818	36.505	45.042
Net Debt	-5.309	-5.309	-5.309
Equity Value	24.508	31.196	39.733
Nr. Of Shares	178	178	178
Price Target	138,0	175,7	223,8
Delta Price	-27,29%	0,00%	21,49%

Table 6.2: Nike Short Term CAGR Scenario Analysis

(USD Million)			
NIKE SCENARIO ST CAGR	Down	Base	Up
Sum (dFCF)	37.615	41.449	48.734
Terminal Value	82.379	93.707	107.131
EV	119.994	135.156	155.866
Net Debt	4.654	4.654	4.654
Equity Value	115.340	130.502	151.212
Nr. Of Shares	1.497	1.499	1.497
Price Target	77,0	87,0	101,0
Delta Price	-12,97%	0,00%	13,83%

Table 6.3: Adidas Long Term CAGR Scenario Analysis

(EUR Million)			
ADIDAS SCENARIO LT g	Down	Base	Up
Sum (dFCF)	10.405	10.624	10.903
Terminal Value	22.690	25.881	31.189
EV	33.094	36.505	42.092
Net Debt	-5.309	-5.309	-5.309
Equity Value	27.785	31.196	36.782
Nr. Of Shares	178	178	178
Price Target	156,5	175,7	207,2
Delta Price	-12,28%	0,00%	15,19%

Table 6.4: Nike Long Term CAGR Scenario Analysis

(USD Million)			
NIKE SCENARIO LT g	Down	Base	Up
Sum (dFCF)	40.879	41.449	42.818
Terminal Value	83.900	93.707	133.077
EV	124.779	135.156	175.895
Net Debt	4.654	4.654	4.654
Equity Value	120.125	130.502	171.241
Nr. Of Shares	1.497	1.499	1.497
Price Target	80,2	87,0	114,4
Delta Price	-8,47%	0,00%	23,91%

Table 6.5: Adidas WACC Scenario Analysis

(EUR Million)			
ADIDAS WACC Scenario	Down	Base	Up
WACC	7,84%	6,55%	5,48%
Sum (dFCF)	10.015	10.624	11.179
Terminal Value	17.612	25.881	38.711
EV	27.627	36.505	49.890
Net Debt	-5.309	-5.309	-5.309
Equity Value	22.317	31.196	44.581
Nr. Of Shares	178	178	178
Price Target	125,7	175,7	251,1
Delta Price	-39,78%	0,00%	30,02%

Table 6.6: Nike WACC Scenario Analysis

(USD Million)			
NIKE WACC SCENARIO	DOWN	Base	UP
WACC	8,08%	7,24%	6,00%
Sum (dFCF)	41.428	41.449	43.746
Terminal Value	79.595	93.707	140.545
EV	121.023	135.156	184.291
Net Debt	4.654	4.654	4.654
Equity Value	116.369	130.502	179.637
Nr. Of Shares	1.497	1.497	1.497
Price Target	77,7	87,2	120,0
Delta Price	-12,1%	0,0%	27,5%

Table 6.7: Adidas Montecarlo Simulation Parameters

Adidas Parameters			
	Mean	Standard deviation	Reference
CAGR first stage	6,5%	1,91%	6,3%
CAGR second stage	3,2%	0,50%	3,7%
EBIT change%	10,8%	1,00%	10,5%
WACC	6,6%	0,25%	7,1%
Share Price at 8/11/24	219,0		

Table 6.8: Nike Montecarlo Simulation Parameters

NIKE Parameters			
	Mean	Standard deviation	Reference
CAGR first stage	7,35%	1,50%	6,31%
CAGR second stage	3,25%	0,50%	2,39%
EBIT change%	14,91%	1,00%	15,60%
WACC	7,24%	0,25%	6,81%
Share Price	75,9		

Table 6.9: Adidas Montecarlo Simulation Results

Sell 86,58%	Buy 13,42%	Max	344,7
		Min	51,6
		Mean	172,5
		Std.dev	41,6
		Q1	143,5
		Q3	199,5

Table 6.10: Nike Montecarlo Simulation Results

Sell 17,50%	Buy 82,50%	Max	123,3
		Min	57,1
		Mean	85,2
		Std.dev	9,92
		Q1	78,2
		Q3	91,6

