NIKE, INC. REPORTS FISCAL 2017 FIRST QUARTER RESULTS

- Revenues up 8 percent to $9.1 billion; 10 percent growth excluding currency changes*
- Diluted earnings per share up 9% to $0.73 compared to prior year
- Worldwide futures orders up 5 percent; 7 percent growth excluding currency changes
- Inventories as of August 31, 2016 up 11 percent


Diluted earnings per share for the quarter were $0.73, up 9 percent driven by strong revenue growth, operating overhead leverage, a lower effective tax rate and a lower average share count partially offset by a gross margin decline and higher demand creation expense in an Olympic quarter.

“Fueled by an incredible summer of sport, NIKE delivered strong global growth-and led the industry through disruptive innovation,” said Mark Parker, Chairman, President and CEO, NIKE, Inc. “Q1 also showed how we’re amplifying every category through sports style innovation, transforming retail by connecting the digital and physical experience and ushering in a new Era of Personalized Performance - through product, consumer connections and our supply chain. NIKE’s strategic investments in these growth opportunities continue to deliver long-term value to our shareholders.”**

First Quarter Income Statement Review

- **Revenues** for NIKE, Inc. rose 8 percent to $9.1 billion, up 10 percent on a currency-neutral basis.
  - Revenues for the NIKE Brand were $8.5 billion, up 10 percent on a currency-neutral basis driven by double-digit growth in Greater China, Western Europe, Emerging Markets, Central & Eastern Europe and Japan, including strong growth in Sportswear, Running and the Jordan Brand.
  - Revenues for Converse were $574 million, up 4 percent on a currency-neutral basis, mainly driven by growth in North America which was slightly offset by declines in Europe and Asia Pacific.
- **Gross margin** declined 200 basis points to 45.5 percent as higher average selling prices were more than offset by several temporary or discrete items including foreign exchange, a shift of expenses from Operating Overhead to Cost of Goods Sold, a higher off-price mix and the impact of exiting the Golf equipment business.
- **Selling and administrative expense** increased 12 percent to $2.9 billion. Demand creation expense was $1.0 billion, up 25 percent, reflecting investments in key sports events. Operating overhead expense increased 6 percent to $1.9 billion, reflecting continued growth in the Direct-
to-Consumer (DTC) business, and targeted investments in operational infrastructure and consumer-focused digital capabilities.

- **Other income, net** was $62 million, primarily comprised of net foreign currency exchange gains. For the quarter, the Company estimates the year-over-year change in foreign currency-related gains and losses included in other income, net, combined with the impact of changes in exchange rates on the translation of foreign currency-denominated profits, increased pretax income by approximately $3 million.

- The **effective tax rate** was 2.5 percent, compared to 18.4 percent for the same period last year, primarily due to a one-time benefit related to the resolution with the U.S. Internal Revenue Service of a foreign tax credit matter.

- **Net income** increased 6 percent to $1.2 billion as revenue growth and a lower effective tax rate more than offset lower gross margin and higher demand creation expense, while **diluted earnings per share** increased 9 percent from the prior year to $0.73 reflecting nearly a 3 percent decline in the weighted average diluted common shares outstanding.

**August 31, 2016 Balance Sheet Review**

- **Inventories** for NIKE, Inc. were $4.9 billion, up 11 percent from August 31, 2015, driven by a 3 percent increase in NIKE Brand wholesale unit inventories, increases in average product cost per unit, and growth in the DTC business.

- **Cash and short-term investments** were $4.8 billion, $621 million lower than last year as growth in net income and proceeds from the issuance of debt in the second quarter of fiscal 2016 were more than offset by share repurchases, investments in working capital and infrastructure, higher dividends, and a reduction in collateral received from counterparties to foreign currency hedging instruments.

**Share Repurchases**

During the first quarter, NIKE, Inc. repurchased a total of 19.0 million shares for approximately $1.1 billion as part of the four-year, $12 billion program approved by the Board of Directors in November 2015. As of August 31, 2016, a total of 39.0 million shares had been repurchased under this program for approximately $2.2 billion.

**Futures Orders**

As of August 31, 2016, worldwide futures orders for NIKE Brand athletic footwear and apparel scheduled for delivery from September 2016 through January 2017 totaled $12.3 billion, 5 percent higher than orders reported for the same period last year, and 7 percent higher on a currency-neutral basis.**

**Conference Call**

NIKE, Inc. management will host a conference call beginning at approximately 2:00 p.m. PT on September 27, 2016, to review fiscal first quarter results. The conference call will be broadcast live over the Internet and can be accessed at http://investors.nike.com. For those unable to listen to the live broadcast, an archived version will be available at the same location through 9:00 p.m. PT, October 4, 2016.

**About NIKE, Inc.**

NIKE, Inc., based near Beaverton, Oregon, is the world's leading designer, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and
fitness activities. Wholly-owned NIKE, Inc. subsidiary brands include Converse Inc., which designs, markets and distributes athletic lifestyle footwear, apparel and accessories; and Hurley International LLC, which designs, markets and distributes surf and youth lifestyle footwear, apparel and accessories. For more information, NIKE, Inc.’s earnings releases and other financial information are available on the Internet at http://investors.NIKE.com and individuals can follow @NIKE.

* See additional information in the accompanying Divisional Revenues table regarding this non-GAAP financial measure.

**The marked paragraphs contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed from time to time in reports filed by NIKE with the Securities and Exchange Commission (SEC), including Forms 8-K, 10-Q, and 10-K. Some forward-looking statements in this release concern changes in futures orders that are not necessarily indicative of changes in total revenues for subsequent periods due to the mix of futures, “at once” and closeout orders, exchange rate fluctuations, order cancellations, discounts and returns, which may vary significantly from quarter to quarter, and because a portion of the business does not report futures orders.

(Tables Follow)