Nice Ltd

Investment Thesis 2026 03 04

Nice delivers AI-powered cloud platforms to provide solutions for Customer Engagement and Financial Crime and Compliance.

- In Customer Engagement, Nice's CXone platform enables enterprises to automate customer service. The platform orchestrates workflows, provides AI agents, and integrates the roles of human agents within a single, unified AI platform. The CXone AI platform enables organizations to unify enterprise knowledge, data, and AI models to drive faster resolutions and superior customer experiences. In September 2025, Nice acquired Cognigy, a global leader in conversational and Agentic AI. The combination of Cognigy and CXone enables organizations to accelerate AI adoption across front and back-office operations by deploying autonomous AI agents capable of real-time reasoning, adaptation, and decision-making.
- In Financial Crime and Compliance, Nice provides embedded AI solutions that help financial institutions prevent money laundering and fraud. The company's solutions also ensure real-time regulatory compliance across financial markets.

Nice's products and services are cloud based, as well as installed on customer's servers. As more customers transition to Nice's cloud solutions, revenue for legacy products and services is declining. However, growth in cloud more than offsets those declines. Nice Ltd has a customer base of more than 25,000 organizations across many industries in over 150 countries. Their customers include 85 of the Fortune 100 companies.

The company exited 2025 in a position of financial strength, with an operating margin of 31% and a free cash flow margin of 21%. It fully repaid $460 million of outstanding debt, leaving the company debt-free. Nice also returned $489 million of capital to shareholders through stock buybacks.

Prospects over the next 9 to 12 months

Across sources, the average analysts' price target for Nice falls between $156–$165, with a high of ~$200–$203, and a low of ~$120. Morningstar has fair value at $203. I have a fair price of $145.05. My price is based on a future growth rate of 10%. I used an earnings per share of $9.67 and a price to earnings ratio of 15. The five-year average PE for NICE is 35.31. However, the current PE is 12.77. The low PE is a function of the panic about software's future in an AI world. The panic is overblown, but putting a conservative PE of 15 on the stock price seems realistic to me in this environment.

NICE LTD (XNAS:NICE)	$ 127.81	88.11%													
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TTM	10 year	5 year	1 year	Trend
Revenue USD Mil	1,016	1,332	1,445	1,574	1,648	1,921	2,181	2,378	2,735	2,945	2,945	13%	11%	8%	0.00%
Net Income	117	143	159	186	196	199	266	338	443	612	612	20%	32%	38%	0.00%
Earnings Per Share USD	2.02	2.31	2.52	2.88	2.98	2.98	4.00	5.11	6.76	9.67	9.67	19%	34%	43%	0.00%
Operating Income	134	150	198	239	242	264	335	435	546	646	646	19%	25%	18%	0.00%
Operating Income Per Share	2.20	2.42	3.14	3.68	3.67	3.94	5.08	6.59	8.27	10.25	10.25	19%	27%	24%	0.00%
Book Value Per Share USD	24.19	27.17	31.58	35.04	39.31	43.29	45.81	51.20	56.41	62.53	62.53	11%	10%	11%	0.00%
Free Cash Flow USD Mil	192	327	333	312	417	395	398	477	733	623	623	14%	12%	-15%	0.00%
Free Cash Flow Per Share	3.15	5.27	5.29	4.80	6.32	5.90	6.03	7.23	11.11	9.89	9.89	14%	14%	-11%	0.00%
Working Capital	36	170	236	-65	898	1,028	1,276	1,193	1,030	492	492	34%	-17%	-52%	0.00%
Return on Invested Capital %	5.2	5.2	5.3	5.5	5.0	4.5	5.6	6.8	8.5	11.8	11.8	6.3	7.4	10.2	11.8
Return on Equity %	8.0	8.8	8.5	8.7	8.2	7.4	9.1	10.6	12.8	16.4	16.4	9.1	9.6	11.7	14.6
Operating Margin %	13.2	11.3	13.7	15.2	14.7	13.7	15.4	18.3	20.0	21.9	21.9	15.1	16.4	19.2	21.0
Shares	61	62	63	65	66	67	66	66	66	63	63	0%	-2%	-5%	0.00%

$25.08	Future EPS
$376.22	Future price
$145.05	Sticker price
$87.03	40% discount