



2018
FORM 10-K

NIKE, Inc. Consolidated Statements of Income

(In millions, except per share data)	Year Ended May 31,		
	2018	2017	2016
Revenues	\$ 36,397	\$ 34,350	\$ 32,376
Cost of sales	20,441	19,038	17,405
Gross profit	15,956	15,312	14,971
Demand creation expense	3,577	3,341	3,278
Operating overhead expense	7,934	7,222	7,191
Total selling and administrative expense	11,511	10,563	10,469
Interest expense (income), net	54	59	19
Other expense (income), net	66	(196)	(140)
Income before income taxes	4,325	4,886	4,623
Income tax expense	2,392	646	863
NET INCOME	\$ 1,933	\$ 4,240	\$ 3,760
Earnings per common share:			
Basic	\$ 1.19	\$ 2.56	\$ 2.21
Diluted	\$ 1.17	\$ 2.51	\$ 2.16
Dividends declared per common share	\$ 0.78	\$ 0.70	\$ 0.62

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc. Consolidated Balance Sheets

(In millions)	May 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and equivalents	\$ 4,249	\$ 3,808
Short-term investments	996	2,371
Accounts receivable, net	3,498	3,677
Inventories	5,261	5,055
Prepaid expenses and other current assets	1,130	1,150
Total current assets	15,134	16,061
Property, plant and equipment, net	4,454	3,989
Identifiable intangible assets, net	285	283
Goodwill	154	139
Deferred income taxes and other assets	2,509	2,787
TOTAL ASSETS	\$ 22,536	\$ 23,259
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 6	\$ 6
Notes payable	336	325
Accounts payable	2,279	2,048
Accrued liabilities	3,269	3,011
Income taxes payable	150	84
Total current liabilities	6,040	5,474
Long-term debt	3,468	3,471
Deferred income taxes and other liabilities	3,216	1,907
Commitments and contingencies (Note 15)		
Redeemable preferred stock	—	—
Shareholders' equity:		
Common stock at stated value:		
Class A convertible — 329 and 329 shares outstanding	—	—
Class B — 1,272 and 1,314 shares outstanding	3	3
Capital in excess of stated value	6,384	5,710
Accumulated other comprehensive loss	(92)	(213)
Retained earnings	3,517	6,907
Total shareholders' equity	9,812	12,407
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 22,536	\$ 23,259

The accompanying Notes to the Consolidated Financial Statements are an integral part of this statement.

NIKE, Inc. Consolidated Statements of Cash Flows

(In millions)	Year Ended May 31,		
	2018	2017	2016
Cash provided by operations:			
Net income	\$ 1,933	\$ 4,240	\$ 3,760
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	747	706	649
Deferred income taxes	647	(273)	(80)
Stock-based compensation	218	215	236
Amortization and other	27	10	13
Net foreign currency adjustments	(99)	(117)	98
Changes in certain working capital components and other assets and liabilities:			
Decrease (increase) in accounts receivable	187	(426)	60
(Increase) in inventories	(255)	(231)	(590)
Decrease (increase) in prepaid expenses and other current and non-current assets	35	(120)	(161)
Increase (decrease) in accounts payable, accrued liabilities and other current and non-current liabilities	1,515	(158)	(586)
Cash provided by operations	4,955	3,846	3,399
Cash provided (used) by investing activities:			
Purchases of short-term investments	(4,783)	(5,928)	(5,367)
Maturities of short-term investments	3,613	3,623	2,924
Sales of short-term investments	2,496	2,423	2,386
Investments in reverse repurchase agreements	—	—	150
Additions to property, plant and equipment	(1,028)	(1,105)	(1,143)
Disposals of property, plant and equipment	3	13	10
Other investing activities	(25)	(34)	6
Cash provided (used) by investing activities	276	(1,008)	(1,034)
Cash used by financing activities:			
Net proceeds from long-term debt issuance	—	1,482	981
Long-term debt payments, including current portion	(6)	(44)	(106)
Increase (decrease) in notes payable	13	327	(67)
Payments on capital lease and other financing obligations	(23)	(17)	(7)
Proceeds from exercise of stock options and other stock issuances	733	489	507
Repurchase of common stock	(4,254)	(3,223)	(3,238)
Dividends — common and preferred	(1,243)	(1,133)	(1,022)
Tax payments for net share settlement of equity awards	(55)	(29)	(22)
Cash used by financing activities	(4,835)	(2,148)	(2,974)
Effect of exchange rate changes on cash and equivalents	45	(20)	(105)
Net increase (decrease) in cash and equivalents	441	670	(714)
Cash and equivalents, beginning of year	3,808	3,138	3,852
CASH AND EQUIVALENTS, END OF YEAR	\$ 4,249	\$ 3,808	\$ 3,138
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest, net of capitalized interest	\$ 125	\$ 98	\$ 70
Income taxes	529	703	748
Non-cash additions to property, plant and equipment	294	266	252
Dividends declared and not paid	320	300	271

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