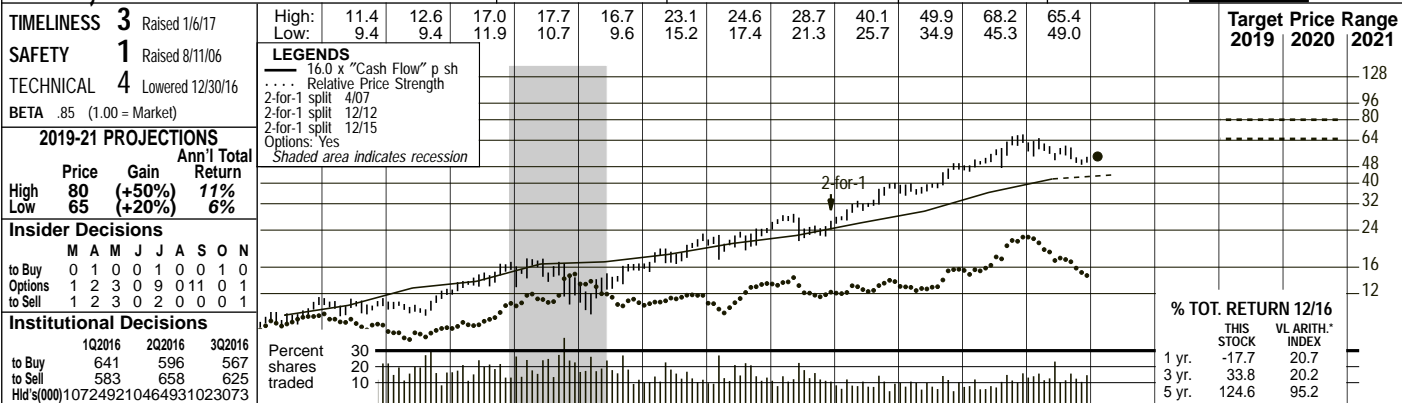


NIKE, INC. 'B' NYSE-NKE

RECENT PRICE **53.65** P/E RATIO **22.6** (Trailing: 23.6 Median: 19.0) RELATIVE P/E RATIO **1.14** DIV'D YLD **1.3%** **VALUE LINE**



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	20.95	Sales per sh ^A	28.85
.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	2.75	"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	2.35	Earnings per sh ^{AB}	3.65
.06	.06	.06	.07	.09	.12	.15	.18	.22	.25	.27	.30	.35	.41	.47	.52	.60	.70	Div'ds Decl'd per sh ^{CD}	1.00
.19	.15	.13	.09	.10	.12	.16	.16	.23	.23	.17	.23	.33	.36	.51	.56	.68	.65	Cap'l Spending per sh	.95
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	7.80	Book Value per sh	11.25
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 ^{EF}	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%

