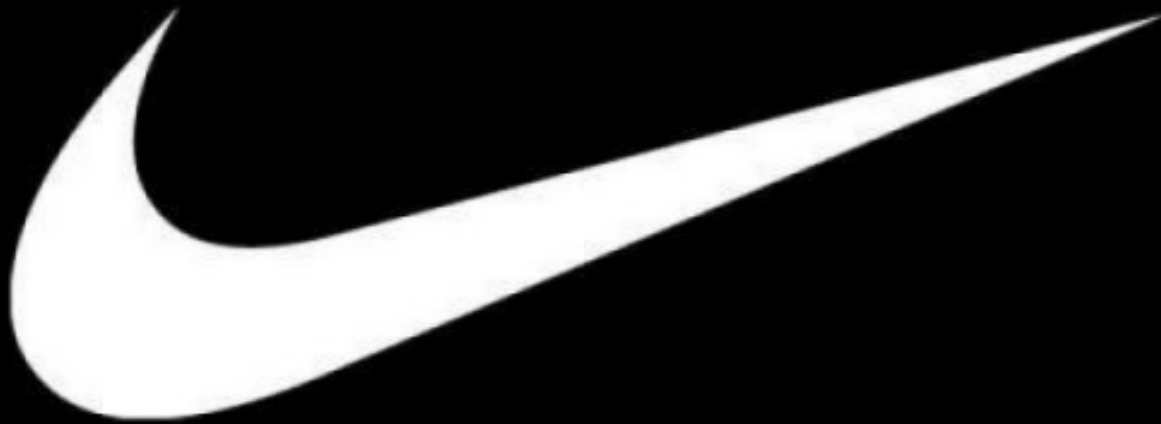


# Nike (NKE)



Jon Zahradka

Drilona Aliu

Travis Hartfiel

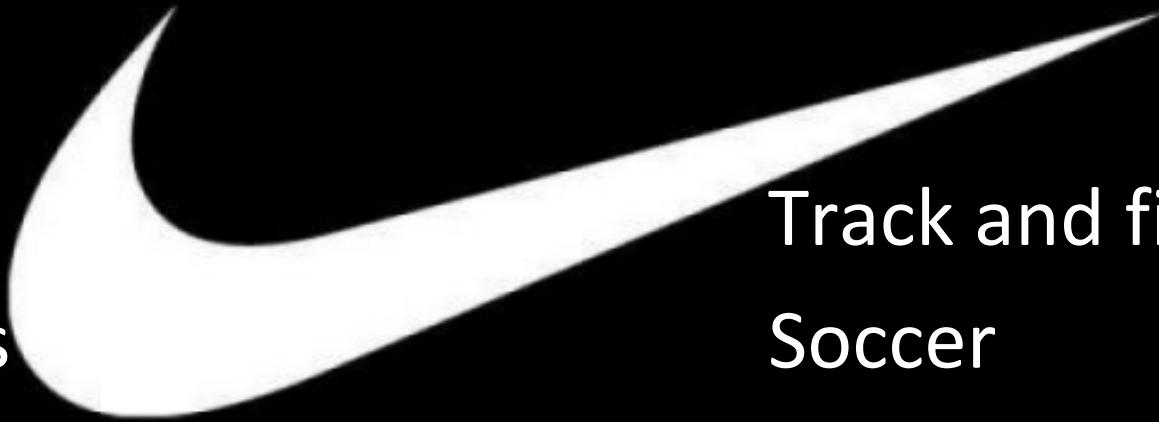
# Historical Background

- Founded on January 25, 1964 as Blue Ribbon Sports by Bill Bowerman and Philip Knight.
- In 1987 officially became Nike, Inc.
- Headquartered in Beaverton, Oregon.
- Major publicly traded sportswear and equipment supplier based in the United States.
- World's leading supplier of athletic shoes and apparel.
- Employed more than 30,000 people worldwide

# Products

<http://www.youtube.com/watch?v=uxdbaJleol4>

- Shoes
- Jerseys
- Shorts
- Base-layers



Track and field  
Soccer  
Basketball  
Football etc.

