

# ModernGraham Valuation

Company Name:

Nike Inc

Company Ticker

NKE

Date of Analysis

8/12/2015



## 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  | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 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 beginning and end | Pass |
| 5. Earnings Growth                         |  | Pass |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 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            | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 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

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | 3.43           |
| MG Growth Estimate          | 9.64%          |
| <b>MG Value</b>             | <b>\$95.34</b> |
| MG Value based on 3% Growth | \$49.76        |
| MG Value based on 0% Growth | \$29.17        |
| Market Implied Growth Rate  | 12.16%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$112.61          |
| % of Intrinsic Value | 118.12%           |
| <b>Opinion</b>       | <b>Overvalued</b> |

## Stage 3: Information for Further Research

|  |        |
|--|--------|
| Net Current Asset Value (NCAV)                 | \$8.04 |
| PEmg   | 32.81  |
| Current Ratio                                  | 2.52   |
| PB Ratio                                       | 7.81   |
| Dividend Yield                                 | 0.96%  |
| Number of Consecutive Years of Dividend Growth | 0      |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |        | EPSmg History  |        |
|---------------------------|--------|--|--------|
| Next Fiscal Year Estimate | \$4.00 | Next Fiscal Year Estimate  | \$3.43 |
| 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 | <b>Balance Sheet Information</b> <b>May15</b><br>Total Current Assets \$15,976,000,000<br>Total Current Liabilities \$6,334,000,000<br>Long-Term Debt \$1,079,000,000<br>Total Assets \$21,600,000,000<br>Intangible Assets \$412,000,000<br>Total Liabilities \$8,893,000,000<br>Outstanding Shares 881,100,000 |        |
| May98                     | \$0.34 |  |        |
| May97                     | \$0.67 |  |        |
| May96                     | \$0.47 |  |        |
|                           |        |  |        |
|                           |        |  |        |



**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.