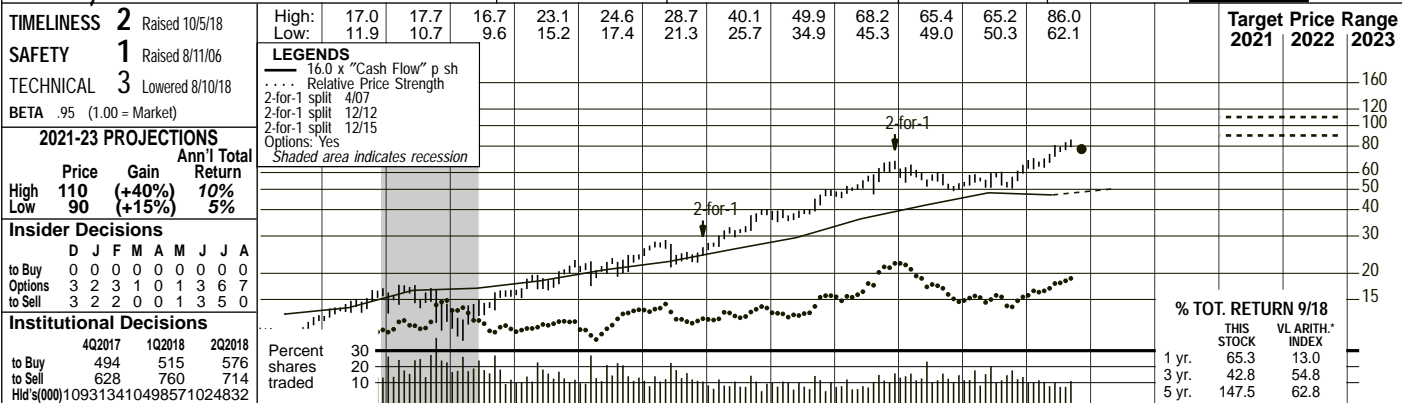


# NIKE, INC. 'B' NYSE-NKE

RECENT PRICE **77.48** P/E RATIO **30.5** (Trailing: 31.0 Median: 20.0) RELATIVE P/E RATIO **1.74** 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	22.73	<b>24.85</b>	Sales per sh <sup>A</sup>	<b>34.20</b>
.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	2.95	<b>3.15</b>	"Cash Flow" per sh	<b>5.50</b>
.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	<b>2.65</b>	Earnings per sh <sup>AB</sup>	<b>4.90</b>
.06	.07	.09	.12	.15	.18	.22	.25	.27	.30	.35	.41	.47	.54	.62	.70	.78	<b>.88</b>	Div'ds Decl'd per sh <sup>CD</sup>	<b>1.20</b>
.13	.09	.10	.12	.16	.16	.23	.23	.17	.23	.33	.36	.51	.56	.68	.67	.64	<b>.70</b>	Cap'l Spending per sh	<b>.90</b>
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	6.13	<b>7.00</b>	Book Value per sh	<b>9.00</b>
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	1601.0	<b>1575.0</b>	Common Shs Outst'g <sup>EF</sup>	<b>1530.0</b>
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	25.3		Avg Ann'l P/E Ratio	<b>20.0</b>
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	1.09	1.28		Relative P/E Ratio	<b>1.10</b>
.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%		Avg Ann'l Div'd Yield	<b>1.2%</b>

**CAPITAL STRUCTURE as of 8/31/18**  
 Total Debt \$3486 mill. Due in 5 Yrs \$750 mill.  
 LT Debt \$3467 mill. LT Interest \$190 mill.  
 (24% of Capital)

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

**Preferred Stock** None  
**Common Stock** 1,588,108,352 shares  
 Class A shares: 315,041,752  
 Class B shares: 1,273,066,600  
 as of 10/3/18