# Products



- First Nike Shoes- Nike Air Max (1987)



# Current News

- Nike Grows in China
  - The Olympics helped revenue grow by 22%
- Phil Knight Sells Stock!
  - 5 million Shares converted
  - Held 91.9 million shares of Nike's Class A stock. He now holds 86.9 million shares of Class A stock.

# Historical Data

<b>NIKE, INC. 'B'</b> NYSE-NKE	<b>RECENT PRICE</b> 52.91	<b>P/E RATIO</b> 15.6 (Trailing: 13.9 Median: 19.0)	<b>RELATIVE P/E RATIO</b> 0.96	<b>DIV'D YLD</b> 2.0%	<b>VALUE LINE</b>
--------------------------------	---------------------------	---	--------------------------------	-----------------------	-------------------

<b>TIMELINESS</b> 2 Lowered 2/13/09
<b>SAFETY</b> 1 Raised 8/11/06
<b>TECHNICAL</b> 4 Lowered 7/24/09
<b>BETA</b> .90 (1.00 = Market)

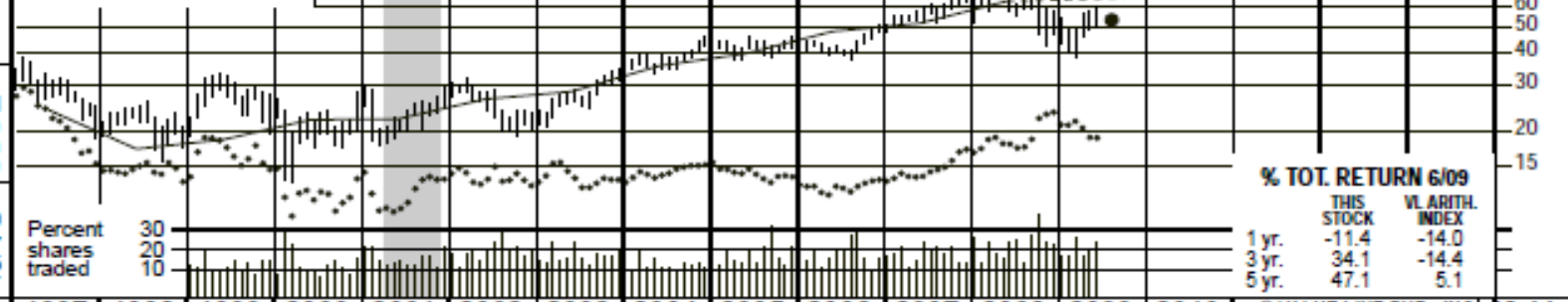
High: 26.3	33.5	28.5	30.0	32.1	34.3	46.2	45.8	50.6	67.9	70.6	59.9
Low: 15.5	19.4	12.9	17.8	19.3	21.2	32.9	37.6	37.8	47.5	42.7	38.2

**LEGENDS**  
 — 15.0 x "Cash Flow" p. sh  
 .... Relative Price Strength  
 2-for-1 split 10/96  
 2-for-1 split 4/07  
 Options: Yes  
 Shaded area: prior recession  
 Latest recession began 12/07

<b>2012-14 PROJECTIONS</b>		
Price	Gain	Ann'l Total Return
High 100	(+90%)	19%
Low 85	(+60%)	14%

<b>Insider Decisions</b>											
	S	O	N	D	J	F	M	A	M		
to Buy	0	0	0	0	0	0	0	0	0	0	0
Options to Buy	1	0	0	0	1	0	0	0	0	0	0
to Sell	1	1	0	2	3	0	0	0	0	0	0

<b>Institutional Decisions</b>			
	3Q2008	4Q2008	1Q2009
to Buy	325	361	367
to Sell	393	389	355
Hld's(000)	347285	344818	343127