CAPITAL STRUCTURE as of 11/30/16				2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Debt \$3537 mill. Due in 5 Yrs \$400 mill.				14955	16326	18627	19176	19014	20862	24128	25313	27799	30601	32376	34600	Sales (\$mill) ^A				44700	
LT Debt \$3473 mill. LT Interest \$190 mill.				16.0%	14.7%	14.7%	14.5%	14.7%	15.1%	14.1%	14.6%	15.1%	15.6%	15.9%	16.1%	Operating Margin				18.2%	
(21% of Capital)				282.0	269.7	303.6	335.0	323.7	335.0	373.0	438.0	518.0	606.0	649.0	695	Depreciation (\$mill)				840	
Leases, Uncapitalized Annual rentals \$491 mill.				1392.0	1458.3	1734.1	1727.4	1906.7	2133.0	2223.0	2464.0	2693.0	3273.0	3760.0	3880	Net Profit (\$mill)				5655	
No Defined Benefit Pension Plan				35.0%	33.7%	30.7%	26.7%	24.2%	25.0%	25.5%	24.7%	24.0%	22.2%	18.7%	18.0%	Income Tax Rate				22.0%	
Preferred Stock None				9.3%	8.9%	9.3%	9.0%	10.0%	10.2%	9.2%	9.7%	9.7%	10.7%	11.6%	11.2%	Net Profit Margin				12.7%	
Common Stock 1,654,477,130 shares				4735.7	5492.5	5517.8	6457.0	7595.0	7339.0	7666.0	9700.0	8669.0	9642.0	9667.0	11000	Working Cap'l (\$mill)				13000	
Class A shares: 329,251,752				410.7	409.9	441.1	437.2	445.8	276.0	228.0	1210.0	1199.0	1079.0	2010.0	3200	Long-Term Debt (\$mill)				2500	
Class B shares: 1,325,225,378				6285.2	7025.4	7825.3	8693.1	9753.7	9843.0	10381	11156	10824	12707	12258	12900	Shr. Equity (\$mill)				17400	
MARKET CAP: \$88.5 billion (Large Cap)				20.8%	19.9%	21.2%	19.1%	18.7%	21.1%	21.0%	20.0%	22.6%	23.8%	26.6%	24.5%	Return on Total Cap'l				29.0%	
CURRENT POSITION				22.1%	20.8%	22.2%	19.9%	19.5%	21.7%	21.4%	22.1%	24.9%	25.8%	30.7%	30.0%	Return on Shr. Equity				32.5%	
2015				17.2%	15.9%	16.9%	14.5%	14.4%	16.0%	15.5%	15.8%	17.5%	18.7%	22.3%	21.0%	Retained to Com Eq				23.5%	
2016				22%	24%	24%	27%	27%	26%	28%	29%	30%	27%	28%	30%	All Div'ds to Net Prof				27%	
11/30/16				<p>BUSINESS: NIKE designs, develops, and markets footwear, apparel, equipment, and accessories. Sells products to retail accounts, through NIKE-owned stores and the Internet, and through a mix of independent distributors and licensees in approximately 190 countries. Has 362 domestic and 683 international locations (including factory stores) as of 5/31/16. Has about 70,700 employees (including part-timers). Swoosh, LLC, owns 78.1% Cl. A shares, 16.0% Cl. B (representing director Travis Knight's holdings); other officers/directors, 3.9% of Cl. B; The Vanguard Group, 6.4%; FMR LLC, 6.2%; BlackRock, 5.9% (7/16 proxy). Chairman & CEO: Mark G. Parker. Inc.: OR. Address: One Bowerman Dr., Beaverton, OR 97005. Tel.: 503-671-6453. Internet: www.nikeinc.com.</p>																	

NIKE's November-period showing best expectations on both the top and bottom lines. Revenues would have increased 8% on a constant-currency basis, with particular strength in North America, Western Europe, and China. On the earnings side of the coin, tight administrative cost controls and nearly \$1 billion in share repurchases helped EPS reach the \$0.50 mark. At the halfway point of fiscal 2017 from a reporting perspective (years end May 31st), NIKE was performing well, but there are some concerns lurking on the horizon for the balance of the campaign.

We found two items from the fiscal second-quarter report troubling. For starters, some serious gross margin erosion was evident. Currency fluctuations get a good part of the blame, but rising operating costs need to be addressed. Moreover, future orders grew only 2%, tame from an NIKE standpoint. This depressed metric was encumbered by a 4% dip in North America. Competition continues to place pressure on results here. Under Armour, for one, is proving a formidable foe. Its roster of younger pitchers, namely basketball star Stephen Curry, is connecting with younger generations and prompting some sales to go away from the swoosh. Adidas has grown in stature, as well, over the past year. Because of these developments, we are reducing our revenue and earnings targets for fiscal 2017 by \$350 million and a nickel, respectively.

NIKE stock was the worst-performing member of the Dow 30 in 2016. In a year when that index posted a double-digit gain, NIKE fell almost 20% in price. Using history as a guide, that likely means the shares are due for a bounceback in 2017. A popular investment strategy echoes this sentiment. The margin and competition factors, however, will play a major role in deciding that.

These high-quality shares are a good long-term total return play for accounts that slant to the conservative side. NIKE boasts our top ranks for Safety (1) and Financial Strength (A++). Too, its dividend was ratcheted up to start this calendar year, to \$0.18 per quarter. The combination of appreciation potential and this income component should be enticing to most accounts.

(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 March.	(C) Dividends historically paid in early January, April, July, and October. ■ Reinvestment plan available.	(D) Includes 21¢ dividend paid December 2012. (E) In millions, adjusted for splits.	(F) Each share of Class A is convertible to one share of Class B.	Company's Financial Strength	A++
				Stock's Price Stability	80
				Price Growth Persistence	100
				Earnings Predictability	100

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Erik M. Manning January 27, 2017