

Nike Inc. (NKE)

INCREASE TARGET PRICE

Rating **OUTPERFORM**
Price (13-Mar-17, US\$) 56.67
Target price (US\$) (from 60.00) 67.00
52-week price range (US\$) 64.90 - 49.62
Market cap (US\$ m) 93,759.22

Target price is for 12 months.

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Why It's Time To Like Nike

We are becoming increasingly bullish on Nike as we see a series of incremental revenue catalysts that suggest the recent period of market share losses will moderate in 2017. We expect these catalysts to reaccelerate developed market revenue growth. Earnings growth should also benefit from inventory rationalization initiatives in 2H16 and continued mix shift towards higher-margin DTC sales. Online sentiment data looks encouraging for the brand as well. In the near-term, we are more positive than the street in our 3Q17 and FY17 revenue and EPS expectations. Longer term, we believe the company can maintain high-single digit topline growth and teens EPS growth, making it a true standout in the softlines space. As a result, we reiterate our Outperform rating on the shares, adjust our estimates (FY18 EPS goes to \$2.70 from \$2.68) and raise our Target Price to \$67 from \$60.

The five incremental revenue catalysts we see for the company are:

- Product Innovation Platform: Air VaporMax.**
 - Rationalization Of Pricing Architecture For Premium Product.**
 - Celebrity Collaborations Added To The Roster.**
 - NBA License Takeover In 2H17.**
 - Moderating Competitive Headwinds from UA, possible ADS.DE.**
- **3Q17 Futures Estimates.** We expect global constant currency futures up 4-5% Y/Y. We estimate total North American futures to be up 1.4%, a rebound from the negative futures growth in 2Q17. China futures growth remains in double digits at up 11% with Western Europe up 5%. Risks to our futures numbers and estimates include changes in consumer spending preference for athletic apparel and elevated competitive headwinds.

Share price performance



On 13-Mar-2017 the S&P 500 INDEX closed at 2372.2
Daily Mar11, 2016 - Mar13, 2017, 03/11/16 = US\$60.08

Quarterly EPS	Q1	Q2	Q3	Q4
2016A	0.67	0.45	0.55	0.49
2017E	0.73	0.50	0.56	0.58
2018E	0.72	0.62	0.64	0.71

Financial and valuation metrics

Year	5/16A	5/17E	5/18E	5/19E
EPS (CS adj.) (US\$)	2.16	2.37	2.70	3.11
Prev. EPS (US\$)	-	2.36	2.68	3.06
P/E (x)	26.2	23.9	21.0	18.2
P/E rel. (%)	130.8	131.3	129.4	124.7
Revenue (US\$ m)	32,376.0	34,635.5	37,146.3	39,956.6
EBITDA (US\$ m)	5,262.0	5,506.4	6,111.1	6,732.7
OCFPS (US\$)	1.78	2.77	3.61	4.33
P/OCF (x)	31.1	20.4	15.7	13.1
EV/EBITDA (current)	17.7	16.9	15.2	13.8
Net debt (US\$ m)	-3,403	-2,343	-1,995	-2,091
ROIC (%)	41.35	38.51	36.45	34.15
Number of shares (m)	1,654.48			8,855.00
BV/share (Next Qtr., US\$)	7.6			8.9
Net debt (Next Qtr., US\$ m)	-2,343.4			0.72
Net debt/tot eq (Next Qtr., %)	-18.6			-
Dividend (current, US\$)				
Dividend yield (%)				

Source: Company data, Thomson Reuters, Credit Suisse estimates

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Nike Inc. (NKE)

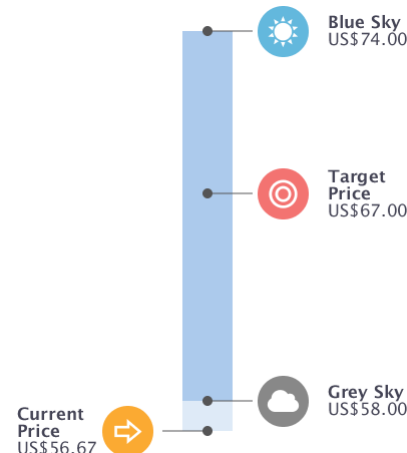
Price (13 Mar 2017): **US\$56.67**; Rating: **OUTPERFORM**; Target Price: (from **US\$60.00**) **US\$67.00**; Analyst: **Christian Buss**

Income Statement		5/16A	5/17E	5/18E	5/19E
Revenue (US\$ m)		32,376.0	34,635.5	37,146.3	39,956.6
EBITDA		5,262	5,506	6,111	6,733
Depr. & amort.		(760)	(785)	(844)	(907)
EBIT (US\$)		4,502	4,721	5,267	5,825
Net interest exp		(18)	(23)	(30)	(43)
PBT (US\$)		4,624	4,779	5,237	5,783
Income taxes		(863)	(793)	(890)	(983)
Profit after tax		3,761	3,986	4,346	4,800
Other NPAT adjustments		0	0	0	0
Cash Flow		5/16A	5/17E	5/18E	5/19E
Cash flow from operations		3,096	4,663	5,818	6,683
CAPEX		(1,143)	(1,066)	(1,120)	(1,176)
Free cashflow to the firm		1,953	3,597	4,698	5,507
Cash flow from investments		(1,034)	(312)	(1,108)	(1,164)
Net share issue/(repurchase)		(3,238)	(4,112)	(4,432)	(4,752)
Dividends paid		(1,022)	(1,121)	(1,220)	(1,286)
Cashflow from financing activities		(3,292)	(5,371)	(5,058)	(5,423)
Changes in Net Cash/Debt		(1,335)	(1,060)	(348)	96
Balance Sheet (US\$)		5/16A	5/17E	5/18E	5/19E
Cash & cash equivalents		5,457	5,860	5,512	5,608
Account receivables		3,241	3,452	3,715	3,995
Other current assets		1,489	1,661	2,079	2,734
Total fixed assets		3,520	3,650	3,925	4,193
Investment securities		-	-	-	-
Total assets		21,396	23,267	24,867	27,318
Total current liabilities		5,358	5,594	5,773	5,965
Shareholder equity		12,258	12,569	13,989	16,249
Total liabilities and equity		21,396	23,267	24,867	27,318
Net debt		(3,403)	(2,343)	(1,995)	(2,091)
Per share		5/16A	5/17E	5/18E	5/19E
No. of shares (wtd avg)		1,742	1,681	1,611	1,545
CS adj. EPS		2.16	2.37	2.70	3.11
Prev. EPS (US\$)		-	2.36	2.68	3.06
Dividend (US\$)		0.92	0.70	0.77	0.85
Free cash flow per share		1.12	2.14	2.92	3.56
Earnings		5/16A	5/17E	5/18E	5/19E
Sales growth (%)		5.8	7.0	7.2	7.6
EBIT growth (%)		7.8	4.9	11.6	10.6
Net profit growth (%)		14.9	6.0	9.1	10.4
EPS growth (%)		16.6	9.8	13.7	15.2
EBITDA margin (%)		16.3	15.9	16.5	16.9
EBIT margin (%)		13.9	13.6	14.2	14.6
Pretax margin (%)		14.3	13.8	14.1	14.5
Net margin (%)		11.6	11.5	11.7	12.0
Valuation		5/16A	5/17E	5/18E	5/19E
EV/EBITDA (x)		17.7	16.9	15.2	13.8
P/E (x)		26.2	23.9	21.0	18.2
Returns		5/16A	5/17E	5/18E	5/19E
ROIC (%)		0.4	0.4	0.4	0.3
Gearing		5/16A	5/17E	5/18E	5/19E
Net debt/equity (%)		(27.8)	(18.6)	(14.3)	(12.9)
Quarterly EPS		Q1	Q2	Q3	Q4
2016A		0.67	0.45	0.55	0.49
2017E		0.73	0.50	0.56	0.58
2018E		0.72	0.62	0.64	0.71

Company Background

Nike is the world's largest designer, marketer, and distributor of athletic footwear, apparel, equipment, and accessories.

