

NIKE INC
Form 10-Q
October 11, 2016
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended August 31, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number-001-10635

NIKE, Inc.

(Exact name of registrant as specified in its charter)

OREGON 93-0584541
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

One Bowerman Drive,
Beaverton, Oregon 97005-6453

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (503) 671-6453

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Shares of Common Stock outstanding as of October 6, 2016 were:

Class A 329,251,752

Class B 1,336,182,454

1,665,434,206

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PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

NIKE, Inc. Unaudited Condensed Consolidated Balance Sheets

(In millions)	August 31, 2016	May 31, 2016
ASSETS		
Current assets:		
Cash and equivalents	\$ 2,659	\$3,138
Short-term investments	2,128	2,319
Accounts receivable, net	3,526	3,241
Inventories	4,896	4,838
Prepaid expenses and other current assets	1,380	1,489
Total current assets	14,589	15,025
Property, plant and equipment, net	3,572	3,520
Identifiable intangible assets, net	284	281
Goodwill	139	131
Deferred income taxes and other assets	2,572	2,422
TOTAL ASSETS	\$ 21,156	\$21,379
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 44	\$44
Notes payable	22	1
Accounts payable	2,088	2,191
Accrued liabilities	3,147	3,037
Income taxes payable	62	85
Total current liabilities	5,363	5,358
Long-term debt	1,993	1,993
Deferred income taxes and other liabilities	1,635	1,770
Commitments and contingencies		
Redeemable preferred stock	—	—
Shareholders' equity:		
Common stock at stated value:		
Class A convertible — 329 and 353 shares outstanding	—	—
Class B — 1,339 and 1,329 shares outstanding	3	3
Capital in excess of stated value	7,999	7,786
Accumulated other comprehensive income	85	318
Retained earnings	4,078	4,151
Total shareholders' equity	12,165	12,258
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 21,156	\$21,379

The accompanying Notes to the Unaudited Condensed Consolidated Financial Statements are an integral part of this statement.

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NIKE, Inc. Unaudited Condensed Consolidated Statements of Income

	Three Months Ended August 31,	
(In millions, except per share data)	2016	2015
Revenues	\$9,061	\$8,414
Cost of sales	4,938	4,419
Gross profit	4,123	3,995
Demand creation expense	1,041	832
Operating overhead expense	1,856	1,745
Total selling and administrative expense	2,897	2,577
Interest expense (income), net	7	4
Other (income) expense, net	(62)	(31)
Income before income taxes	1,281	1,445
Income tax expense	32	266
NET INCOME	\$1,249	\$1,179
Earnings per common share:		
Basic	\$0.75	\$0.69
Diluted	\$0.73	\$0.67