1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	© VALUE LINE PUB., INC. 12-14
6.48	6.22	8.33	11.26	15.88	16.64	15.55	16.68	17.66	18.59	20.29	23.29	26.16	28.87	32.41	37.93	39.60	39.40	Sales per sh <sup>A</sup> 53.85
.70	.60	.83	1.13	1.61	1.16	1.25	1.49	1.50	1.78	1.90	2.37	2.64	3.20	3.43	4.15	4.25	4.35	"Cash Flow" per sh 5.95
.59	.50	.69	.94	1.34	.81	.83	1.05	1.08	1.23	1.39	1.76	2.25	2.63	2.86	3.44	3.52	3.60	Earnings per sh <sup>A B</sup> 5.10
.09	.10	.12	.14	.18	.22	.24	.24	.24	.27	.37	.48	.59	.71	.88	.98	1.06	1.06	Div'ds Decl'd per sh <sup>C</sup> 1.50
.16	.16	.27	.38	.81	.88	.68	.78	.59	.53	.35	.41	.49	.64	.62	.91	.90	.90	Cap'l Spending per sh .90
2.71	2.86	3.44	4.23	5.45	5.68	5.91	5.82	6.51	7.21	7.57	9.09	10.75	12.13	13.94	15.93	17.95	18.90	Book Value per sh <sup>D</sup> 24.20
606.82	609.60	571.56	574.52	578.54	574.00	564.60	539.20	537.20	532.20	527.20	526.20	525.20	518.00	503.80	491.10	484.00	482.00	Common Shs Outst'g <sup>E F</sup> 455.00
15.8	13.1	12.2	16.8	22.0	30.7	28.1	22.7	20.2	21.2	17.1	18.4	17.9	16.0	16.4	17.8	15.3	15.3	Avg Ann'l P/E Ratio 18.0
.93	.86	.82	1.05	1.27	1.60	1.60	1.48	1.04	1.16	.97	.97	.95	.86	.87	1.12	1.07	1.07	Relative P/E Ratio 1.20
1.0%	1.5%	1.4%	.9%	.6%	.9%	1.0%	1.0%	1.1%	.9%	1.1%	1.1%	1.2%	1.4%	1.5%	1.4%	1.8%	1.8%	Avg Ann'l Div'd Yield 1.6%

<b>CAPITAL STRUCTURE as of 5/31/09</b>	
Total Debt \$812.1 mill. Due in 5 Yrs \$435.0 mill.	8776.9
LT Debt \$437.2 mill. LT Interest \$27.0 mill. (5% of Cap'l)	12.4%
Leases, Uncapitalized Annual rentals \$312.4 mill.	228.8
No Defined Benefit Pension Plan	478.7
Pfd Stock \$.3 mill. Pfd Div'd \$.03 mill.	5.5%

8776.9	8995.1	9488.8	9893.0	10697	12253	13740	14955	16326	18627	19176	19000	Sales (\$mill) <sup>A</sup> 24500
12.4%	13.4%	12.9%	13.6%	14.1%	15.1%	13.8%	16.0%	14.7%	14.7%	14.5%	14.5%	Operating Margin 15.5%
228.8	223.6	214.1	276.6	262.5	301.4	257.2	282.0	269.7	303.6	325	350	Depreciation (\$mill) 375
478.7	579.1	589.7	668.3	740.1	945.6	1211.6	1392.0	1458.3	1734.1	1727.4	1750	Net Profit (\$mill) 2325
39.5%	37.0%	36.0%	34.3%	34.1%	34.8%	34.9%	35.0%	33.7%	30.7%	27.0%	25.5%	Income Tax Rate 35.0%
5.5%	6.4%	6.2%	6.8%	6.9%	7.7%	8.8%	9.3%	8.9%	9.3%	9.0%	9.2%	Net Profit Margin 9.5%