Blue/Grey Sky Scenario



Our Blue Sky Scenario (US\$)

74.00

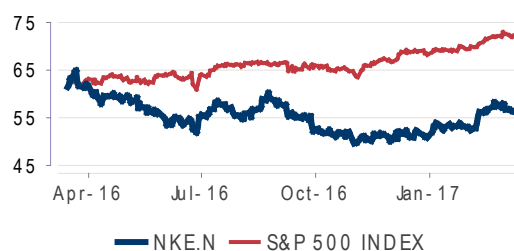
Our blue sky scenario is based on an improvement in revenue growth to 9%, operating margin approaching 14.6%, and an FY18 EPS of \$2.70. Based on a 26x forward P/E multiple this would warrant a 12-month stock price of \$74.

Our Grey Sky Scenario (US\$)

58.00

Our grey sky scenario is based on a slowing of revenue growth to 5%, operating margin approaching 13.9%, and an FY19 EPS of \$2.63. Based on a 22x forward P/E multiple this would warrant a 12-month stock price of \$58.

Share price performance



On 13-Mar-2017 the S&P 500 INDEX closed at 2372.2
Daily Mar11, 2016 - Mar13, 2017, 03/11/16 = US\$60.08

Source: Company data, Thomson Reuters, Credit Suisse estimates

- **Online Brand Analysis: Sentiment Peaks, Momentum Poised For Bounce Back.** Our online sentiment analysis with partner Netbase shows brand sentiment for Nike reaching peak levels over the last 6 months. Nike's historical sentiment has averaged a score of 76. Over the last six months, Nike's sentiment has averaged a score of 82. Our momentum index shows that Nike's mentions shrank Y/Y from April 2016 onwards, but stabilization over the last three months suggests the brand is poised to recapture momentum through the various product and marketing catalysts described in this note. Please see Figure 3 for more detail.

The Five Reasons We Like Nike's Revenue Prospects In 2017:

- **Next Big Product Launch: Air Max Day 2017 Introduces The Air VaporMax.** Given our view that new technologies and novel product lines that emphasize technology serve as powerful vehicles to inspire consumer refreshes (especially when combined with Nike's \$3.5B annual marketing budget), Air VaporMax looks to be the next big product innovation after a five year gap (see Figure 4). Nike is reintroducing Air Max technology to the consumer, through Air Max Day (March 26th) which celebrates the thirtieth anniversary of the Air Max 1, the first footwear model that made air sole technology visible. Throughout March, eight reworked Air Max sneakers will be announced, with the final one being the latest iteration of this technology, dubbed Air VaporMax. The company has developed Air VaporMax using proprietary technology that attaches a FlyKnit upper with an Air Max unit with no other tooling or layers, simulating "running on air."
- **Pricing Architecture For Premium Product Normalizes.** We are encouraged to see that pricing, specifically in the marquee basketball segment, has normalized. After a period of enforcing an elevated pricing architecture (launches at the \$160-200 price point versus the historical range of \$120-150) which we believed to be above consumer's range of willingness to pay, recent Kyrie Irving and LeBron releases show the company has moved back into a more normalized pricing band. The Kyrie 3 (introduced January 7th) was priced at \$120, a lower opening price compared to the Kyrie 2 at \$165 last year. Similarly, the LeBron XIV (introduced February 10th, later than the usual December release) was priced at \$175, a lower opening price point compared to the LeBron XIII at \$200 last year.
- **Adding Celebrity Endorsements To The Roster.** Nike has historically relied on endorsements from athletes across geographies who are often at the pinnacle of their sport. While this has aligned with the company's mission "to bring inspiration and innovation to every athlete," we believe the company may have missed opportunities to collaborate with celebrities in order to enhance the lifestyle aspects of their product as well as leverage enormous social media power. Competitors have taken the lead in collaborating with global celebrities who are not professional athletes (adidas and Kanye West, Puma and Rihanna). Despite the later start, we are encouraged to see Nike add more celebrity endorsers:
 - Singer Drake's clothing line October's Very Own (OVO) has been collaborating with the Jordan brand since 2015 to release limited edition "Air Jordan OVO." This year, the collaboration released the Air Jordan 12 OVO Black in February which sold out almost immediately.
 - Actor Kevin Hart's advertisement campaign "Move with Hart" and "The Man Who Kept Running" focused on the Apple Watch Nike+ launch and is part of a larger effort to make Hart a key endorser for the running category. Kevin Hart has 32 million Twitter followers, more than Roger Federer, Tiger Woods, and Kevin Durant combined.
- **NBA License Takeover In 2H17 Plus Crucial On-Court Logo Rights.** Nike becomes the official on-court apparel provider and merchandiser for the 2017-2018 NBA season, taking over from adidas. Importantly, Nike will be the first apparel partner to have its

logo appear on uniforms. That equates to over 2,000 hours of onscreen advertising for the brand per season. Nike's global distribution and key relationships with multiple past and present basketball players make it a natural partner for the NBA, and perhaps more importantly, has blocked competitors from gaining this important foothold in the basketball market.

- **Competitive Headwinds Look To Be Moderating.** Competitive threats, specifically from Under Armour, in the basketball category appear to be less threatening to Nike's dominant basketball market share in 2017. While Under Armour continues to grow its footwear business at an impressive rate (up 50% Y/Y in 2016 to reach \$1B in annual sales), the initial explosive growth of the Curry signature basketball line looks to have declined from initial levels. The Curry 3.0 release in October 2016 "started off a bit slower compared to the previous 2.0 and 2.5 models" according to Foot Locker, and a series of design missteps (Curry Two Low "Chef", Curry Lux) have the company working to win over sneakerheads. We also see some risk for the adidas Originals business rolling over, especially in Western Europe, as the brand's top retro products risk becoming over-exposed.

Exhibits

Earnings And Futures Estimates

Figure 1: CS Estimates Versus Consensus

	CS			
	Estimate	Consensus	Guidance	Y/Y Change
3Q17				
Revenue	\$8,613	\$8,464	Up MSD reported	7.2%
EPS	\$0.56	\$0.53		2.1%
3Q17 Margins				
Gross Margin	44.9%	44.9%	Down 100-125bp Y/Y (F/X)	-100bp
SG&A %	31.7%	31.8%	Up MSD - HSD Y/Y	-25bp
Operating Margin	13.2%	13.1%		-75bp
3Q17 Balance Sheet				
Inventories	\$5,118	\$4,878		11.5%
Days Inventory	96			2
4Q17E				
Revenue	\$8,782	\$8,871		6.5%
EPS	\$0.58	\$0.58		17.3%
FY17E				
Revenue	\$34,635	\$34,591	Up HSD reported	7.0%
EPS	\$2.37	\$2.34		9.8%

