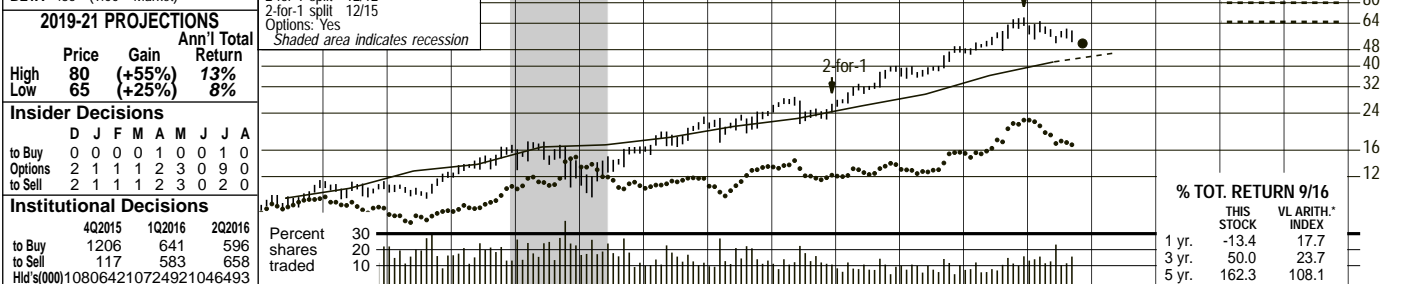


# NIKE, INC. 'B' NYSE-NKE

RECENT PRICE **51.22** P/E RATIO **22.7** (Trailing: 23.1 Median: 19.0) RELATIVE P/E RATIO **1.23** DIV'D YLD **1.2%** VALUE LINE

TIMELINESS <b>4</b> Lowered 7/8/16	High: 11.4	12.6	17.0	17.7	16.7	23.1	24.6	28.7	40.1	49.9	68.2	65.4	Target Price Range
SAFETY <b>1</b> Raised 8/11/06	Low: 9.4	9.4	11.9	10.7	9.6	15.2	17.4	21.3	25.7	34.9	45.3	51.0	2019 2020 2021
TECHNICAL <b>3</b> Lowered 10/14/16	LEGENDS — 16.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 4/07 2-for-1 split 12/12 2-for-1 split 12/15 Options: Yes Shaded area indicates recession												128
BETA .85 (1.00 = Market)													96



2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC	19-21
4.17	4.42	4.65	5.07	5.82	6.54	7.22	8.10	9.48	9.87	9.82	10.97	13.17	14.16	15.98	17.85	19.25	21.20	Sales per sh <sup>A</sup>	29.05
.37	.37	.44	.48	.59	.66	.80	.86	1.04	1.06	1.15	1.30	1.42	1.62	1.85	2.26	2.62	2.90	"Cash Flow" per sh	4.20
.26	.27	.31	.35	.44	.56	.66	.72	.86	.88	.97	1.10	1.18	1.35	1.49	1.85	2.16	2.40	Earnings per sh <sup>AB</sup>	3.60
.06	.06	.06	.07	.09	.12	.15	.18	.22	.25	.27	.30	.35	.41	.47	.52	.60	.70	Div's Decl'd per sh <sup>CA</sup>	1.00
.19	.15	.13	.09	.10	.12	.16	.16	.23	.23	.17	.23	.33	.36	.51	.56	.68	.85	Cap'l Spending per sh	1.10
1.45	1.63	1.80	1.89	2.27	2.69	3.03	3.49	3.98	4.48	5.04	5.18	5.67	6.24	6.22	7.41	7.29	7.95	Book Value per sh	11.35
2156.8	2148.8	2128.8	2108.8	2104.8	2100.8	2072.0	2015.2	1964.4	1942.0	1936.0	1902.0	1832.0	1788.0	1740.0	1714.0	1682.0	1650.0	Common Shs Outst'g <sup>EF</sup>	1550.0
22.7	20.2	21.2	17.1	18.4	17.9	16.0	16.5	17.8	15.3	16.4	18.2	20.4	19.4	24.2	24.4	27.5		Avg Ann'l P/E Ratio	20.0
1.48	1.04	1.16	.97	.97	.95	.86	.88	1.07	1.02	1.04	1.14	1.30	1.09	1.27	1.24	1.45		Relative P/E Ratio	1.25
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%	1.2%	1.0%		Avg Ann'l Div'd Yield	1.4%

