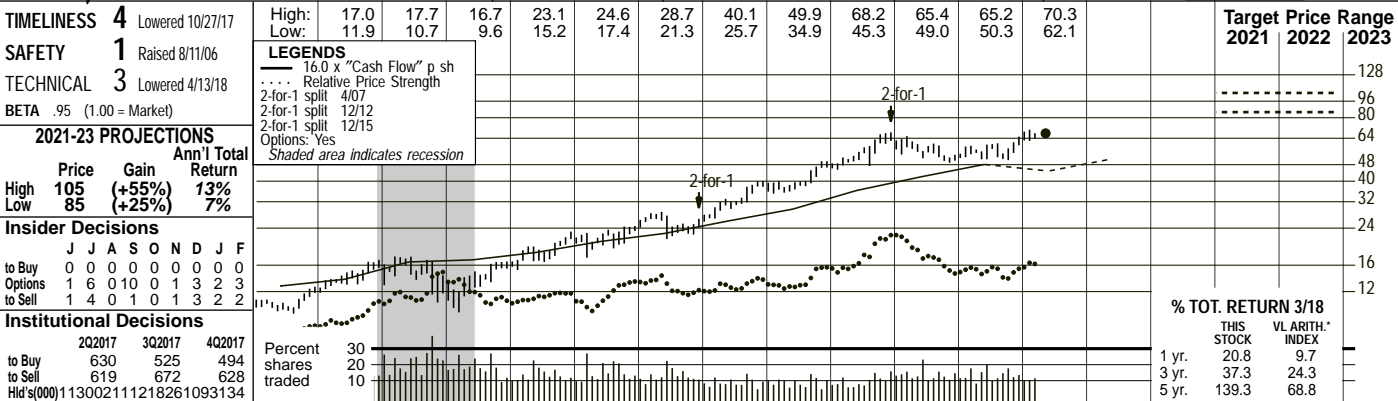


# NIKE, INC. 'B' NYSE-NKE

RECENT PRICE **67.51** P/E RATIO **27.8** (Trailing: 29.2 Median: 20.0) RELATIVE P/E RATIO **1.48** DIV'D YLD **1.2%**

**VALUE LINE**



2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
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	20.91	<b>22.50</b>	<b>24.40</b>	Sales per sh <sup>A</sup>	33.55
.44	.48	.59	.66	.80	.86	1.04	1.06	1.15	1.30	1.42	1.62	1.85	2.26	2.62	3.01	<b>2.80</b>	<b>3.20</b>	"Cash Flow" per sh	5.35
.31	.35	.44	.56	.66	.72	.86	.88	.97	1.10	1.18	1.35	1.49	1.85	2.16	2.51	<b>2.35</b>	<b>2.70</b>	Earnings per sh <sup>AB</sup>	4.75
.06	.07	.09	.12	.15	.18	.22	.25	.27	.30	.35	.41	.47	.52	.62	.70	<b>.80</b>	<b>.88</b>	Div'ds Decl'd per sh <sup>CD</sup>	1.20
.13	.09	.10	.12	.16	.16	.23	.23	.17	.23	.33	.36	.51	.56	.68	.67	<b>.65</b>	<b>.70</b>	Cap'l Spending per sh	.90
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	7.55	<b>7.55</b>	<b>7.55</b>	Book Value per sh	9.80
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	1643.0	<b>1600.0</b>	<b>1590.0</b>	Common Shs Outst'g <sup>EF</sup>	1550.0
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	21.6	<b>20.0</b>	<b>21.0</b>	Avg Ann'l P/E Ratio	20.0
1.16	.97	.97	.95	.86	.88	1.07	1.02	1.04	1.14	1.30	1.09	1.27	1.23	1.44	1.06	<b>1.10</b>	<b>1.10</b>	Relative P/E Ratio	1.10
.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%	1.3%	<b>1.3%</b>	<b>1.3%</b>	Avg Ann'l Div'd Yield	1.3%

**CAPITAL STRUCTURE as of 2/28/18**  
 Total Debt \$3486 mill. Due in 5 Yrs \$750 mill.  
 LT Debt \$3469 mill. LT Interest \$190 mill.  
 (24% of Capital)

**Leases, Uncapitalized** Annual rentals \$491 mill.  
**No Defined Benefit Pension Plan**

**Preferred Stock** None

**Common Stock** 1,611,759,392 shares  
 Class A shares: 329,065,752  
 Class B shares: 1,282,693,640  
**MARKET CAP: \$109 billion (Large Cap)**

**CURRENT POSITION** 2016 2017 2/28/18 (\$MILL.)

Cash Assets	5457.0	6179.0	4751.0
Receivables	3241.0	3677.0	3792.0
Inventory (LIFO)	4838.0	5055.0	5366.0
Other	1489.0	1150.0	1446.0
Current Assets	15025.0	16061.0	15355.0
Acc'ts Payable	2191.0	2048.0	1961.0
Debt Due	45.0	331.0	17.0
Other	3122.0	3095.0	3805.0
Current Liab.	5358.0	5474.0	5783.0