Source: Company data, Credit Suisse estimates

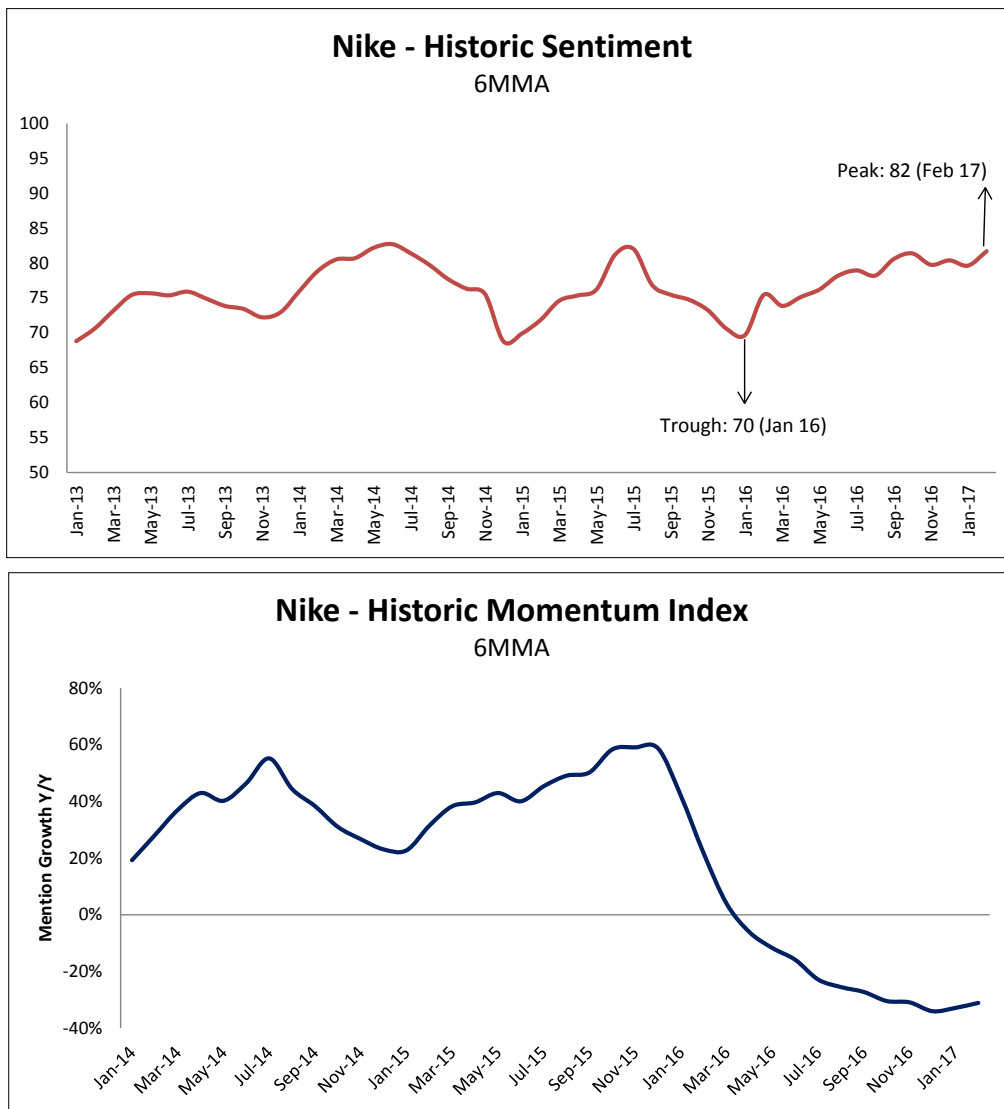
Figure 2: 3Q17 Futures Estimates

	Prior		Current		Prior	Current	% Change	Futures 1Q17	Futures 2Q17	Futures Est 3Q17
	1Q	2Q	1Q	2Q						
North America										
Footwear	\$2,367	\$2,518	\$2,462	\$2,669	\$4,885	\$5,131	5.0%			1.0%
Apparel	\$1,163	\$1,317	\$1,244	\$1,396	\$2,480	\$2,640	6.5%			2.0%
Equipment & Other	\$205	\$196	\$215	\$210	\$401	\$425	6.0%			2.0%
Total	\$3,735	\$4,031	\$3,921	\$4,275	\$7,766	\$8,196	5.5%	1.0%	-4.0%	1.4%
Western Europe										
Footwear	\$1,027	\$1,147	\$1,083	\$1,216	\$2,174	\$2,299	5.8%			5.0%
Apparel	\$411	\$531	\$436	\$568	\$942	\$1,004	6.6%			5.0%
Equipment & Other	\$64	\$85	\$67	\$88	\$149	\$155	4.0%			4.0%
Total	\$1,502	\$1,763	\$1,586	\$1,872	\$3,265	\$3,458	5.9%	9.0%	2.0%	5.0%
Eastern Europe										
Footwear	\$224	\$270	\$246	\$292	\$494	\$538	8.9%			7.0%
Apparel	\$102	\$138	\$110	\$149	\$240	\$259	8.0%			6.0%
Equipment & Other	\$19	\$32	\$20	\$34	\$51	\$54	5.9%			4.0%
Total	\$345	\$440	\$377	\$475	\$785	\$851	8.4%	9.0%	6.0%	6.5%
China										
Footwear	\$681	\$710	\$766	\$774	\$1,391	\$1,540	10.7%			10.0%
Apparel	\$268	\$269	\$295	\$291	\$537	\$585	9.0%			9.0%
Equipment & Other	\$30	\$41	\$31	\$45	\$71	\$76	6.9%			6.0%
Total	\$979	\$1,020	\$1,092	\$1,109	\$1,999	\$2,201	10.1%	19.0%	12.0%	9.6%
Japan										
Footwear	\$187	\$166	\$200	\$174	\$353	\$374	6.1%			6.0%
Apparel	\$70	\$60	\$73	\$62	\$130	\$135	4.0%			4.0%
Equipment & Other	\$23	\$19	\$24	\$19	\$42	\$43	3.3%			3.0%
Total	\$280	\$245	\$297	\$256	\$525	\$553	5.3%	11.0%	5.0%	5.3%
Emerging Markets										
Footwear	\$596	\$661	\$644	\$727	\$1,257	\$1,371	9.1%			9.0%
Apparel	\$226	\$234	\$249	\$264	\$460	\$513	11.5%			12.0%
Equipment & Other	\$50	\$50	\$54	\$54	\$100	\$108	7.5%			7.0%
Total	\$872	\$945	\$946	\$1,045	\$1,817	\$1,991	9.6%	10.0%	10.0%	9.6%
Worldwide Total										
Footwear	\$5,082	\$5,472	\$5,401	\$5,852	\$10,554	\$11,253	6.6%			
Apparel	\$2,240	\$2,549	\$2,406	\$2,731	\$4,789	\$5,137	7.3%			
Equipment & Other	\$391	\$423	\$411	\$450	\$814	\$861	5.7%			
Global Brand Divisions	\$12	\$18	\$13	\$19	\$30	\$32	5.0%			
Other Brands	\$513	\$577	\$544	\$612	\$1,090	\$1,156	6.0%			
Total	\$8,453	\$7,715	\$9,039	\$8,140	\$16,168	\$17,179	6.3%	7.0%	2.0%	4.5%

Source: Company data, Credit Suisse estimates

Online Brand Sentiment Analysis

Figure 3: Netbase Sentiment Data Suggest Sentiment Has Risen From Trough Levels In Early 2016; Momentum Looks To Have Bottomed Out And Could Be Poised To Rebound



Source: Company data, Credit Suisse estimates, NetBase

Nike Historic Innovation Mass Market Launches

Figure 4: There Has Been A Five Year Gap Between Nike's Last Innovation And The Upcoming Air VaporMax

