

# 2015 NIKE, INC. INVESTOR MEETING



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## **Trevor Edwards, President, NIKE Brand:**

Thanks, Mark.

Good morning! Welcome to Nike. It's great to be here to talk with you about Nike's deep connection with consumers, and how we will continue to drive sustainable, profitable growth for the Nike Brand. I feel so lucky to work in sports. Sport has the power to inspire, to unite and to move people in a way that little else does.



Today, that power of sport has never been stronger. We all know there's a global shift toward fitness, and that cultural shift runs deeper than some may think. People all over the world are being personally inspired by sport every day. A young boy in Chicago sees Cristiano's amazing free kick on YouTube for the first time. A girl in Beijing watches in awe as she sees LeBron dunk on a fast break. And they feel something.



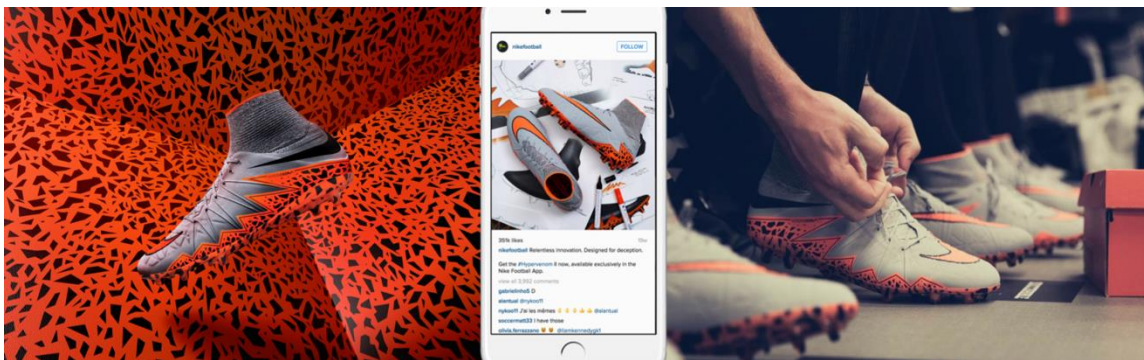
The next day, they pick up a ball for the first time – and they become athletes, and stay athletes for their entire life. At Nike, nothing energizes us more than athletes. We have a singular focus of serving the athlete in everything we do.



That is the power of the Nike Brand. And by serving the needs of athletes, we drive growth in our business. We have a saying at Nike: “The Consumer Decides.” It’s a simple thought, but it fuels our thinking every single day. Today, we continue to see tectonic shifts in the consumer landscape.

These shifts continue to reshape the marketplace and the relationships consumers have with brands, and the result? Consumers are clearly in charge and youth are more demanding today than ever before. They want what they want when they want it, and do what they do when they decide. They get something amazing one day, and they immediately expect it across their entire life experience. Let’s take a look. (video in room).

The world is changing. It’s faster paced, more connected, and more personal. Everything is expected on-demand. Now, our athletes have always been demanding. They expect us to deliver amazing performance products for their ultimate moment of achieving their absolute highest potential. This mentality of serving the best athletes uncompromised was there at the founding of this company.



At its core, it was about a relationship, built on the desire to serve them. These most important relationships have always defined who we are and what we do. Today we continue to focus on building relationships by serving athletes to deliver on our brand proposition. Our brand is a promise; It’s a promise to innovate, it’s a promise to connect and it’s a promise to serve. That commitment we make every day creates a relentless drive to deliver amazing products that help athletes be better. Jeanne will share more about our product and innovation strategy later today and it’s going to be a lot of fun. But the core principle of our product innovation is simple. We start by listening to the very best athletes for insight.



And we turn these powerful insights into the innovations that solve problems for those athletes. But we don’t just hear and deliver. We strive to create something more – something athletes themselves could not have even imagined. This obsession with pushing boundaries is why Nike is one of the most authentic and connected brands in the world.



The brand isn't just everywhere – we're the number one sport brand in all of our key cities from London to Shanghai, from Tokyo and Rio, from New York to Berlin. The power of our brand is immense and it's the power of our brand that brings hundreds of thousands of runners together for a race. It's the power of our brand that drives sports cultures in different global communities. And it's the power of our brand that emotionally connects and inspires millions every day to do more and get better.



And we are just getting started. We expect NIKE, Inc. to add nearly \$20 billion in incremental revenue between now and the end of FY'20, a powerful continuation of the engine of growth that Mark talked about earlier.



