# **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.

<ol> <li>Adequate Size of the Enterprise</li> </ol>	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
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	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

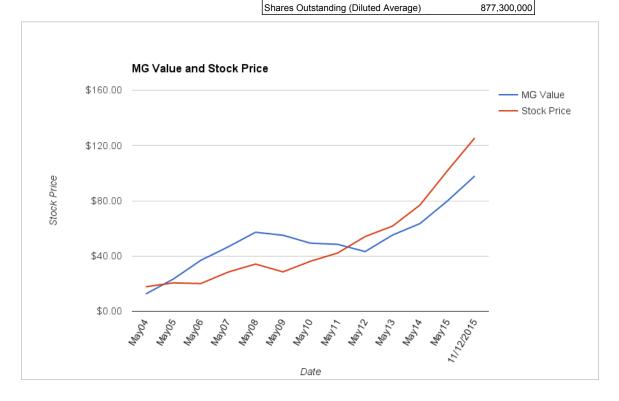
Net Current Asset Value (NCAV)	\$8.40
Graham Number	\$37.29
PEmg	36.21
Current Ratio	2.89
PB Ratio	8.54
Dividend Yield	0.89%
Number of Consecutive Years of Dividend Growth	8

Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

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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





#### 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