Table 7.1: Nike FCFE & Sensitivity Analysis

NIKE Free Cash Flow to Equity (FCFE)	
<i>(USD million)</i>	
PV (Explicit Forecast Period)	41.762
PV (Terminal Value)	74.364
<i>Terminal Growth Rate</i>	2,50%
<i>Ke</i>	8,18%
Equity Value	116.126
# shares outstanding (thousands)	1.497
Per share value	77,6
Share Value At 8/11	75,9
Undervalued	2,2%

Sensitivity Analysis: Per Share Value								
	Ke							
	7,6%	7,43%	7,68%	7,93%	8,18%	8,43%	8,68%	8,93%
Terminal Growth Rate								
	1,75%	81,1	77,6	74,4	71,5	68,7	66,2	63,8
	2,00%	83,7	79,9	76,5	73,3	70,4	67,7	65,2
	2,25%	86,5	82,4	78,7	75,4	72,3	69,4	66,8
	2,50%	89,5	85,2	81,2	77,6	74,3	71,2	68,4
	2,75%	92,9	88,2	83,9	80,0	76,4	73,2	70,2
	3,00%	96,7	91,5	86,9	82,6	78,8	75,3	72,1
	3,25%	101,0	95,2	90,1	85,5	81,4	77,6	74,2

Table 7.2: Adidas FCFE & Sensitivity Analysis

ADIDAS Free Cash Flow to Equity (FCFE)	
<i>(EUR million)</i>	
PV (Explicit Forecast Period)	9.767
PV (Terminal Value)	19.633
<i>Terminal Growth Rate</i>	2,50%
<i>Ke</i>	7,62%
Equity Value	29.400
# shares outstanding (million)	178
Per share value	165,6
SHARE VALUE AT 08/11	219
Overvalued	-24,4%

		Sensitivity Analysis: Per Share Value						
		Ke						
Terminal Growth Rate	165,6	6,87%	7,12%	7,37%	7,62%	7,87%	8,12%	8,37%
	1,75%	174,1	165,6	157,8	150,8	144,3	138,3	132,8
	2,00%	180,4	171,2	162,9	155,3	148,3	141,9	136,1
	2,25%	187,4	177,4	168,4	160,2	152,7	145,9	139,7
	2,50%	195,2	184,2	174,4	165,6	157,6	150,3	143,6
	2,75%	203,9	191,9	181,2	171,5	162,9	155,0	147,8
	3,00%	213,8	200,5	188,7	178,2	168,7	160,2	152,5
	3,25%	225,0	210,1	197,1	185,5	175,2	165,9	157,6

Table 7.3: Adidas Economic Value Added & Sensitivity Analysis

ADIDAS Economic Value Added (EVA)	
<i>(EUR million)</i>	
Sum of Discounted Annual Economic Profit	12.622,69
<i>WACC</i>	6,55%
Terminal Value	30.609,45
<i>Terminal Growth Rate</i>	2,50%
Enterprise Value	43.232,14
<i>-Net Debt</i>	-5.401,44
Equity Value	37.830,70
<i>EV/EBIT</i>	33,09x
# shares outstanding (thousands)	178
Per share value	213,1
Share Value at 08/11	219
Overvalued	-2,7%

		WACC						
Terminal Growth Rate	215,9	5,80%	6,05%	6,30%	6,55%	6,80%	7,05%	7,30%
	1,75%	241,4	221,4	203,6	187,6	173,2	160,2	148,3
	2,00%	254,7	232,7	213,3	196,0	180,5	166,6	153,9
	2,25%	269,8	245,5	224,2	205,4	188,6	173,6	160,1
	2,50%	287,2	260,1	236,6	215,9	197,7	181,5	166,9
	2,75%	307,4	276,9	250,7	227,9	207,9	190,2	174,5
	3,00%	331,3	296,5	266,9	241,5	219,4	200,1	182,9
	3,25%	359,8	319,5	285,8	257,2	232,6	211,2	192,4