This growth is what comes when you are as passionate about sport as we are. Part of that passion for sport is the competitive fire to be the best. And we translate that ambition into making our athletes the best. And through our Category Offense, no one connects deeper with athletes than we do.

This is how Nike continues to grow the market and take market share. Since we launched the Category Offense, our business has grown more than 70 percent. There's no question that by drilling down on the sports that consumers love, we uncover the new growth opportunities across the marketplace. And by segmenting the market, we increased our leadership by focusing on how best to serve this diverse world of consumers.

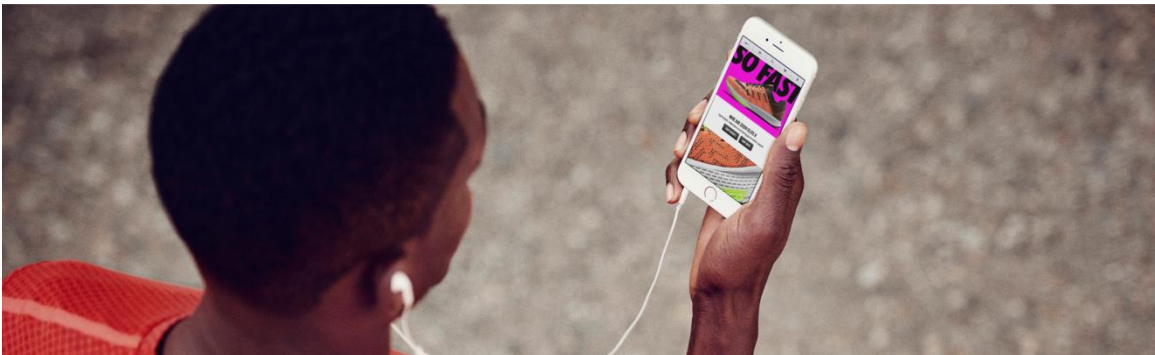




Our first phase in the Category Offense was to go deep with athletes with performance product focusing on everything they need from head to toe to perform their best in their sport.

Next, in the Amplified phase, we expanded off performance to include culture and lifestyle, serving the athlete across their entire journey as they compete, as they train, and as they express their love of sport.

Today, as we continue to serve deeper, better, and more completely, we are entering a new elevated stage in which we serve the athlete's complete experience through a connected ecosystem.



This is the journey we serve, a complete experience shaped and strengthened by the authentic relationships we share with consumers. We continue to grow by expanding existing categories and pursuing new opportunities whether that be Global football's reinvention of training, Jordan's expansion into new categories, or Women's Sportswear creating sneaker culture for her.

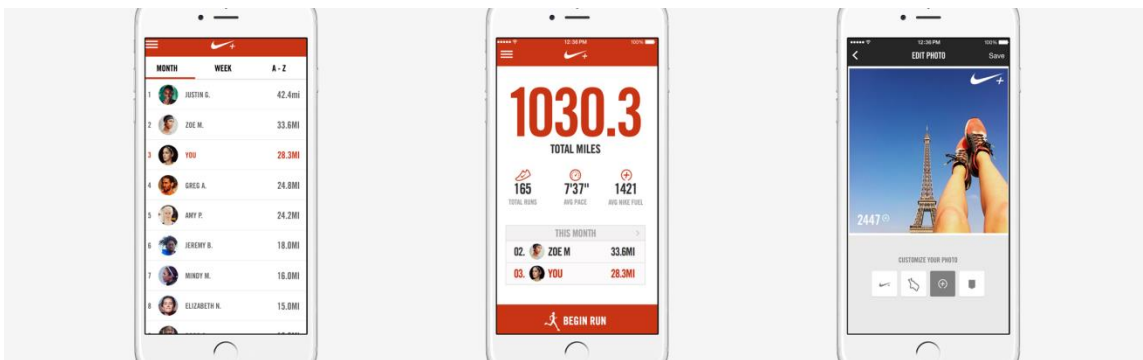
These are just a few areas where we see massive potential. Jayme will talk you through our category strategy. But first, I'd like to show you a holistic example of how we realize a key growth opportunity in our business. Let's take a young woman who runs and trains. She runs and works out twice a week but she wants to be inspired to get better and do more.





So we invite her to join a movement with other like-minded athletes, This invitation, which we call “Better For It,” centers on the idea of pushing yourself out of your comfort zone and focuses as much on the journey as the destination. Let’s take a look:

We provided personal motivation, a rich community, and the customized services to meet her goals and the response was incredible, with more than half-a-million women participating in runs and training events across 33 countries. But this is not about one event or one campaign; it’s about a continuous engagement with our consumers.



