

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 76,700 employees (including part-timers). Swoosh, LLC, owns 74.9% Cl. A shares, 15.9% Cl. B; offs./dirs., 3.8% of Cl. B; Vanguard, 8.6%; BlackRock, 7.2% (7/20 proxy). Chairman: Mark G. Parker. CEO: John Donahoe. Inc.: Oregon. Addr.: One Bowerman Drive, Beaverton, OR 97005. Tel.: 503-671-6453. Internet: www.nikeinc.com.

 ANNUAL RATES of change (per sh) Sales
 Past (Cash Flow)
 Past (Past Inc.)
 Est'd '18-'20 to '23-'25 to '2

1968

16525

2612

5239

7866

Current Assets

Accts Payable Debt Due

Current Liab.

1653

21937

1983

138

6498

8619

20556

2248

251 5785

8284

DOOK Value 2.5/6 -5.0/6					9.0 /0
Fiscal Year Ends	QUA Aug.31	RTERLY S Nov.30	ALES (\$ m Feb.28	ill.) ^A May 31	Full Fiscal Year
2017	9061	8180	8432	8677	34350
2018	9070	8554	8984	9789	36397
2019	9948	9374	9611	10184	39117
2020	10660	10326	10104	6313	37403
2021	10594	10550	10790	11100	41950
Fiscal	EARNINGS PER SHARE AB _Full .				
Year Ends	Aug.31	Nov.30	Feb.28	May 31	Fiscal Year
2017	.73	.50	.68	.60	2.51
2018	.57	.46	.68	.69	2.40
2019	.67	.52	.68	.62	2.49
2020	.86	.70	.78	d.51	1.85
2021	.95	.60	.75	.55	2.85
Cal-	QUARTERLY DIVIDENDS PAID C=				Full
endar	Mar.31	Jun.30	Sep.30	Dec.31	Year
2016	.16	.16	.16	.16	.64
2017	.18	.18	.18	.18	.72
2018	.20	.20	.20	.20	.80
2019	.22	.22	.22	.22	.88
2020	.245	.245	.245	.245	
(A) F: 1					

NIKE shares have risen more than 30% in value over the past three months to fresh all-time highs. The fiscal first-quarter report (years end May 31st) was a major driver behind the incline, as digital sales soared more than 80% year over year. This strong showing overcompensated for shortcomings on the wholesale side of operations and the shuttering of some stores due to the coronavirus pandemic. North American receipts actually dipped 2%, but that number was applauded given the tough, unprecedented COVID-19 backdrop.

Even with the negative effects of the pandemic, we think earnings will reach record levels this fiscal year. We have dialed our call up by \$0.45 a share, to \$2.85. NIKE has proven it can thrive in the digital world and we expect things to be more normalized with regard to shopping patterns in the back half of the year. If so, annual sales should eclipse the \$40 billion mark for the first time in company history. Healthy sales gains at the *Jordan* brand will get a good bit of the credit assuming such an accomplishment occurs.

The belief that NIKE was losing its

touch with younger shoppers has faded fast. Several quarters ago there was a poor reading from the company's vital North American business. The selloff following this disclosure proved to be much ado about nothing, but at the time a failure to connect with the youth of America was cited. The swoosh poured money into its Web site and made customization a priority to appease the millennial generation and sales in this region perked up in tandem. In early October, a survey revealed that NIKE has maintained its top-ranking for apparel brands among teenagers, a title it has held for a decade now. In fact, its market share in this space was up four percentage points, to 27%.

All the good news looks to be already

All the good news looks to be already baked into this high-quality, neutrally ranked, selection's quotation. NIKE is the cream of the crop in the shoe industry and deserves a handsome premium as a result. Still, the lofty price tag sits well within our Target Price Range three to five years hence. This leaves very little long-term appreciation potential for new accounts.

Erik M. Manning

October 23. 2020

(A) Fiscal years end May 31st. (B) Diluted earnings. Excludes nonrecurring: '07, 2¢; '08, 8¢; '09, (13¢); '13, 1¢; '18, (\$1.23) due to tax law change; '20, (25¢). May not sum due to

change in share count. Next egs. report due mid-December. (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 75
Price Growth Persistence 85
Earnings Predictability 85