<u>Year</u>	<u>Product Innovation Platform</u>
2004	Nike Free
2005	
2006	Max Air
2007	
2008	Lunarlon, Flywire
2009	
2010	Hyperfuse
2011	
2012	Flyknit, Dynamic Support
2013	
2014	
2015	
2016	
2017	Air VaporMax



5 year gap

Source: Company data, Credit Suisse estimates

Financial Model

Figure 5: Income Statement

Nike Inc.																										
Income Statement																										
(\$ in millions except per share data)																										
		FY16				FY17				FY18				FY19				FY20				FY21				
		2016A	2016A	3Q16A	4Q16A	2017A	2017A	3Q17A	4Q17E	2017E	2018E	2018E	3Q18E	4Q18E	2019E	2019A	2019A	3Q19A	4Q19E	2019E	2019E	2019E	2020E	2020E	2021E	
		Aug-16	Nov-16	Feb-16	May-16	Aug-16	Nov-16	Feb-17	May-17	2017E	Aug-17	Nov-17	Feb-18	May-18	2018E	2019A	2019A	2019A	2019E	2019E	2019E	2019E	2019E	2019E	2020E	2021E
Footwear		5,123.0	4,592.0	5,074.0	5,082.0	19,871.0	5,472.0	4,822.0	5,427.8	5,401.5	16,209.0	18,871.0	19,871.0	21,123.3	22,709.7	24,448.4	26,212.4	28,109.3	30,148.7	32,376.9	34,635.5	37,146.3	39,996.6	42,836.0	45,936.6	
Apparel		2,341.0	2,362.0	2,124.0	2,240.0	9,987.0	2,549.0	2,559.0	2,300.3	2,406.4	9,780.7	2,730.6	2,718.2	2,434.3	2,579.2	10,462.2	8,109.0	8,836.0	9,097.0	9,790.7	10,462.2	11,210.7	11,992.9	12,827.0	13,726.1	
Equipment and Other		408.0	345.0	352.0	391.0	1,496.0	423.0	346.0	380.0	410.6	1,559.6	450.1	368.3	394.0	437.1	1,649.5	1,670.0	1,632.0	1,496.0	1,559.6	1,649.5	1,779.7	1,921.3	2,075.3	2,242.8	
Global Brands Division		26.0	18.0	17.0	12.0	73.0	15.0	21.0	17.9	12.6	66.5	19.1	22.1	18.7	13.2	73.1	125.0	114.0	73.0	66.5	73.1	76.8	80.6	84.7	88.9	
Other Brands		655.0	388.0	489.0	513.0	1,995.0	574.0	416.0	513.5	543.8	2,047.2	611.8	445.1	554.5	587.3	2,188.8	1,684.0	1,862.0	1,995.0	2,047.2	2,188.8	2,304.7	2,464.6	2,769.8	2,981.4	
Corporate		-39.0	-29.0	-24.0	6.0	-86.0	-28.0	-40.0	-20.4	6.6	-48.2	-30.8	-44.0	-29.0	7.3	-53.0	3.0	-82.0	-48.0	-48.2	-53.0	-58.3	-64.2	-70.6	-77.6	
Total Revenue		8,414.0	7,686.0	8,032.0	8,244.0	32,376.9	9,061.0	8,180.0	8,613.0	8,791.5	34,635.5	37,146.3	39,996.6	42,836.0	45,936.6	50,443.9	46,443.9	47,436.9	48,428.9	49,420.9	50,412.9	51,404.9	52,396.9	53,388.9	54,380.9	
Cost of Goods Sold		4,419.0	4,185.0	4,343.0	4,458.0	17,405.0	4,938.0	4,564.0	4,743.3	4,792.6	19,037.6	5,290.4	4,893.6	5,021.5	5,138.0	20,343.5	15,353.0	16,534.0	17,405.0	19,037.8	20,343.9	21,802.8	23,288.4	24,882.2	26,592.9	
Gross Profit		3,995.0	3,501.0	3,689.0	3,786.0	14,971.9	4,123.0	3,616.0	3,869.7	3,998.9	15,597.6	4,453.0	3,908.7	4,129.9	4,311.1	16,802.7	12,446.0	14,067.0	14,971.0	15,997.6	16,802.7	18,193.8	19,547.6	21,054.4	22,683.7	
SG&A		832.0	789.0	804.0	873.0	3,278.0	1,041.0	762.0	892.3	798.2	3,463.5	1,051.2	824.4	952.7	863.6	3,691.8	3,031.0	3,213.0	3,278.0	3,493.5	3,691.8	3,991.1	4,300.1	4,634.2	4,995.7	
Demand Creation		1,745.0	1,791.0	1,762.0	1,893.0	7,191.0	1,856.0	1,743.0	1,837.8	1,946.2	7,843.9	1,976.3	1,858.0	1,934.4	2,075.2	7,843.9	5,735.0	6,679.0	7,191.0	7,382.9	7,843.9	8,337.5	8,831.2	9,355.6	9,912.7	
SG&A Total		2,577.0	2,580.0	2,566.0	2,766.0	10,469.0	2,897.0	2,505.0	2,730.1	2,744.4	10,876.4	3,027.5	2,882.4	2,887.0	2,938.8	11,535.7	8,766.0	9,892.0	10,469.0	10,876.4	11,535.7	12,328.5	13,131.3	13,989.9	14,908.5	
Operating Income		1,418.0	841.0	1,123.0	1,020.0	4,502.9	1,226.0	1,111.0	1,138.6	1,244.4	4,721.2	1,425.5	1,226.3	1,242.9	1,372.3	5,207.0	3,680.0	4,178.0	4,502.0	4,721.2	5,207.0	5,652.3	6,164.4	6,776.2	7,278.2	
Interest Income		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Interest Expense		(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	
Other Income		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Total Non-Operating Income		2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	
Pretax Income		1,420.0	843.0	1,125.0	1,022.0	4,504.9	1,228.0	1,113.0	1,140.6	1,246.4	4,723.2	1,427.5	1,228.3	1,244.9	1,374.3	5,209.0	3,682.0	4,180.0	4,504.0	4,723.2	5,209.0	5,654.3	6,166.4	6,778.2	7,280.2	
