



1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	© VALUE LINE PUB. LLC	17-19
8.32	7.77	8.34	8.83	9.29	10.15	11.64	13.08	14.44	16.20	18.96	19.75	19.64	21.94	26.34	28.31	31.95	35.65	Sales per sh <sup>A</sup>	47.20
.58	.63	.74	.75	.89	.95	1.18	1.32	1.60	1.72	2.07	2.12	2.30	2.60	2.83	3.25	3.69	4.25	"Cash Flow" per sh	6.30
.41	.42	.53	.54	.62	.69	.88	1.12	1.32	1.43	1.72	1.76	1.93	2.20	2.37	2.69	2.97	3.55	Earnings per sh <sup>AB</sup>	5.40
.11	.12	.12	.12	.12	.14	.19	.24	.30	.36	.44	.49	.53	.60	.70	.81	.93	1.02	Div'ds Decl'd per sh <sup>CA</sup>	1.70
.44	.34	.39	.30	.27	.18	.20	.24	.32	.31	.46	.47	.35	.45	.65	.71	1.01	1.15	Cap'l Spending per sh	1.40
2.84	2.95	2.91	3.25	3.61	3.78	4.54	5.37	6.07	6.97	7.97	8.95	10.08	10.35	11.33	12.48	12.44	14.35	Book Value per sh	19.95
1148.0	1129.2	1078.4	1074.4	1064.4	1054.4	1052.4	1050.4	1036.0	1007.6	982.20	971.00	968.00	951.00	916.00	894.00	870.00	860.00	Common Shs Outst'g <sup>FG</sup>	810.00
30.7	28.1	22.7	20.2	21.2	17.1	18.4	17.9	16.0	16.4	17.8	15.3	16.4	18.2	20.4	19.4	24.2		Avg Ann'l P/E Ratio	19.0
1.60	1.60	1.48	1.04	1.16	.97	.97	.95	.86	.87	1.07	1.02	1.04	1.14	1.30	1.08	1.27		Relative P/E Ratio	1.20
.9%	1.0%	1.0%	1.1%	.9%	1.1%	1.1%	1.2%	1.4%	1.5%	1.4%	1.8%	1.7%	1.5%	1.4%	1.5%	1.3%		Avg Ann'l Div'd Yield	1.7%

**CAPITAL STRUCTURE as of 8/31/14**  
 Total Debt \$1347 mill. Due in 5 Yrs \$333 mill.  
 LT Debt \$1195 mill. LT Interest \$36.0  
 (10% of Capital)

**Leases, Uncapitalized** Annual rentals \$427 mill.  
**No Defined Benefit Pension Plan**

**Preferred Stock** None

**Common Stock** 861,508,468 shares  
 (178 mill. Class A shares; 684 mill. Class B shares.) as of 10/2/14  
**MARKET CAP: \$78.1 billion (Large Cap)**

CURRENT POSITION	2013	2014	8/31/14
(SMILL.)			
Cash Assets	5965	5142	4579
Receivables	3117	3434	3587
Inventory (LIFO)	3434	3947	4030
Other	1110	1173	1344
Current Assets	13626	13696	13540
Accts Payable	1646	1930	1970
Debt Due	178	174	152
Other	2102	2923	2691
Current Liab.	3926	5027	4813

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '12-'14
of change (per sh)			
Sales	11.0%	9.5%	13.0%
"Cash Flow"	12.5%	10.5%	18.0%
Earnings	14.0%	10.5%	19.0%
Dividends	18.5%	13.5%	20.5%
Book Value	12.0%	8.5%	13.5%

Fiscal Year Ends	Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2011	5175	4842	5079	5766	20862
2012	6081	5731	5846	6470	24128
2013	6474	5955	6187	6697	25313
2014	6971	6431	6972	7425	27799
2015	7982	7150	7510	8008	30650

Fiscal Year Ends	Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2011	.57	.47	.54	.62	2.20
2012	.68	.50	.60	.59	2.37
2013	.63	.57	.73	.76	2.69
2014	.86	.59	.75	.78	2.97
2015	1.09	.70	.85	.91	3.55

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2010	.135	.135	.135	.29P	.70
2011	--	.155	.155	.155	.47
2012	.18	.18	.18	.39E	.93
2013	--	.21	.21	.21	.63
2014	.24	.24	.24	.24	

**NIKE turned in a surprisingly strong performance for the fiscal first quarter (ended August 31st).** Both sales and share earnings handily beat expectations. A sales gain of nearly 15%, year to year, included a solid increase in average selling prices, with a likely assist in volume from the World Cup soccer tournament. NIKE attributed its ability to command higher prices, in part, on new, innovative products. (The *Lebron 12* basketball shoe was launched in mid-October.) The August-period gross margin expanded by 170 basis points, thanks to pricing, a favorable product mix, and growth in direct-to-consumer business. Total retail business was up 30%, with same-store and e-commerce sales advancing 15% and 70%, respectively. Continued investments in retail have driven up overhead costs, but the plan appears to be a resounding success. Marketing expenses climbed 23%, though were much less than previous guidance. The bottom line also benefited from aggressive share buybacks and a lower tax rate. However, the full-year tax rate is expected to be up slightly. Future orders were up 11% (14% in constant cur-

rency), year to year, at the end of August. **The company is benefiting from athletic apparel and footwear being purchased for everyday casual dress.** Although this is not new, management noted an acceleration in the trend, of late. This phenomenon likely boosted back-to-school sales, which extended well into September. **Headway is being made in several international markets.** Despite a weak economy, August-quarter sales in Western Europe jumped 25% (constant currency), as we believe NIKE is taking share from Germany's Adidas. Too, we're seeing a turnaround in the Greater China region, following some merchandising missteps. Sales there were up 20% as NIKE continues to convert partner stores. And progress is being made in reducing inventories in Mexico and Brazil after some earlier distribution center problems. **We would wait for a pullback in this top-quality stock.** The share price rallied 12% on the positive fiscal first-quarter report. We now think that the valuations are ahead of themselves.

*Craig Sirois* October 31, 2014