Table 7.4: Nike Economic Value Added & Sensitivity Analysis

NIKE Economic Value Added (EVA)	
<i>(USD million)</i>	
Sum of Discounted Annual Economic Profit	37.240
WACC	7,24%
Terminal Value	81.357
Terminal Growth Rate	2,50%
Enterprise Value	118.597
- Net Debt	-4.654
Equity Value	113.943
EV/EBIT	18,79x
# shares outstanding (thousands)	1.497
Per share value	76,1
Share Value At 8/11	75,9
Undervalued	0,31%

	WACC							
	76,1	6,49%	6,74%	6,99%	7,24%	7,49%	7,74%	7,99%
Terminal Growth Rate	1,75%	82,2	77,1	72,5	68,3	64,5	61,0	57,8
	2,00%	85,6	80,1	75,2	70,7	66,6	62,9	59,5
	2,25%	89,5	83,5	78,1	73,3	68,9	64,9	61,3
	2,50%	93,8	87,2	81,3	76,1	71,4	67,1	63,3
	2,75%	98,7	91,4	85,0	79,3	74,2	69,6	65,4
	3,00%	104,3	96,2	89,1	82,8	77,3	72,3	67,8
	3,25%	110,7	101,6	93,7	86,8	80,7	75,3	70,4

Table 7.5: Trading Multiple Values for the different Companies

Companies	EV/EBIT FY1	EV/EBITDA FY1	P/E FY1	P/B FY1	EV/Sales FY1
NIKE	22,80x	20,00x	26,70x	8,30x	2,40x
ADIDAS	34,80x	17,80x	54,70x	7,30x	1,80x
Peer Group	EV/EBIT FY1	EV/EBITDA FY1	P/E FY1	P/B FY1	EV/Sales FY1
UNDER ARMOUR	22,20x	12,10x	38,20x	2,00x	0,80x
LULULEMON ATH	15,30x	13,00x	22,60x	8,10x	3,70x
PUMA	13,20x	8,40x	20,60x	2,40x	1,00x
VF CORP	35,40x	20,70x	44,20x	4,30x	1,60x
AMER SPORTS	27,52x	19,81x	59,17x	3,77x	3,02x

Table 7.6: Trading Multiple Analysis and Results

EV/EBIT						
Fiscal Year	Min	Q1	Median	Q3	Max	Average
FY1	13,20x	18,75x	22,80x	31,16x	35,40x	24,46x

EV/EBITDA						
Fiscal Year	Min	Q1	Median	Q3	Max	Average
FY1	8,40x	12,55x	17,80x	19,91x	20,70x	15,97x

P/E						
Fiscal Year	Min	Q1	Median	Q3	Max	Average
FY1	20,60x	24,65x	38,20x	49,45x	59,17x	38,02x

P/B						
Fiscal Year	Min	Q1	Median	Q3	Max	Average
FY1	2,00x	3,09x	4,30x	7,70x	8,30x	5,17x

EV/SALES						
Fiscal Year	Min	Q1	Median	Q3	Max	Average
FY1	0,80x	1,30x	1,80x	2,71x	3,70x	2,05x

NIKE share price 75,9

USD Million

NIKE	EV/EBIT	EV/EBITDA	P/E	P/B	EV/SALES	Average NIKE Multiples Share Price
Enterprise Value	154.367	117.928			105.072	
Net Debt	4.654	4.654			4.654	
Equity	149.713	113.274	186.011	74.562	100.418	
Shares Outstanding (thousand)	1.497	1.497	1.497	1.497	1.497	
Implied Value Per Share	100,0	75,7	124,3	49,8	67,1	83,4
% from actual price	32%	0%	64%	-34%	-12%	9,86%
Equity Value Worst	113.677	88.003	120.585	28.860	62.117	
Implied Value Per Share Worst Scenario	75,9	58,8	80,6	19,3	41,5	55,2
% from actual price	0%	-23%	6%	-75%	-45%	-27%
Equity Value Best	191.997	148.174	241.904	111.111	134.537	
Implied Value Per Share Best Scenario	128,3	99,0	161,6	74,2	89,9	110,6
% from actual price	69%	30%	113%	-2%	18%	46%