Tax Rate		18.4%	19.1%	16.3%	21.2%	18.7%	2.5%	24.4%	18.0%	23.0%	16.6%	17.0%	17.0%	17.0%	17.0%	24.0%	22.2%	18.7%	16.6%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
Adjusted Net Income		1,179.8	785.0	950.0	846.0	706.8	1,249.0	842.0	829.6	953.6	3985.7	1,177.7	1,011.8	1,026.9	1,131.9	4346.4	2,693.0	3,273.0	3,760.8	3,985.7	4,346.4	4,779.7	5,170.3	5,612.3	6,031.1	
Pro Forma EPS		0.67	0.45	0.55	0.49	0.36	0.73	0.50	0.56	0.58	2.37	0.72	0.62	0.64	0.71	2.70	1.48	1.85	2.16	2.37	2.70	3.11	3.56	4.08	4.57	
1X Charge (net)		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
GAAP Net Income		1,179.8	785.0	950.0	846.0	706.8	1,249.0	842.0	829.6	953.6	3985.7	1,177.7	1,011.8	1,026.9	1,131.9	4346.4	2,693.0	3,273.0	3,760.8	3,985.7	4,346.4	4,779.7	5,170.3	5,612.3	6,031.1	
GAAP EPS		0.67	0.45	0.55	0.49	0.36	0.73	0.50	0.56	0.58	2.37	0.72	0.62	0.64	0.71	2.70	1.48	1.85	2.16	2.37	2.70	3.11	3.56	4.08	4.57	
Dividend		0.28	0.32	0.16	0.16	0.92	0.16	0.18	0.18	0.18	0.70	0.18	0.20	0.20	0.20	0.77	0.92	1.08	0.92	0.70	0.77	0.85	0.94	1.03	1.13	
Basic Shares Outstanding		1,709.0	1,706.6	1,663.8	1,682.4	1,668.0	1,672.0	1,659.1	1,630.2	1,621.8	1,648.8	1,604.6	1,589.6	1,581.9	1,552.9	1,577.2	1,766.7	1,723.5	1,698.0	1,645.8	1,577.2	1,510.8	1,448.5	1,390.5	1,336.6	
Diluted Shares Outstanding		1,754.6	1,751.4	1,737.3	1,723.1	1,741.6	1,708.9	1,693.2	1,664.3	1,655.9	1,680.6	1,638.7	1,623.7	1,596.0	1,587.0	1,611.3	1,810.7	1,767.3	1,741.6	1,680.6	1,611.3	1,544.9	1,482.6	1,424.6	1,370.7	
Margins																										
Gross Margin		47.9%	45.6%	45.9%	45.9%	48.2%	45.5%	44.2%	44.9%	45.4%	45.0%	45.7%	44.4%	45.1%	43.6%	45.2%	44.8%	46.0%	46.2%	45.0%	45.2%	45.4%	45.6%	45.8%	46.0%	
YTD Growth		589p	476p	66p	269p	279p	190p	134p	109p	49p	-121p	209p	209p	209p	209p	209p	118p	129p	279p	279p	209p	209p	209p	209p	209p	
EBITDA		19.2%	13.9%	16.0%	15.8%	16.3%	15.5%	15.2%	15.2%	17.6%	15.0%	16.6%	15.6%	15.0%	17.9%	16.9%	15.5%	17.1%	16.3%	15.9%	16.5%	16.9%	17.3%	17.7%	18.1%	
EBITDA Margin		17.2%	12.6%	14.1%	13.0%	14.3%	14.1%	13.6%	13.2%	14.1%	13.8%	14.6%	13.8%	13.5%	14.4%	14.1%	12.7%	13.7%	14.3%	13.8%	14.1%	14.5%	14.8%	15.2%	15.7%	
Effective Tax Rate		16.4%	19.1%	16.3%	21.2%	18.7%	2.5%	24.4%	18.0%	23.0%	16.6%	17.0%	17.0%	17.0%	17.0%	24.0%	22.2%	18.7%	16.6%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	
Net Margin		14.0%	10.2%	11.8%	10.3%	11.6%	13.8%	10.3%	10.8%	10.9%	11.5%	12.1%	11.5%	11.2%	12.0%	11.7%	9.7%	10.7%	11.6%	11.9%	11.7%	12.0%	12.3%	12.7%	13.0%	
% of Revenue																										
Footwear		60.9%	59.7%	63.2%	61.6%	61.4%	60.4%	58.9%	63.0%	61.5%	61.0%	60.6%	59.1%	63.1%	61.6%	61.1%	58.3%	59.9%	61.4%	61.0%	61.1%	61.2%	61.2%	61.2%	61.2%	
Apparel		27.8%	30.7%	26.4%	27.2%	28.0%	28.1%	31.0%	26.7%	27.4%	28.3%	28.0%	30.9%	26.6%	27.3%	28.2%	29.2%	28.2%	28.0%	28.3%	28.2%	28.1%	28.0%	27.9%	27.9%	
Equipment and Other		4.8%	4.5%	4.4%	4.7%	4.6%	4.7%	4.2%	4.4%	4.7%	4.6%	4.6%	4.2%	4.3%	4.4%	4.4%	4.0%	4.3%	4.4%	4.5%	4.4%	4.5%	4.5%	4.5%	4.6%	
Other Brands		6.6%	5.2%	6.1%	6.2%	6.1%	6.3%	5.1%	6.0%	6.2%	6.2%	6.3%	5.1%	6.1%	6.2%	5.9%	6.1%	6.5%	6.0%	5.9%	5.9%	6.0%	6.0%	6.0%	6.1%	
COGS		52.9%	54.4%	54.1%	54.1%	53.8%	54.5%	55.8%	55.1%	54.6%	55.0%	54.3%	55.6%	54.9%	54.4%	54.8%	55.2%	54.0%	53.8%	55.0%	54.8%	54.6%	54.4%	54.2%	54.0%	
Demand Creation		8.9%	10.0%	10.0%	10.6%	10.1%	11.8%	9.3%	10.4%	9.1%	10.1%	10.8%	9.4%	10.4%	9.1%	9.9%	10.9%	10.8%	10.1%	10.1%	9.9%	10.0%	10.0%	10.1%	10.1%	
YTD Growth		-135p	-37p	21p	6p	-37p	160p	-69p	35p	-150p	-4p	-70p	5p	5p	5p	-15p	6p	-40p	-37p	-4p	-15p	5p	5p	5p	5p	
Salaries and Benefits		28.7%	23.3%	21.9%	23.0%	22.2%	20.5%	21.3%	21.3%	22.2%	21.3%	20.3%	21.1%	21.1%	22.0%	21.1%	20.6%	21.8%	22.2%	21.3%	21.1%	20.8%	20.6%	20.4%	20.2%	
YTD Growth		91p	65p	-15p	13p	38p	-20p	-199p	-40p	-60p	-48p	-20p	-20p	-20p	-20p	71p	10p	32p	32p	31p	31p	25p	-25p	-25p	-25p	
SG&A Total		30.6%	33.3%	31.9%	33.6%	32.3%	32.0%	30.6%	31.7%	31.3%	31.4%	31.1%	30.6%	31.8%	31.1%	31.1%	31.6%	32.3%	32.3%	31.4%	31.5%	30.9%	30.7%	30.5%	30.3%	
YTD Growth		-44p	27p	6p	19p	1p	134p	-208p	-25p	-230p	-30p	110p	20p	35p	50p											