<b>Common Stock 494,348,611 shs.</b>	
(95.7 mill. Class A shares; 388.7 mill. Class B shares.) <sup>F</sup>	1818.0
as of 2/28/09	386.1
<b>MARKET CAP: \$25.6 billion (Large Cap)</b>	470.3
	3334.9
	13.2%
	14.4%

1456.4	1838.6	2321.5	2664.7	3503.0	4351.9	4735.7	5492.5	5517.8	6457.0	6000	Working Cap'l (\$mill) 6000
470.3	435.9	625.9	551.6	682.4	687.3	410.7	409.9	441.1	437.2	415	Long-Term Debt (\$mill) 400
3136.3	3494.8	3839.3	3990.7	4781.7	5644.2	6285.2	7025.4	7825.3	8693.1	9100	Shr. Equity (\$mill) 11000
13.2%	16.4%	15.7%	15.5%	16.6%	17.5%	19.2%	19.9%	21.2%	18.9%	18.5%	Return on Total Cap'l 20.5%
14.4%	18.5%	16.9%	17.4%	18.5%	19.8%	21.5%	20.8%	22.2%	19.9%	19.5%	Return on Shr. Equity 21.0%

<b>CURRENT POSITION</b>		
2007	2008	5/31/09
10.3%	14.2%	13.2%
28%	23%	22%

10.3%	14.2%	13.2%	14.0%	15.1%	16.0%	15.8%	17.2%	15.9%	16.9%	14.5%	13.5%	Retained to Com Eq 15.0%
28%	23%	22%	19%	19%	19%	26%	22%	24%	24%	28%	29%	All Div'ds to Net Prof 29%

# Financial Information

- Sales increase
- Debt to Net profit
- Profit Margin



- Return on Equity
- Return on Capital



# Nike

[Bulldog Investment Spreadsheet \(Church & Dwight\)](#)

[Guru Focus \(Church & Dwight\)](#)

[NKE - Nike Inc.](#)



# Default

Scenario or 'What If' Analysis

NKE Nike, Incorporated  Symbol Details Print Save Image Save Load Default  Safety

Industry: Textile - Apparel Footwear\_Accessories Market: USA

**Earnings Per Share (EPS)**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	EPSttm	Years	HGROWTH	STAEGR™	
1.030	1.080	1.230	1.380	1.750	2.240	2.640	2.930	3.740	3.030	3.040	6	Calc	13.46%	90.98%

**Sales Per Share**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Chart	Years	HGROWTH	STAEGR™	
16.682	17.663	18.589	20.290	23.286	26.311	29.209	32.541	37.929	39.498	Chart	6	Calc	11.62%	98.95%

**Net Profit Margin (NPM)**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current NPM	Chart
6.44	6.21	6.76	6.92	7.72	8.82	9.31	9.14	10.11	7.75	7.75	Chart

**Return on Equity (ROE)**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current ROE	Chart
18.50	16.90	17.40	18.50	19.80	21.50	22.10	21.20	24.10	17.10	17.10	Chart

**Price Earnings Ratio (PE Ratio)**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current	High	Current PE	Chart
31.40	27.80	26.10	20.90	22.40	20.60	17.30	19.50	18.90	23.20	21.83	High	21.08	Chart
12.50	16.10	16.40	13.90	14.10	15.30	14.50	12.90	13.80	12.60	12.58	Low		

**Price**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current	High	Current Price	Chart
32.50	30.03	32.14	28.93	39.28	46.22	45.77	57.12	70.60	66.35	66.35	High	64.09	Chart
12.91	17.41	20.17	19.27	24.80	34.31	38.27	37.76	51.50	38.24	38.24	Low		

**Payout Ratio (PR)**

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current PR	Chart
23	22	20	19	19	21	22	23	22	32	32%	Chart

**STRETD®**

current year 27 Oct 2009

Price 64.09

EPSttm 3.040

PE Ratio 17.93

HGrowth 13.46 %

Payout 32 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period 10 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate 13.63% per year Sync with TARG