ADIDAS share price 219

EUR Million

ADIDAS	EV/EBIT	EV/EBITDA	P/E	P/B	EV/SALES	Average ADIDAS Multiples Share Price
Enterprise Value	31.953	39.374			47.322	
Net Debt	5.309	5.309			5.309	
Equity	26.644	34.064	39.219	26.851	42.012	
Shares Outstanding (million)	179	179	179	179	179	
Value Per Share	149,2	190,8	219,7	150,4	235,3	189,1
% from actual price	-32%	-13%	0%	-31%	7%	-14%
Equity Value Worst	19.185	25.627	25.424	16.031	24.762	
Value Per Share Worst Scenario	107,5	143,5	142,4	89,8	138,7	124,4
% from actual price	-51%	-34%	-35%	-59%	-37%	-43%
Equity Value Best	35.396	71.501	51.003	43.132	57.378	
Implied Value Per Share Best Scenario	198,3	400,5	285,7	241,6	321,4	289,5
% from actual price	-9%	83%	30%	10%	47%	32%

Table 8.1: Yearly Info Sharpe 5W vs 10W

INFO SHARPE YEARLY 5 W MR				INFO SHARPE YEARLY 10 W MR			
Year	Ret	St Dev	Info Sharpe	Year	Ret	St Dev	Info Sharpe
2010	34,41%	14,73%	2,34	2010	31,70%	14,35%	2,21
2011	5,00%	14,25%	0,35	2011	13,74%	17,12%	0,80
2012	5,55%	17,73%	0,31	2012	-8,05%	16,42%	-0,49
2013	14,38%	15,57%	0,92	2013	18,79%	16,88%	1,11
2014	-12,93%	27,56%	-0,47	2014	-32,18%	27,42%	-1,17
2015	-11,19%	27,83%	-0,40	2015	-11,56%	27,69%	-0,42
2016	-33,60%	16,25%	-2,07	2016	-38,34%	18,45%	-2,08
2017	9,10%	23,59%	0,39	2017	25,29%	28,41%	0,89
2018	9,56%	19,62%	0,49	2018	19,58%	22,85%	0,86
2019	7,82%	15,03%	0,52	2019	-6,50%	16,21%	-0,40
2020	39,01%	33,01%	1,18	2020	29,33%	33,45%	0,88
2021	-2,18%	17,66%	-0,12	2021	-1,49%	18,27%	-0,08
2022	34,42%	31,30%	1,10	2022	35,92%	32,09%	1,12
2023	25,34%	20,63%	1,23	2023	10,12%	21,20%	0,48
2024	14,55%	40,80%	0,36	2024	27,74%	39,57%	0,70
Average	9,28%	22,37%	0,41	Average	7,61%	23,36%	0,29

Table 8.2: In-Sample Results

IN SAMPLE 2019-2024		
RET	SD	Info Sharpe
20%	26%	0,75
Positive Weeks	53,6%	
Positive Months	66%	
Weekly Skew	1,89	
Wekly Kurt	15,67	
weekly Max	27,78%	
Q3	0,00%	
Med	0,00%	
Q1	0,00%	
weekly Min	-18,16%	
Max DD	-25,97%	

Table 8.3: Out of Sample Results

OUT OF SAMPLE 2010-2018		
RET	SD	INFO S
2%	19%	0,12
Positive Weeks	51,4%	
Positive Months	58%	
Weekly Skew	-0,54	
Wekly Kurt	8,72	
weekly Max	11,29%	
Q3	0,00%	
Med	0,00%	
Q1	0,00%	
weekly Min	-18,76%	
Max DD	-65,41%	

Table 8.4: Results w/ transactions costs

IN SAMPLE 2019-2024			OUT OF SAMPLE 2010-2018			
RET	SD	Info Sharpe	RET	SD	INFO S	
15%	26%	0,57	-3%	19%	-	0,16
Positive Weeks	33,2%		Positive Weeks	33,4%		
Positive Months	56%		Positive Months	49%		
Weekly Skew	1,87		Weekly Skew	-0,59		
Wekly Kurt	15,67		Wekly Kurt	8,84		
weekly Max	27,58%		weekly Max	10,89%		
Q3	0,00%		Q3	0,00%		
Med	0,00%		Med	0,00%		
Q1	-0,20%		Q1	-0,20%		
weekly Min	-18,36%		weekly Min	-18,96%		
Max DD	-28,95%		Max DD	-87,89%		