<b>CAPITAL STRUCTURE as of 8/31/16</b>										14955	16326	18627	19176	19014	20862	24128	25313	27799	30601	32376	34960	Sales (\$mill) <sup>A</sup>	45000
Total Debt \$2059 mill. Due in 5 Yrs \$70 mill.										16.0%	14.7%	14.7%	14.5%	14.7%	15.1%	14.1%	14.6%	15.1%	15.6%	15.9%	16.0%	Operating Margin	18.0%
LT Debt \$1993 mill. LT Interest \$68 mill.										282.0	269.7	303.6	335.0	323.7	335.0	373.0	438.0	518.0	606.0	649.0	700	Depreciation (\$mill)	850
(14% of Capital)										1392.0	1458.3	1734.1	1727.4	1906.7	2133.0	2223.0	2464.0	2693.0	3273.0	3760.0	4085	Net Profit (\$mill)	5655
<b>Leases, Uncapitalized</b> Annual rentals \$491 mill.										35.0%	33.7%	30.7%	26.7%	24.2%	25.0%	24.7%	24.7%	24.0%	22.2%	18.7%	17.0%	Income Tax Rate	22.0%
<b>No Defined Benefit Pension Plan</b>										9.3%	8.9%	9.3%	9.0%	10.0%	10.2%	9.2%	9.7%	9.7%	10.7%	11.6%	11.7%	Net Profit Margin	12.6%
<b>Preferred Stock</b> None										4735.7	5492.5	5517.8	6457.0	7595.0	7339.0	7666.0	9700.0	8669.0	9642.0	9667.0	9980	Working Cap'l (\$mill)	12300
<b>Common Stock</b> 1,677,618,635 shares										410.7	409.9	441.1	437.2	445.8	276.0	228.0	1210.0	1199.0	1079.0	2010.0	2100	Long-Term Debt (\$mill)	1400
(329 mill. Class A shares; 1349 mill. Class B shares.) as of 7/15/16										6285.2	7025.4	7825.3	8693.1	9753.7	9843.0	10381	11156	10824	12707	12258	13110	Share Equity (\$mill)	17565
<b>MARKET CAP: \$85.9 billion (Large Cap)</b>										20.8%	19.9%	21.2%	19.1%	18.7%	21.1%	21.0%	20.0%	22.6%	23.8%	26.6%	27.0%	Return on Total Cap'l	30.0%
<b>CURRENT POSITION</b> 2015 2016 8/31/16										22.1%	20.8%	22.2%	19.9%	19.5%	21.7%	21.4%	22.1%	24.9%	25.8%	30.7%	31.0%	Return on Shr. Equity	32.0%
(SMILL.)										17.2%	15.9%	16.9%	14.5%	14.4%	16.0%	15.5%	15.8%	17.5%	18.7%	22.3%	22.0%	Retained to Com Eq	23.5%
Cash Assets										22%	24%	24%	27%	27%	26%	28%	29%	30%	27%	28%	29%	All Div'ds to Net Prof	28%
Receivables																							
Inventory (LIFO)																							
Other																							
Current Assets																							
Accts Payable																							
Debt Due																							
Other																							
Current Liab.																							

