

# ModernGraham Valuation

Company Name:

Nike Inc

Company Ticker NKE

Date of Analysis

11/19/2016



## 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	\$85,808,966,644 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.72 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	136.27% Pass
5. Earnings Growth	PEmg < 20	25.66 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	7.18 Fail
7. Moderate Price to Assets		

*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	2.72 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.22 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	\$1.99
MG Growth Estimate	10.69%
<b>MG Value</b>	<b>\$59.52</b>
MG Value based on 3% Growth	\$28.87
MG Value based on 0% Growth	\$16.93
Market Implied Growth Rate	8.58%

### MG Opinion

Current Price	\$51.10
% of Intrinsic Value	85.86%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

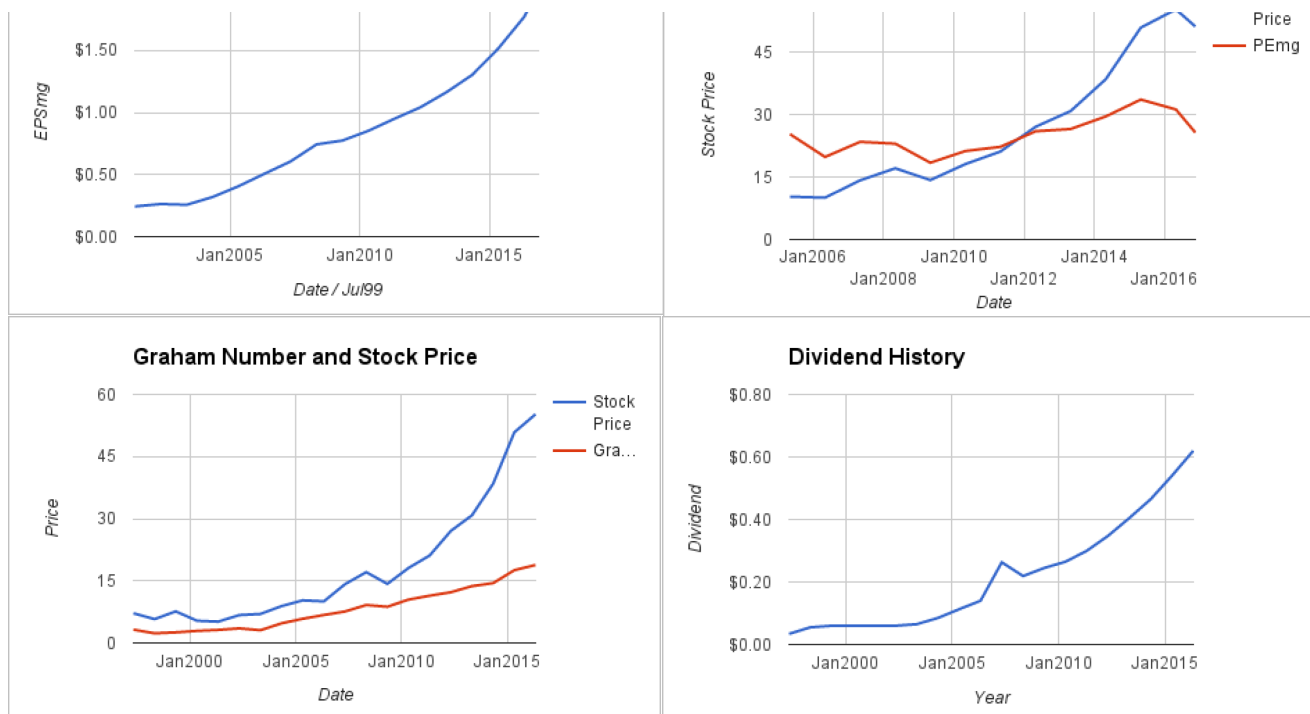
Net Current Asset Value (NCAV)	\$3.28
Graham Number	\$19.30
PEmg	25.66
Current Ratio	2.72
PB Ratio	7.18
Current Dividend	\$0.64
Dividend Yield	1.25%
Number of Consecutive Years of Dividend Growth	9

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
May2016	\$2.27	May2016	\$1.99
May2015	\$2.16	May2015	\$1.77
May2014	\$1.85	May2014	\$1.51
May2013	\$1.49	May2013	\$1.30
May2012	\$1.35	May2012	\$1.16
May2011	\$1.18	May2011	\$1.04
May2010	\$1.10	May2010	\$0.95
May2009	\$0.97	May2009	\$0.85
May2008	\$0.76	May2008	\$0.77
May2007	\$0.94	May2007	\$0.74
May2006	\$0.73	May2006	\$0.61
May2005	\$0.66	May2005	\$0.51
May2004	\$0.56	May2004	\$0.41
May2003	\$0.44	May2003	\$0.32
May2002	\$0.22	May2002	\$0.26
May2001	\$0.31	May2001	\$0.26
May2000	\$0.27		\$0.24
May1999	\$0.26	<b>Balance Sheet Information 8/1/2016</b>	
May1998	\$0.20	Total Current Assets	\$14,589,000,000
May1997	\$0.17	Total Current Liabilities	\$5,363,000,000
	\$0.34	Long-Term Debt	\$1,993,000,000
		Total Assets	\$21,156,000,000
		Intangible Assets	\$423,000,000
		Total Liabilities	\$8,991,000,000
		Shares Outstanding (Diluted Average)	1,708,900,000





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:

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ModernGraham  
posts about the  
company

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[5 Undervalued Companies with a Low Beta – February 2016](#)  
[5 Undervalued Companies with a Low Beta – January 2016](#)  
[Nike Inc. Valuation – November 2015 Update \\$NKE](#)  
[Nike Inc. Analysis – August 2015 Update \\$NKE](#)

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[Ralph Lauren Corp Valuation – August 2016 \\$RL](#)  
[Gap Inc Valuation – August 2016 \\$GPS](#)  
[PVH Corp Valuation – August 2016 \\$PVH](#)  
[American Eagle Outfitters Valuation – August 2016 \\$AEO](#)  
[Hanesbrands Inc Valuation – August 2016 \\$HBI](#)  
[VF Corp Valuation – August 2016 \\$VFC](#)  
[L Brands Inc Valuation – July 2016 \\$LB](#)  
[Michael Kors Holdings Ltd Valuation – July 2016 \\$KORS](#)  
[Under Armour Inc Valuation – June 2016 \\$UA](#)