**TARGD®**

current year

Req Return 15.1 %

EPSttm 3.040

PE Ratio 17.93

HGrowth 13.46 %

Payout 32 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period 10 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate \$56.36 Sync with STRET

# Safety

Scenario or 'What If' Analysis

NKE Nike, Incorporated  Symbol Details Print Save Image Save Load Default **Safety**

Industry: Textile - Apparel Footwear\_Accessories Market: USA

### Earnings Per Share (EPS)

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	EPSttm	Years	HGROWTH	STAEGR™	
1.030	1.080	1.230	1.380	1.750	2.240	2.640	2.930	3.740	3.030	3.040	6	Calc	13.46%	90.98%

### Sales Per Share

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Chart	Years	HGROWTH	STAEGR™	
16.682	17.663	18.589	20.290	23.286	26.311	29.209	32.541	37.929	39.498	Chart	6	Calc	11.62%	98.95%

### Net Profit Margin (NPM)

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current NPM	Chart
6.44	6.21	6.76	6.92	7.72	8.82	9.31	9.14	10.11	7.75	7.75	Chart

### Return on Equity (ROE)

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current ROE	Chart
18.50	16.90	17.40	18.50	19.80	21.50	22.10	21.20	24.10	17.10	17.10	Chart

### Price Earnings Ratio (PE Ratio)

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current	High	Current PE	Chart
31.40	27.80	26.10	20.90	22.40	20.60	17.30	19.50	18.90	23.20	21.83	High	21.08	Chart
12.50	16.10	16.40	13.90	14.10	15.30	14.50	12.90	13.80	12.60	12.58	Low		

### Price

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current	High	Current Price	Chart
32.50	30.03	32.14	28.93	39.28	46.22	45.77	57.12	70.60	66.35	66.35	High	64.09	Chart
12.91	17.41	20.17	19.27	24.80	34.31	38.27	37.76	51.50	38.24	38.24	Low		

### Payout Ratio (PR)

5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	Current PR	Chart
23	22	20	19	19	21	22	23	22	32	32%	Chart

### STRETD®

current year

27 Oct 2009

Price	64.09
EPSttm	3.040
PE Ratio	16.20
HGrowth	10.44 %
Payout	32 %

Dividend Reinvestment Strategy

- Buy additional shares
- Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period  years Tax - dividends  %  
Tax - capital gains  %

Calculate  per year

Sync with TARG

### TARGD®

current year

Req Return	15.1 %
EPSttm	3.040
PE Ratio	16.20
HGrowth	10.44 %
Payout	32 %

Dividend Reinvestment Strategy

- Buy additional shares
- Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period  years Tax - dividends  %  
Tax - capital gains  %

Calculate

Sync with STRET

# Kill It

Earnings Per Share (EPS)											EPSttm	Years	HGROWTH	STAEGR™
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	3.040	6	Calc	13.46%	90.98%
1.030	1.080	1.230	1.380	1.750	2.240	2.640	2.930	3.740	3.030					

Sales Per Share											Chart	Years	HGROWTH	STAEGR™
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	39.498	6	Calc	11.62%	98.95%
16.682	17.663	18.589	20.290	23.286	26.311	29.209	32.541	37.929	39.498					

Net Profit Margin (NPM)											Current NPM	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	7.75	Chart	
6.44	6.21	6.76	6.92	7.72	8.82	9.31	9.14	10.11	7.75			

Return on Equity (ROE)											Current ROE	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	17.10	Chart	
18.50	16.90	17.40	18.50	19.80	21.50	22.10	21.20	24.10	17.10			

Price Earnings Ratio (PE Ratio)											Current	Current PE	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	21.83	High	21.08	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	12.58	Low	Chart	
31.40	27.80	26.10	20.90	22.40	20.60	17.30	19.50	18.90	23.20				
12.50	16.10	16.40	13.90	14.10	15.30	14.50	12.90	13.80	12.60				