<b>ANNUAL RATES</b> Past 10 Yrs. Past 5 Yrs. Est'd '14-'16 of change (per sh)										10.5%	11.5%	13.0%
Sales										12.5%	14.0%	17.0%
"Cash Flow"										12.5%	13.5%	18.5%
Earnings										16.0%	14.5%	17.0%
Dividends										10.0%	7.5%	13.0%
Book Value												

Fiscal Year Ends	Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2013	6474	5955	6187	6697	25313
2014	6971	6431	6972	7425	27799
2015	7982	7380	7460	7779	30601
2016	8414	7686	8032	8244	32376
2017	9061	8070	8630	9199	34960

Fiscal Year Ends	Aug.31	Nov.30	Feb.28	May 31	Full Fiscal Year
2013	.32	.29	.37	.37	1.35
2014	.43	.30	.38	.38	1.49
2015	.54	.37	.45	.49	1.85
2016	.67	.45	.55	.49	2.16
2017	.73	.44	.60	.63	2.40

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012	.09	.09	.095	.195	.47
2013	--	.105	.105	.105	.32
2014	.12	.12	.12	.12	.48
2015	.14	.14	.14	.14	.56
2016	.16	.16	.16	.16	

(A) Fiscal years end May 31st. (B) Diluted earnings. Excludes nonrecurring: '03, (25c); '07, 2c; '08, 8c; '09, (13c); '13, 1c. Quarterly EPS may not sum due to change in share count. Next earnings report due late Dec. (C) Dividends historically paid in early January, April, July, and October. ■ Reinvestment plan available. (D) Includes 21c dividend paid December 26th. (E) In millions, adjusted for splits. (F) Each share of Class A is convertible to one share of Class B.

© 2016 Value Line, Inc. All rights reserved. Factual material is obtained from sources believed to be reliable and is provided without warranties of any kind. THE PUBLISHER IS NOT RESPONSIBLE FOR ANY ERRORS OR OMISSIONS HEREIN. This publication is strictly for subscriber's own, non-commercial, internal use. No part of it may be reproduced, resold, stored or transmitted in any printed, electronic or other form, or used for generating or marketing any printed or electronic publication, service or product.

**Evidence of competitive pressures at NIKE continue to mount.** The August-period gross margin declined 200 basis points, year to year, despite higher average selling prices. There were some temporary factors like currency headwinds, an accounting shift of certain expenses from overhead to costs of goods, and the exit from the golf equipment business, but profitability was still below guidance. Also, on August 31st, future orders were up a soft 5% (7% excluding currency changes) from a year earlier. True, orders tend to decline following the Olympics, though this was the fourth-consecutive quarter of slower growth. We note that Adidas is making a comeback, especially in North America, where NIKE's future orders were up a mere 1%. Also, Under Armour is making headway in apparel (casual and fashion, as well as athletic) and basketball shoes. Sales at lululemon are even rebounding after some earlier setbacks. **The company is responding with accelerated across-the-board innovation.** The latest examples of new products include different apparel silhouettes, which are selling beyond expectations, and

technical advances for running shoes. NIKE is also investing heavily in digital capabilities, and fiscal first-quarter online sales jumped 49%. A new partnership with Apple will offer sports-themed devices, such as watches and apps that direct shoppers to NIKE apparel and footwear. Innovation is also being extended into manufacturing, including computerized design and speed-to-market improvements. **International markets provide a significant growth engine.** An advantage for NIKE is its superior supply chain and global distribution. On a currency-neutral basis, August-period sales were up at a double-digit pace in all international markets, and orders were up at least 9%. The Greater China region, where future orders were up 19%, offers a particularly compelling opportunity. **The stock is untimely, but now has good risk-adjusted 3- to 5-year appreciation potential.** NIKE has a strong balance sheet, unparalleled resources, and industry-leading returns on invested capital. The company has been repurchasing shares at a good clip, as well. *Craig Sirois* *October 28, 2016*

Company's Financial Strength	A++
Stock's Price Stability	85
Price Growth Persistence	100
Earnings Predictability	100

To subscribe call 1-800-VALUELINE