18627	19176	19014	20862	24128	25313	27799	30601	32376	34350	<b>36030</b>	<b>38770</b>	Sales (\$mill) <sup>A</sup>	52000
14.7%	14.5%	14.7%	15.1%	14.1%	14.6%	15.1%	15.6%	15.9%	15.9%	<b>15.6%</b>	<b>16.0%</b>	Operating Margin	18.8%
303.6	335.0	323.7	335.0	373.0	438.0	518.0	606.0	649.0	706.0	<b>750</b>	<b>810</b>	Depreciation (\$mill)	935
1734.1	1727.4	1906.7	2133.0	2223.0	2464.0	2693.0	3273.0	3760.0	4240.0	<b>3760</b>	<b>4295</b>	Net Profit (\$mill)	7360
30.7%	26.7%	24.2%	25.0%	25.5%	24.7%	24.0%	22.2%	18.7%	13.2%	<b>19.0%</b>	<b>13.2%</b>	Income Tax Rate	21.0%
9.3%	9.0%	10.0%	10.2%	9.2%	9.7%	9.7%	10.7%	11.6%	12.3%	<b>10.4%</b>	<b>11.1%</b>	Net Profit Margin	14.2%
5517.8	6457.0	7595.0	7339.0	7666.0	9700.0	8669.0	9642.0	9667.0	10587	<b>10000</b>	<b>10600</b>	Working Cap'l (\$mill)	12250
441.1	437.2	445.8	276.0	228.0	1210.0	1199.0	1079.0	2010.0	3471.0	<b>3400</b>	<b>3250</b>	Long-Term Debt (\$mill)	2800
7825.3	8693.1	9753.7	9843.0	10381	11156	10824	12707	12258	12407	<b>11000</b>	<b>12000</b>	Shr. Equity (\$mill)	15200
21.2%	19.1%	18.7%	21.1%	21.0%	20.0%	22.6%	23.8%	26.5%	26.9%	<b>27.0%</b>	<b>29.0%</b>	Return on Total Cap'l	41.0%
22.2%	19.9%	19.5%	21.7%	21.4%	22.1%	24.9%	25.8%	30.7%	34.2%	<b>34.0%</b>	<b>36.0%</b>	Return on Shr. Equity	48.5%
16.9%	14.5%	14.4%	16.0%	15.5%	15.8%	17.5%	18.7%	22.3%	25.0%	<b>22.5%</b>	<b>24.0%</b>	Retained to Com Eq	36.0%
24%	27%	27%	26%	28%	29%	30%	27%	27%	27%	<b>34%</b>	<b>33%</b>	All Div'ds to Net Prof	25%

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '15-'17 of change (per sh) to '21-'23

Sales	10.5%	11.5%	9.5%
"Cash Flow"	13.0%	15.5%	13.0%
Earnings	13.0%	15.0%	14.0%
Dividends	15.5%	15.0%	12.0%
Book Value	9.0%	7.0%	5.0%

**Fiscal Year Ends** QUARTERLY SALES (\$mill.) <sup>A</sup> Full Fiscal Year

	Aug.31	Nov.30	Feb.28	May 31	
2015	7982	7380	7460	7779	30601
2016	8414	7686	8032	8244	32376
2017	9061	8180	8432	8677	34350
2018	9070	8554	8984	9422	36030
2019	9820	9250	9650	10050	38770

**Fiscal Year Ends** EARNINGS PER SHARE <sup>AB</sup> Full Fiscal Year

	Aug.31	Nov.30	Feb.28	May 31	
2015	.54	.37	.45	.49	1.85
2016	.67	.45	.55	.49	2.16
2017	.73	.50	.68	.60	2.51
2018	.57	.46	.68	.64	2.35
2019	.65	.55	.77	.73	2.70

**Cal-endar** QUARTERLY DIVIDENDS PAID <sup>C</sup> Full Year

	Mar.31	Jun.30	Sep.30	Dec.31	
2014	.12	.12	.12	.12	.48
2015	.14	.14	.14	.14	.56
2016	.16	.16	.16	.16	.64
2017	.18	.18	.18	.18	.72
2018	.20	.20	.20	.20	.80

**NIKE's earnings will probably slip in fiscal 2018 (years end May 31st).** Gross margins in the February interim took a turn lower, and unfavorable foreign currency exchange brought the EPS figure below the \$0.70 mark. This has led us to ratchet our fourth-quarter expectation down by a dime, which brings our full fiscal year call to \$2.35, noticeably below the \$2.51 registered in the year-earlier period. It is worth noting that such a scenario has been developing since the start of the fiscal campaign (first- and second-quarter earnings were lower year over year), and NIKE's operations have actually been somewhat better of late.

**The North American situation remains a serious concern.** Competition here at home is fierce. Adidas and Under Armour are making forays into a bevy of the company's prime areas, as evident by a dip in overall receipts in this region of 6% during the fiscal third quarter. Millennials are proving to be an extremely fickle demographic that demands specialization as well as pricing in their favor. At a time like this it is vital that NIKE gets results from its licensing agreements like the one

with the National Basketball Association and its vast array of pitchmen. **A recent high-profile golf event was a win for the swoosh.** The Masters took place at Augusta National in Georgia. It marked the return to that tournament of long-time company sponsor Tiger Woods who has been out with injuries for some time. The NIKE brand was very prevalent and advertising was elevated. Moreover, the winner Patrick Reed has a sponsorship deal with the company. Elsewhere, NIKE announced the extension of a pact with the National Football League to provide both uniforms and sideline apparel. Presences like this are important with the extreme level of competition being experienced at this time. **This high-quality equity, though untimely, is a decent play for three-to-five-year total return.** Investors need not rush in, as NIKE handles the North American market woes in the coming year-plus. Still, the combination of appreciation potential and a growing dividend should make an investment worthwhile for the stretch to 2021-2023.

*Erik M. Manning*  
 April 27, 2018

(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 egs. report due late June. (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.