Price											Current	Current Price	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	66.35	High	64.09	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	38.24	Low	Chart	
32.50	30.03	32.14	28.93	39.28	46.22	45.77	57.12	70.60	66.35				
12.91	17.41	20.17	19.27	24.80	34.31	38.27	37.76	51.50	38.24				

Payout Ratio (PR)											Current PR	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	32	32%	
											Chart	
23	22	20	19	19	21	22	23	22	32			

**STRETD®**

current year 27 Oct 2009

Price 64.09

EPSttm 3.040

PE Ratio 12.5

HGrowth 8 %

Payout 32 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period 10 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate 5.12% per year Sync with TARG

**TARGD®**

current year

Req Return 15.1 %

EPSttm 3.040

PE Ratio 16.20

HGrowth 10.44 %

Payout 32 %

Dividend Reinvestment Strategy

Buy additional shares

Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

Investment Period 10 years

Tax - dividends 0 %

Tax - capital gains 0 %

Calculate \$39.61 Sync with STRET

# Kill It Again

Scenario or 'What If' Analysis

NKE Nike, Incorporated  Symbol  Details  Print  Save Image  Save  Load  Default  Safety

Industry: Textile - Apparel Footwear\_Accessories Market: USA

Earnings Per Share (EPS)										EPSttm	Years	HGROWTH	STAEGR™	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	3.040	6	Calc	13.46%	90.98%
1.030	1.080	1.230	1.380	1.750	2.240	2.640	2.930	3.740	3.030					

Sales Per Share										Chart	Years	HGROWTH	STAEGR™	
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	6	Calc	11.62%	98.95%	
16.682	17.663	18.589	20.290	23.286	26.311	29.209	32.541	37.929	39.498					

Net Profit Margin (NPM)										Current NPM
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	7.75
6.44	6.21	6.76	6.92	7.72	8.82	9.31	9.14	10.11	7.75	<a href="#">Chart</a>

Return on Equity (ROE)										Current ROE
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	17.10
18.50	16.90	17.40	18.50	19.80	21.50	22.10	21.20	24.10	17.10	<a href="#">Chart</a>

Price Earnings Ratio (PE Ratio)										Current	High	Current PE
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	21.83		21.08
31.40	27.80	26.10	20.90	22.40	20.60	17.30	19.50	18.90	23.20			<a href="#">Chart</a>
12.50	16.10	16.40	13.90	14.10	15.30	14.50	12.90	13.80	12.60	12.58	Low	

Price										Current	High	Current Price
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	66.35		64.09
32.50	30.03	32.14	28.93	39.28	46.22	45.77	57.12	70.60	66.35			<a href="#">Chart</a>
12.91	17.41	20.17	19.27	24.80	34.31	38.27	37.76	51.50	38.24	38.24	Low	

Payout Ratio (PR)										Current PR
5/00	5/01	5/02	5/03	5/04	5/05	5/06	5/07	5/08	5/09	32%
23	22	20	19	19	21	22	23	22	32	<a href="#">Chart</a>

**STRETD®**

current year 27 Oct 2009 Price

Dividend Reinvestment Strategy  Buy additional shares  Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

EPSttm	3.040
PE Ratio	9
HGrowth	5.5 %
Payout	32 %

Investment Period  years Tax - dividends  % Tax - capital gains  %

Calculate  per year

**TARGD®**

current year Req Return  %

Dividend Reinvestment Strategy  Buy additional shares  Invest at the rate below

Note: PE Ratio is ave of last 4 yrs

EPSttm	3.040
PE Ratio	16.20
HGrowth	10.44 %
Payout	32 %

Investment Period  years Tax - dividends  % Tax - capital gains  %

Calculate

# Buffetism- Interpreting Financials

- Unique Product lines
- Gross Profit Margin
- Selling General and Admin.
- Net Earnings to Total Revenue
- Deprecation to Gross Profit
- Income Taxes
- Return on Shareholder Equity
- Capital Expenditures