Figure 6: Balance Sheet

Nike Inc.		Balance Sheet																																		
		(\$ in millions except per share data)																																		
		FY16				FY17				FY18																										
		1Q16A	2Q16A	3Q16A	4Q16A	1Q17A	2Q17A	3Q17A	4Q17E	1Q18E	2Q18E	3Q18E	4Q18E	2014A	2015A	2016A	2017E	2018E	2019E	2020E	2021E	2022E														
		Aug-15	Nov-15	Feb-16	May-16	2016A	Aug-16	Nov-16	Feb-17	May-17	2017E	Aug-17	Nov-17	Feb-18	May-18	2018E																				
Assets																																				
Current Assets:																																				
Cash and Equivalents		5,408.0	6,116.0	5,106.0	5,457.0	5,457.0	4,787.0	5,943.0	4,365.7	5,860.4	5,860.4	5,386.0	5,352.1	3,792.8	5,511.9	5,511.9	5,142.0	5,504.0	5,457.0	5,860.4	5,511.9	5,608.2	6,353.2	8,026.9	11,547.7											
Accounts Receivable		3,288.0	3,437.0	3,368.0	3,241.0	3,241.0	3,526.0	3,478.0	3,611.6	3,452.3	3,452.3	3,791.6	3,742.6	3,837.4	3,714.7	3,714.7	3,434.0	3,389.0	3,241.0	3,452.3	3,714.7	3,995.5	4,283.3	4,993.2	4,927.0											
Inventories		4,114.0	4,000.0	4,590.0	4,838.0	4,838.0	4,896.0	5,033.0	5,118.4	5,254.3	5,254.3	5,216.1	5,309.3	5,350.8	5,654.5	5,654.5	3,947.0	4,337.0	4,838.0	5,254.3	5,654.5	5,972.2	6,349.4	6,745.6	7,174.9											
Deferred Income Taxes		377.0	405.0	410.0	471.7	471.7	457.1	534.1	645.0	738.6	738.6	715.8	802.9	1,005.2	1,155.4	1,155.4	355.0	389.0	471.7	738.6	1,155.4	1,810.7	2,835.2	4,439.3	6,900.9											
Prepaid Expenses and Other		1,751.0	2,197.0	1,782.0	1,017.3	1,017.3	922.9	922.9	922.9	922.9	922.9	922.9	922.9	922.9	922.9	922.9	818.0	1,988.0	1,017.3	922.9	922.9	922.9	922.9	922.9	922.9											
Total Current Assets		15,236.0	16,756.0	15,256.0	15,256.0	15,256.0	14,589.0	16,011.0	14,660.5	16,226.5	16,226.5	16,022.3	16,379.8	14,948.9	16,910.5	16,910.5	13,896.0	15,976.0	15,026.0	16,226.5	16,910.5	18,312.6	20,743.8	24,730.8	31,623.4											
Non-Current Assets:																																				
PP&E		3,112.0	3,235.0	3,320.0	3,520.0	3,520.0	3,572.0	3,566.0	3,696.4	3,648.6	3,648.6	3,746.9	3,849.2	3,980.8	3,925.2	3,925.2	2,834.0	3,011.0	3,320.0	3,649.6	3,925.2	4,193.4	4,452.4	4,700.0	4,933.7											
Identifiable Intangible Assets		281.0	281.0	281.0	281.0	281.0	284.0	283.0	283.0	283.0	283.0	283.0	283.0	283.0	283.0	283.0	282.0	281.0	281.0	283.0	283.0	283.0	283.0	283.0	283.0											
Goodwill		131.0	131.0	131.0	131.0	131.0	139.0	139.0	139.0	139.0	139.0	139.0	139.0	139.0	139.0	139.0	131.0	131.0	131.0	139.0	139.0	139.0	139.0	139.0	139.0											
Deferred Taxes and Other Assets		2,004.0	2,181.0	1,990.0	2,439.0	2,439.0	2,572.0	2,553.0	2,420.7	2,966.8	2,966.8	3,128.6	3,227.1	2,944.5	3,608.9	3,608.9	1,651.0	2,201.0	2,439.0	2,966.8	3,608.9	4,389.9	5,340.0	6,496.6	7,901.4											
Total Assets		25,765.0	22,583.0	20,987.0	21,396.0	21,396.0	21,156.0	22,652.0	21,156.6	23,266.5	23,266.5	23,239.8	23,878.1	22,296.3	24,566.5	24,566.5	18,694.0	21,690.0	21,396.0	23,266.9	24,866.5	27,317.5	30,958.2	36,348.5	44,280.5											
Liabilities and Shareholders Equity																																				
Current Liabilities:																																				
Current Long-term Debt		106.0	5.0	7.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0	7.0	107.0	44.0	44.0	44.0	44.0	44.0	44.0	44.0											
Notes Payable		23.0	95.0	0.0	1.0	1.0	22.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	20.0	167.0	74.0	1.0	20.0	20.0	20.0	20.0	20.0	20.0											
Accounts Payable		1,933.0	1,915.0	1,714.0	2,191.0	2,191.0	2,088.0	2,033.0	1,872.0	2,356.4	2,356.4	2,237.0	2,179.8	1,981.8	2,525.2	2,525.2	1,930.0	2,131.0	2,191.0	2,356.4	2,525.2	2,706.0	2,890.3	3,087.9	3,300.0											
Accrued Liabilities		3,139.0	3,451.0	3,224.0	3,037.0	3,037.0	3,147.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	2,491.0	3,951.0	3,037.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0	3,076.0											
Income Taxes Payable, Other		75.0	41.0	35.0	85.0	85.0	62.0	52.0	35.0	95.1	95.1	69.7	95.9	38.1	109.0	109.0	432.0	71.0	85.0	98.1	109.0	119.2	144.1	159.7												
Total Current Liabilities		6,279.0	6,511.0	6,080.0	5,358.0	5,358.0	6,353.0	6,225.0	5,646.9	6,593.3	6,593.3	6,445.7	6,376.7	5,159.9	5,773.2	5,773.2	5,027.0	6,334.9	6,358.0	6,593.5	6,773.2	6,955.2	6,161.1	6,372.0	6,598.7											
Non-Current Liabilities:																																				
Long-term Debt		1,079.0	2,067.0	2,048.0	2,010.0	2,010.0	1,993.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	1,199.0	1,079.0	2,010.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0	3,473.0											
Deferred Taxes and Other		1,517.0	1,600.0	1,699.0	1,770.0	1,770.0	1,635.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,544.0	1,480.0	1,770.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0	1,631.0											
Commitments and Contingencies		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
Redeemable Preferred Stock		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
Total Shareholders Equity		12,894.0	13,495.0	12,300.0	12,256.0	12,256.0	12,165.0	12,323.0	11,047.6	12,069.3	12,069.3	12,780.1	13,397.4	12,032.4	13,899.3	13,899.3	10,824.0	12,757.9	12,258.0	12,669.3	13,899.3	16,248.6	18,693.1	24,872.4	32,577.8											
Total Liabilities and Equity		25,765.0	22,583.0	20,987.0	21,396.0	21,396.0	21,156.0	22,652.0	21,156.6	23,266.5	23,266.5	23,239.8	23,878.1	22,296.3	24,566.5	24,566.5	18,694.0	21,690.0	21,396.0	23,266.9	24,866.5	27,317.5	30,958.2	36,348.5	44,280.5											
Operating Ratios																																				
Receivables Turnover		10.2	8.9	9.5	10.2	9.8	10.3	9.4	9.5	10.2	10.3	10.3	9.4	9.5	10.2	10.4	8.5	9.0	9.8	10.3	10.4	10.4	10.3	10.4	10.4											
Inventory Turnover		35.2	40.2	37.7	35.4	37.2	35.0	38.3	37.7	35.4	35.3	35.0	38.3	37.7	35.4	35.2	43.0	40.5	37.2	35.3	36.2	35.2	35.3	35.3	35.3											
Days Inventory		4.0	3.7	3.8	3.8	3.8	4.1	3.7	3.7	3.7	3.8	4.0	3.7	3.7	3.7	3.8	4.1	4.0	3.8	3.8	3.8	3.8	3.8	3.8	3.8											
Days Inventory (backwards)		85.8	86.8	85.4	85.7	85.5	85.2	86.2	87.1	85.7	85.7	85.7	86.2	86.5	86.2	87.0	86.9	86.2	86.5	87.1	87.0	86.5	86.1	86.5	86.0											
Days Payables (Forward)		94.9	95.3	92.7	88.2	85.5	95.5	95.1	89.4	89.1	89.7	88.7	88.7	94.4	89.0	89.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0											
Payables Turnover		9.1	8.7	10.1	8.1	8.6	9.5	9.0	10.1	8.1	8.9	9.5	9.0	10.1	8.1	8.8	9.0	8.2	8.6	8.9	8.8	8.8	8.8	8.8	8.8											
Days Payables Outstanding		39.4	41.2	35.5	44.2	42.2	38.1	40.1	35.5	44.2	41.2	38.1	40.1	35.5	44.2	41.3	40.5	44.4	42.2	41.2	41.3	41.3	41.3	41.3	41.3											
Cash Cycle (in Days)		85.7	98.0	97.3	88.8	91.5	85.2	97.4	99.3	89.8	91.2	85.7	96.9	98.8	89.3	90.9	91.5	88.3	91.5	91.2	90.9	90.4	90.0	89.5	89.0											

