

NIKE, INC. 'B' NYSE-NKE

RECENT PRICE **77.47** P/E RATIO **30.2** (Trailing: 32.3; Median: 20.0) RELATIVE P/E RATIO **1.62** DIV'D YLD **1.0%**

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	22.75	24.85	Sales per sh ^A	34.30
.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	2.85	3.25	"Cash Flow" per sh	5.45
.31	.35	.44	.56	.66	.72	.86	.88	.97	1.10	1.18	1.35	1.49	1.85	2.16	2.51	2.40	2.75	Earnings per sh ^{AB}	4.85
.06	.07	.09	.12	.15	.18	.22	.25	.27	.30	.35	.41	.47	.52	.62	.70	.80	.88	Div'ds Decl'd per sh ^{CD}	1.20
.13	.09	.10	.12	.16	.16	.23	.23	.17	.23	.33	.36	.51	.56	.68	.67	.65	.70	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	6.15	6.80	Book Value per sh	9.15
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	1600.0	1585.0	Common Shs Outst'g ^{EF}	1530.0
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	20.0	21.6	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	1.06	1.06	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%	1.3%	1.3%	Avg Ann'l Div'd Yield	1.3%

CAPITAL STRUCTURE as of 5/31/18
 Total Debt \$3810 mill. Due in 5 Yrs \$800 mill.
 LT Debt \$3468 mill. LT Interest \$190 mill.
 (21% of Capital)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
18627	19176	19014	20862	24128	25313	27799	30601	32376	34350	36397	39350	
14.7%	14.5%	14.7%	15.1%	14.1%	14.6%	15.1%	15.6%	15.9%	15.9%	15.5%	16.0%	
303.6	335.0	323.7	335.0	373.0	438.0	518.0	606.0	649.0	706.0	750	810	
1734.1	1727.4	1906.7	2133.0	2223.0	2464.0	2693.0	3273.0	3760.0	4240.0	3840	4360	
30.7%	26.7%	24.2%	25.0%	25.5%	24.7%	24.0%	22.2%	18.7%	13.2%	22.0%	20.0%	
9.3%	9.0%	10.0%	10.2%	9.2%	9.7%	9.7%	10.7%	11.6%	12.3%	10.6%	11.1%	
5517.8	6457.0	7595.0	7339.0	7666.0	9700.0	8669.0	9642.0	9667.0	10587	9094	9750	
441.1	437.2	445.8	276.0	228.0	1210.0	1199.0	1079.0	2010.0	3471.0	3468.0	3320	
7825.3	8693.1	9753.7	9843.0	10381	11156	10824	12707	12258	12407	9812	10800	
21.2%	19.1%	18.7%	21.1%	21.0%	20.0%	22.6%	23.8%	26.5%	26.9%	29.5%	31.5%	
22.2%	19.9%	19.5%	21.7%	21.4%	22.1%	24.9%	25.8%	30.7%	34.2%	39.0%	40.0%	
16.9%	14.5%	14.4%	16.0%	15.5%	15.8%	17.5%	18.7%	22.3%	25.0%	26.0%	27.5%	
24%	27%	27%	26%	28%	29%	30%	27%	27%	27%	33%	32%	

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
 as of 2/28/18 (end of fiscal 3Q)

MARKET CAP: \$124.9 billion (Large Cap)

CURRENT POSITION 2016 2017 5/31/18 (\$MILL.)

	2016	2017	5/31/18
Cash Assets	5457.0	6179.0	5245.0
Receivables	3241.0	3677.0	3498.0
Inventory (LIFO)	4838.0	5055.0	5261.0
Other	1489.0	1150.0	1130.0
Current Assets	15025.0	16061.0	15134.0
Accts Payable	2191.0	2048.0	2279.0
Debt Due	45.0	331.0	342.0
Other	3122.0	3095.0	3419.0
Current Liab.	5358.0	5474.0	6040.0

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 384 domestic and 758 international locations (including factory stores) as of 5/31/17. Has about 74,400 employees (including part-timers). Swoosh, LLC, owns 78.1% Cl. A shares, 16.4% Cl. B (representing director Travis Knight's holdings); other officers/directors, 3.9% of Cl. B; The Vanguard Group, 7.0%; BlackRock, 5.9% (7/25/17 proxy). Chairman & CEO: Mark G. Parker. Inc.: Oregon. Address: One Bowerman Drive, Beaverton, OR 97005. Telephone: 503-671-6453. Internet: www.nikeinc.com.

NIKE has been the best performer in the Dow Jones Industrial Average thus far in calendar 2018. The investment community was looking for two vital things in the company's fiscal fourth-quarter earnings release (years end May 31st), margin improvement and a positive comp in North American sales. The swoosh delivered both, and NIKE shares were up about 10% on the day that quarterly results came out. On the strength of that surge, the stock is up more than 20% through the first seven months of the year.

Our fiscal 2019 earnings call is now a nickel higher, at \$2.75 a share. The direct-to-consumer approach and added specialization is striking a chord with customers, particularly younger ones. Also, international business is booming, and ample room to grow exists in numerous overseas markets. The company's dealings with the National Basketball Association plays into this goal, as that sport has athletes from all over the globe. Add to this, that the North American arm's top-line perked up (to the tune of 3%) in the final stanza of fiscal 2018, and the current fiscal year is shaping up well at NIKE.

The swoosh won the jersey sponsorship battle at the recently concluded World Cup. NIKE's primary competitors are Adidas and Under Armour. Adidas is the official sponsor of this worldwide, high-profile soccer tournament and it out-fitted 12 teams to NIKE's 10. However, when all was said and done, two NIKE-wearing teams, France and Croatia, were in the final match, which generates the largest overall rating. Moreover, during the matches themselves, NIKE football boots were worn by 65% of the athletes, more than all other brands combined.

We think this high-quality stock is fairly valued in the current market. Given the stock's incline thus far in 2018, capital appreciation potential out to 2021-2023 has decreased to a level that no longer merits investment consideration. Too, the dividend yield is not large enough to warrant suggesting income-minded accounts climb on board. Finally, even with a one notch improvement in the Timeliness rank since our April report, the stock is still only neutrally ranked.

Erik M. Manning July 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 September.	(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 Stock's Price Stability Price Growth Persistence Earnings Predictability	A++ 80 80 95
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