ModernGraham Valuation

Company Name: Nike Inc

Company Ticker	NKE
Date of Analysis	11/12/2015

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$106,941,507,999	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.89	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	122.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	36.21	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.54	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.89	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.11	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$3.47
MG Growth Estimate	9.88%
MG Value	**$97.92**
MG Value based on 3% Growth	$50.25
MG Value based on 0% Growth	$29.46
Market Implied Growth Rate	13.85%

MG Opinion

Current Price		$125.47
% of Intrinsic Value		128.13%
Opinion	**Overvalued**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$8.40
Graham Number	$37.29
PEmg	36.21
Current Ratio	2.89
PB Ratio	8.54
Dividend Yield	0.89%
Number of Consecutive Years of Dividend Growth	8

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	$4.10	Next Fiscal Year Estimate	$3.47
May15	$3.70	May15	$3.03
May14	$2.97	May14	$2.61
May13	$2.70	May13	$2.33
May12	$2.37	May12	$2.09
May11	$2.20	May11	$1.90
May10	$1.93	May10	$1.70
May09	$1.52	May09	$1.55
May08	$1.87	May08	$1.49
May07	$1.47	May07	$1.21
May06	$1.32	May06	$1.01
May05	$1.12	May05	$0.81
May04	$0.88	May04	$0.64
May03	$0.44	May03	$0.51
May02	$0.61	May02	$0.53
May01	$0.54	May01	$0.49
May00	$0.52	May00	$0.47
May99	$0.39	**Balance Sheet Information**	**Aug15**
May98	$0.34	Total Current Assets	$15,238,000,000
May97	$0.67	Total Current Liabilities	$5,276,000,000
May96	$0.47	Long-Term Debt	$1,079,000,000
		Total Assets	$20,766,000,000
		Intangible Assets	$412,000,000
		Total Liabilities	$7,872,000,000
		Shares Outstanding (Diluted Average)	877,300,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company	Nike Inc. Analysis – August 2015 Update $NKE
	47 Companies in the Spotlight This Week – 5/16/15
	Nike Inc. Quarterly Valuation – May 2015 $NKE
	40 Companies in the Spotlight This Week – 2/21/15
	Nike Inc. Quarterly Valuation – February 2015 $NKE
Other ModernGraham posts about related companies	American Eagle Outfitters Valuation – November 2015 Update $AEO
	Hanesbrands Inc. Valuation – November 2015 Update $HBI
	Under Armour Inc Valuation – October 2015 Update $UA
	Michael Kors Holdings Limited Analysis – October 2015 Update $KORS
	Wolverine World Wide Inc. Analysis – September 2015 Update $WWW
	Ralph Lauren Corporation Analysis – September 2015 Update $RL
	Gap Inc Analysis – September 2015 Update $GPS
	VF Corporation Analysis – September 2015 Update $VFC
	L Brands Inc. Analysis – August 2015 Update $LB
	Abercrombie & Fitch Company Analysis – Initial Coverage $ANF