**MARKET CAP: \$123.1 billion (Large Cap)**

18627	19176	19014	20862	24128	25313	27799	30601	32376	34350	36397	<b>39170</b>	Sales (\$mill) <sup>A</sup>	<b>52350</b>
14.7%	14.5%	14.7%	15.1%	14.1%	14.6%	15.1%	15.6%	15.9%	15.9%	14.3%	<b>15.8%</b>	Operating Margin	<b>19.0%</b>
303.6	335.0	323.7	335.0	373.0	438.0	518.0	606.0	649.0	706.0	747.0	<b>810</b>	Depreciation (\$mill)	<b>935</b>
1734.1	1727.4	1906.7	2133.0	2223.0	2464.0	2693.0	3273.0	3760.0	4240.0	3974.0	<b>4175</b>	Net Profit (\$mill)	<b>7500</b>
30.7%	26.7%	24.2%	25.0%	25.5%	24.7%	24.0%	22.2%	18.7%	13.2%	8.1%	<b>10.7%</b>	Income Tax Rate	<b>21.0%</b>
9.3%	9.0%	10.0%	10.2%	9.2%	9.7%	9.7%	10.7%	11.6%	12.3%	10.9%	<b>10.7%</b>	Net Profit Margin	<b>14.3%</b>
5517.8	6457.0	7595.0	7339.0	7666.0	9700.0	8669.0	9642.0	9667.0	10587	9094.0	<b>9600</b>	Working Cap'l (\$mill)	<b>11400</b>
441.1	437.2	445.8	276.0	228.0	1210.0	1199.0	1079.0	2010.0	3471.0	3468.0	<b>3320</b>	Long-Term Debt (\$mill)	<b>2875</b>
7825.3	8693.1	9753.7	9843.0	10381	11156	10824	12707	12258	12407	9812.0	<b>11000</b>	Shr. Equity (\$mill)	<b>13800</b>
21.2%	19.1%	18.7%	21.1%	21.0%	20.0%	22.6%	23.8%	26.5%	26.9%	30.3%	<b>30.0%</b>	Return on Total Cap'l	<b>45.5%</b>
22.2%	19.9%	19.5%	21.7%	21.4%	22.1%	24.9%	25.8%	30.7%	34.2%	40.5%	<b>38.0%</b>	Return on Shr. Equity	<b>54.5%</b>
16.9%	14.5%	14.4%	16.0%	15.5%	15.8%	17.5%	18.7%	22.3%	25.0%	27.8%	<b>25.5%</b>	Retained to Com Eq	<b>41.0%</b>
24%	27%	27%	26%	28%	29%	30%	27%	27%	27%	31%	<b>33.3%</b>	All Div'ds to Net Prof	<b>25%</b>

CURRENT POSITION	2017	2018	8/31/18
Cash Assets	6179.0	5245.0	4269.0
Receivables	3677.0	3498.0	4330.0
Inventory (LIFO)	5055.0	5261.0	5227.0
Other	1150.0	1130.0	1675.0
Current Assets	16061.0	15134.0	15501.0
Accts Payable	2048.0	2279.0	2333.0
Debt Due	331.0	342.0	19.0
Other	3095.0	3419.0	4356.0
Current Liab.	5474.0	6040.0	6708.0

**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 numerous countries. Offerings are focused in six categories: running, basketball, the Jordan brand, football (soccer), training, and sportswear. There

is another product line for kids. Has about 73,100 employees (including part-timers). Swoosh, LLC, owns 77.5% Cl. A shares, 16.7% Cl. B; officers/directors, 3.9% of Cl. B; The Vanguard Group, 7.8%; BlackRock, 6.1% (7/18 proxy). Chairman & CEO: Mark G. Parker. Inc.: Oregon. Address: One Bowerman Drive, Beaverton, OR 97005. Telephone: 503-671-6453. Internet: www.nikeinc.com.

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '16-'18 to '21-'23
of change (per sh)	10.0%	10.5%	10.0%
Sales	12.5%	14.5%	13.0%
"Cash Flow"	12.0%	14.5%	15.0%
Earnings	14.5%	15.0%	12.0%
Dividends	7.0%	4.0%	3.5%

**NIKE's latest advertising campaign was a lightning rod for controversy.** For the 30th anniversary of the ubiquitous "Just do it" slogan, the company selected Colin Kaepernick to be front and center in its new commercials. Mr. Kaepernick is the former NFL quarterback that kneeled for the national anthem. The initial reaction was lukewarm on Wall Street and main street, but NIKE has been stirring up a public reaction for years, and it appears that its advertising department knew what it was doing. The ads struck a chord with millennials, a customer group that NKE covets, and needs on board as it heads into the next decade. Several days after the commercials started, and positive polling results came in, NIKE shares reached a new all-time high.

**Earnings growth in fiscal 2019 (ends May 31st) should eclipse the 10% mark.** The company kicked off the fiscal year by trumping expectations in terms of both sales and revenues. Too, it appears the swoosh has gotten its groove back in the vital North American market, where comps have been positive now for two linked quarters. Globally, receipts are

looking handsome and that should contribute to annual sales growth greater than 7%. NIKE has numerous NBA players under contract and basketball's rise on the global scene has been a sizable boost to overall sales tallies. This should aid the bottom line in climbing to \$2.65 a share in fiscal 2019, which equates to a record high for this sneaker juggernaut.

**The stock's excellent performance thus far in 2018 makes it vulnerable to the Dow Jones' recent selloff.** NKE was the best performer of the Dow 30 through the first three quarters of calendar 2018. In recent trading sessions, investors, who are likely taking profits, have bid down fast-growing companies that were at or near all-time high quotations. NIKE was likely lumped into this group.

**NIKE shares are now timely.** This high-quality stock should outpace the broader market indices in the coming six to 12 months. Also, given its rock-solid financials and well-defined path to future growth, conservative accounts may like the potential 3- to 5-year total return here on a risk-adjusted basis.

Erik M. Manning October 26, 2018

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	9789	36397
2019	9948	9160	9630	10432	39170

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	.69	2.40
2019	.67	.45	.73	.80	2.65

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

(A) Fiscal years end May 31st. (B) Diluted earnings. Excludes nonrecurring: '03, (25c); '07, 2c; '08, 8c; '09, (13c); '13, 1c; '18, (\$1.23) due to tax law change. Next egs. report due late December. (C) Dividends historically paid in early January, April, July, and October. (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	90
Earnings Predictability	90