Source: Company reports and Credit Suisse Group AG estimates

Source: Company reports and Credit Suisse Group AG estimates

Source: Company data, Credit Suisse estimates

Figure 7: Statement Of Cash Flows

Nike Inc.		Cash Flows																							
(\$ in millions except per share data)																									
	FY16				FY17				FY18				FY19				FY20				FY21				
	10/16A	10/16A	30/16A	4Q16A	10/17A	10/17A	30/17A	4Q17E	10/18E	10/18E	30/18E	4Q18E	10/19E	10/19E	30/19E	4Q19E	10/20E	10/20E	30/20E	4Q20E	10/21E	10/21E	30/21E	4Q21E	
	Aug-16	Nov-16	Mar-16	May-16	Aug-17	Nov-17	Feb-17	Apr-17	Aug-18	Nov-17	Feb-18	Mar-18	Aug-19	Nov-17	Feb-18	Mar-18	Aug-20	Nov-17	Feb-18	Mar-18	Aug-21	Nov-17	Feb-18	Mar-18	
Operating																									
Net income	1179.0	785.0	990.0	848.0	3760.0	1249.0	842.0	929.6	953.6	3974.2	1777.7	1011.8	1025.0	1119.1	4346.4	2693.0	3273.0	3760.0	3974.2	4346.4	4799.7	5275.3	5813.2	6403.1	
Depreciation and Amortization	179.0	125.0	159.0	279.0	760.0	180.0	178.0	170.9	299.9	828.9	193.5	144.5	183.7	322.4	844.1	642.0	1073.0	760.0	828.9	844.1	907.4	975.0	1046.6	1127.3	
Tax benefits from options and other	-31.0	-8.0	-33.0	-74.0	-80.0	-20.0	-20.0	-24.5	-34.3	-130.0	37.6	-27.0	81.6	109.9	-11.0	-113.0	-40.0	-34.3	1059.9	1403.0	1974.5	2766.7	3917.4		
Change in accounts payable	54.0	62.0	270.0	-160.0	236.0	-4.0	115.0	0.0	0.0	111.0	0.0	0.0	0.0	0.0	177.0	191.5	236.0	111.0	0.0	0.0	0.0	0.0	0.0		
Decrease (in) AR	52.0	191.0	15.0	184.0	60.0	-284.0	-34.0	-133.6	193.8	-292.3	-39.3	-48.0	-21.7	-262.4	-298.0	-216.0	0.0	-292.3	-262.4	-296.7	-287.8	300.9	-333.8		
Decrease (in) Inventory	-100.0	-294.0	0.0	-231.0	-590.0	0.0	-239.0	-48.4	-135.9	-33.0	-3.8	-163.0	-91.8	-123.7	-30.2	-305.0	-621.0	-590.0	-521.3	-390.0	-376.7	-374.1	-399.3	-426.3	
Decrease (in) Prepaid and other	10.0	-41.0	-2.0	-22.0	-22.0	-17.0	0.0	0.0	-22.0	-11.0	-20.9	-22.4	-11.0	-11.0	-11.0	-11.0	-14.0	-11.0	-11.0	-11.0	-11.0	-11.0	-11.0	-11.0	
Decrease (in) AP	-787.0	-7.0	-437.0	342.0	-890.0	-454.0	-176.0	-161.0	-483.5	253.4	-14.8	-57.2	-198.0	54.4	169.8	525.0	1237.0	-89.0	-293.4	169.8	180.8	184.2	197.6	212.1	
Net Change in Working Capital	-806.9	-492.0	-42.0	233.0	-1599.9	-245.0	-116.0	-397.1	870.0	-598.1	-148.8	-173.2	-333.1	82.3	-432.9	-485.0	-294.0	-599.1	-424.9	-485.0	-485.0	-485.0	-485.0	-485.0	
Net Cash Flow From Operations	491.6	471.6	950.0	1,164.0	3,996.5	721.0	997.0	478.0	2,466.3	4,663.2	1,061.3	1,358.6	865.3	2,792.3	5,817.5	3,015.0	4,696.0	3,996.0	4,663.2	5,817.5	6,463.2	7,789.2	9,123.3	10,914.4	
Investing																									
Purchase of Investments	-1,188.0	-763.0	890.0	-1608.0	-5,367.0	-1,229.0	-1079.0	0.0	0.0	-2,368.0	0.0	0.0	0.0	0.0	0.0	5,368.0	-4,696.0	-3,996.0	-4,663.2	-5,817.5	-6,463.2	-7,789.2	-9,123.3	-10,914.4	
Sale of Investments	1,711.0	79.0	690.0	447.0	2,366.0	1,572.0	1,181.0	0.0	0.0	1,404.0	0.0	0.0	0.0	0.0	0.0	0.0	2,216.0	2,396.0	2,454.0	2,454.0	2,454.0	2,454.0	2,454.0	2,454.0	
Acquisition of Business	-1,486.0	-268.0	-268.0	-268.0	-1,486.0	-327.0	-268.0	-300.3	-254.1	-1,404.0	-290.9	-246.8	-313.3	-366.8	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	-1,197.7	
Acquisition of Subsidiary	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in PP&E	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Other investing	-50.0	1560.0	658.0	912.0	3,080.0	-42.0	1732.0	0.0	0.0	1,680.0	0.0	0.0	0.0	0.0	0.0	0.0	3000.0	3050.0	3080.0	1660.0	0.0	0.0	0.0	0.0	
Net Cash Flow From Investing	-385.8	-312.8	153.0	-480.0	-1,034.8	-76.8	312.8	297.3	-251.1	-312.4	-287.9	-243.8	-312.3	-263.3	-1,197.7	-1,267.9	-175.8	-1,034.8	-912.0	-1,034.8	-1,034.8	-1,034.8	-1,034.8	-1,034.8	
Financing																									
Change in Current Debt	-48.0	81.0	-101.0	1.0	67.0	21.0	0.0	0.0	0.0	21.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Change in LT Debt	-1.0	879.0	-1.0	-2.0	875.0	2.0	1481.0	0.0	0.0	1,479.0	0.0	0.0	0.0	0.0	0.0	0.0	-60.0	-7.0	875.0	1479.0	0.0	0.0	0.0	0.0	
Share Repurchases	-588.0	-652.0	-1468.0	-540.0	-3,238.0	-1,054.0	-900.0	-1,588.0	-620.0	-4,112.0	-1,134.0	-880.0	-1,618.0	-700.0	-4,432.0	-2,628.0	-2594.0	-3238.0	-4112.0	-4432.0	-4752.0	-5070.0	-5392.0	-5720.0	
Proceeds from exercise of options, other	230.0	323.0	70.0	183.0	781.0	181.0	141.0	72.5	194.0	174.9	143.9	75.0	198.0	594.0	498.0	719.0	781.0	373.0	594.0	614.8	658.6	681.6	681.6	681.6	
Share Dividends	-240.0	-239.0	-273.0	-270.0	-240.0	-269.0	-267.0	-293.4	-291.9	-1,121.4	-288.8	-314.7	-309.3	-307.5	-1,220.3	-799.0	-890.0	-1022.0	-1,121.4	-1220.3	-1268.5	-1367.2	-1432.0	-1514.1	
Net Cash Flow From Financing	-624.0	392.0	-1,763.0	-626.0	-2,671.8	-1,133.8	458.0	-1,799.0	-720.4	-3,199.4	-1,247.8	-1,448.8	-1,852.3	-893.3	-5,658.3	-2,814.0	-2,790.0	-2,671.0	-3,199.4	-5,098.3	-5,423.0	-5,791.8	-6,165.4	-6,544.8	
Change in Cash and Cash Equivalents	-35.2	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-85.0	-105.0	-39.0	0.0	0.0	0.0	0.0	
Free Cash Flow	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow Per Share	0.6	0.6	-1.2	0.4	-1.7	0.2	8.5	0.0	0.0	-0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Equity	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0	-28.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Free Cash Flow to Debt	38.0	20.0	-73.0	26.0	-105.0	11.0	510.0	0.0	0.0																

Companies Mentioned (Price as of 13-Mar-2017)

Adidas AG (ADSGn.F, €179.699)
Foot Locker, Inc. (FL.N, \$75.97)
Kering (PRTP.PA, €239.0)
Nike Inc. (NKE.N, \$56.67, OUTPERFORM, TP \$67.0)
Under Armour, Inc. (UAA.N, \$19.05)

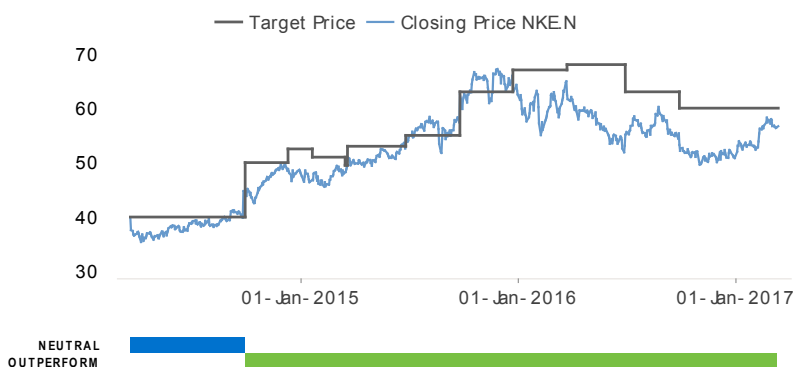
Disclosure Appendix

Analyst Certification

I, Christian Buss, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report.

3-Year Price and Rating History for Nike Inc. (NKE.N)

NKE.N	Closing Price	Target Price	
Date	(US\$)	(US\$)	Rating
20-Mar-14	39.64	40.00	N
29-Sep-14	44.56	50.00	O
10-Dec-14	48.83	52.50	
20-Jan-15	46.80	51.00	
16-Mar-15	48.22	49.50	
20-Mar-15	50.99	53.00	
26-Jun-15	54.86	55.00	
25-Sep-15	62.50	63.00	
23-Dec-15	64.36	67.00	
23-Mar-16	62.44	68.00	
29-Jun-16	55.13	63.00	
28-Sep-16	53.25	60.00	



* Asterisk signifies initiation or assumption of coverage.

The analyst(s) responsible for preparing this research report received Compensation that is based upon various factors including Credit Suisse's total revenues, a portion of which are generated by Credit Suisse's investment banking activities

As of December 10, 2012 Analysts' stock rating are defined as follows:

Outperform (O) : The stock's total return is expected to outperform the relevant benchmark* over the next 12 months.

Neutral (N) : The stock's total return is expected to be in line with the relevant benchmark* over the next 12 months.

Underperform (U) : The stock's total return is expected to underperform the relevant benchmark* over the next 12 months.

*Relevant benchmark by region: As of 10th December 2012, Japanese ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. As of 2nd October 2012, U.S. and Canadian as well as European ratings are based on a stock's total return relative to the analyst's coverage universe which consists of all companies covered by the analyst within the relevant sector, with Outperforms representing the most attractive, Neutrals the less attractive, and Underperforms the least attractive investment opportunities. For Latin American and non-Japan Asia stocks, ratings are based on a stock's total return relative to the average total return of the relevant country or regional benchmark; prior to 2nd October 2012 U.S. and Canadian ratings were based on (1) a stock's absolute total return potential to its current share price and (2) the relative attractiveness of a stock's total return potential within an analyst's coverage universe. For Australian and New Zealand stocks, the expected total return (ETR) calculation includes 12-month rolling dividend yield. An Outperform rating is assigned where an ETR is greater than or equal to 7.5%; Underperform where an ETR less than or equal to 5%. A Neutral may be assigned where the ETR is between -5% and 15%. The overlapping rating range allows analysts to assign a rating that puts ETR in the context of associated risks. Prior to 18 May 2015, ETR ranges for Outperform and Underperform ratings did not overlap with Neutral thresholds between 15% and 7.5%, which was in operation from 7 July 2011.

Restricted (R) : In certain circumstances, Credit Suisse policy and/or applicable law and regulations preclude certain types of communications, including an investment recommendation, during the course of Credit Suisse's engagement in an investment banking transaction and in certain other circumstances.

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Not Covered (NC) : Credit Suisse Equity Research does not provide ongoing coverage of the company or offer an investment rating or investment view on the equity security of the company or related products.

Volatility Indicator [V] : A stock is defined as volatile if the stock price has moved up or down by 20% or more in a month in at least 8 of the past 24 months or the analyst expects significant volatility going forward.

Analysts' sector weightings are distinct from analysts' stock ratings and are based on the analyst's expectations for the fundamentals and/or valuation of the sector* relative to the group's historic fundamentals and/or valuation:

Overweight : The analyst's expectation for the sector's fundamentals and/or valuation is favorable over the next 12 months.

Market Weight : The analyst's expectation for the sector's fundamentals and/or valuation is neutral over the next 12 months.

Underweight : The analyst's expectation for the sector's fundamentals and/or valuation is cautious over the next 12 months.

*An analyst's coverage sector consists of all companies covered by the analyst within the relevant sector. An analyst may cover multiple sectors.

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Global Ratings Distribution

Rating	Versus universe (%)	Of which banking clients (%)
Outperform/Buy*	44%	(64% banking clients)
Neutral/Hold*	39%	(60% banking clients)
Underperform/Sell*	14%	(52% banking clients)
Restricted	2%	

*For purposes of the NYSE and FINRA ratings distribution disclosure requirements, our stock ratings of Outperform, Neutral, and Underperform most closely correspond to Buy, Hold, and Sell, respectively; however, the meanings are not the same, as our stock ratings are determined on a relative basis. (Please refer to definitions above.) An investor's decision to buy or sell a security should be based on investment objectives, current holdings, and other individual factors.

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Target Price and Rating

Valuation Methodology and Risks: (12 months) for Nike Inc. (NKE.N)

Method: Our 12-month price target of \$67 is a weighted average of 1) a comparable valuation (\$68), 2) a 5-year DCF (\$67), 3) a long term growth analysis (\$65). We believe the stock will continue to Outperform the peer group long-term.

Risk: Risks to our \$67 price target and Outperform rating on Nike are risk to consumer discretionary spending, foreign currency risk, channel conflict, and accounting risk.

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