Take for example the Nike Plus Running App, which creates access to a community with information and inspiration on demand. With in-run features like social cheers and curated playlists set to the runner’s individual pace, we motivate millions of runners all over the world. Our invitation to Run with Us- also includes in-person runs with Nike Run Club.

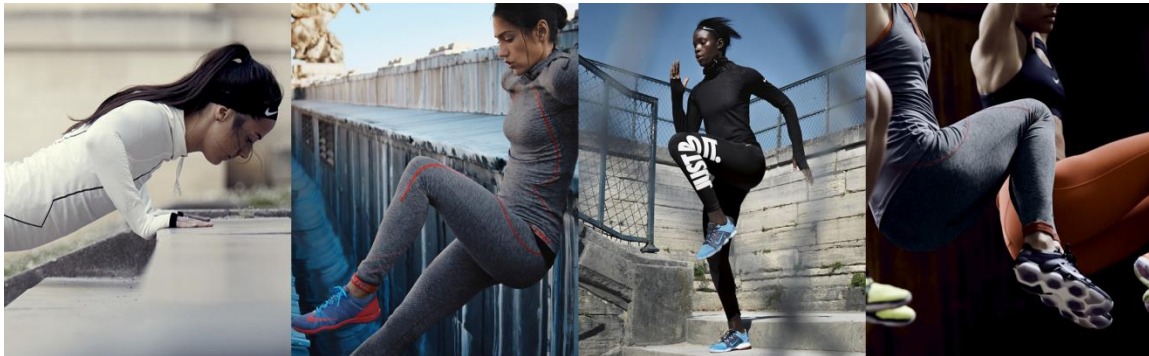
More than 20,000 participate every month in North America alone. That’s the equivalent of hosting a major marathon every 30 days. We also help her train with the Nike Training Club app for whenever and wherever she wants to work out. And if she prefers the added motivation of her friends, she can join a Nike Training Club live session in her city.





It's a huge hit with more than 21 million downloads and over 100 workouts featuring the world's best master trainers and athletes to give her guidance and motivation. And we truly have global reach, with downloads in 148 countries. And, as always, we serve her with the most innovative footwear, apparel, and accessories, curated for her performance and style needs.

We've elevated our game, providing seasonal looks and inspiring collections. We do this by focusing on her favorites: the items that she loves most. We innovate with performance and style... and give her amazing choice. Our ultimate goal with Nike product is to introduce a brand-new standard to give her the best product in the most premium way possible.



And we bring this elevated product to her through incredible retail concepts. Nike Women's concept doors opened this past year in Shanghai, London and Newport Beach. And, our partners opened doors like Chelsea Collective with Dick's Sporting Goods and 6:02 with Foot Locker, which offer premium retail executions for her across the entire marketplace.

These feature the best Nike has to offer across Running, Training and Sportswear – all in one location. With an emphasis on service, these doors are where personal shopping meets personal training. And when complemented by NIKE.com, it's a full and powerful retail experience. This is where it all comes to life, personalized inspiration, a powerful community, amazing innovative products, great services and industry-leading premium retail.

No one else has the ability to bring all the pieces together. No one else has the ability to serve her this completely. Given all this, it's no surprise that women who are part of our service ecosystem spend more than two times with us than those who aren't. And this unlocks real growth.

Our Women's business today is \$5.7 billion. And over the next five years we expect it will grow to over \$11 billion! This growth is yet more proof of the sheer power of the Category Offense.





Now, a big part of that success comes in serving consumers where they live and shop, throughout their journey in what we call the Integrated Marketplace.

As always, we obsess connecting with consumers, giving them the right product and services in the right places at the right time. We do this in our six geographies serving our consumers in nearly every country around the world, with clear strategic focus on Key cities such as New York, London, Rio, Shanghai and Los Angeles.

A little later, Cristiana and Elliott will speak more about our opportunities in the geographies. But our vision for our geographies is clear. For Western Europe and North America and other developed markets, we are targeting one connected marketplace serving diverse consumer needs. In these markets we drill down into each city, shopping district and even specific stores to provide the best possible experience for our consumers.

We also see significant opportunity in Emerging and Developing Markets like Greater China and Southeast Asia. These markets have an ever-growing middle-class and a consumer base that loves sports, and the culture around it. We are always investing in how we grow by building out the marketplace.



In both these developed and developing geographies, growth is a priority and we expect it to be robust for years to come.

We strategically provide consumers access to our brand in the most important shopping districts and trade zones and deliver differentiated retail concepts to expand market capacity, starting with our own Brand and Category experience doors.

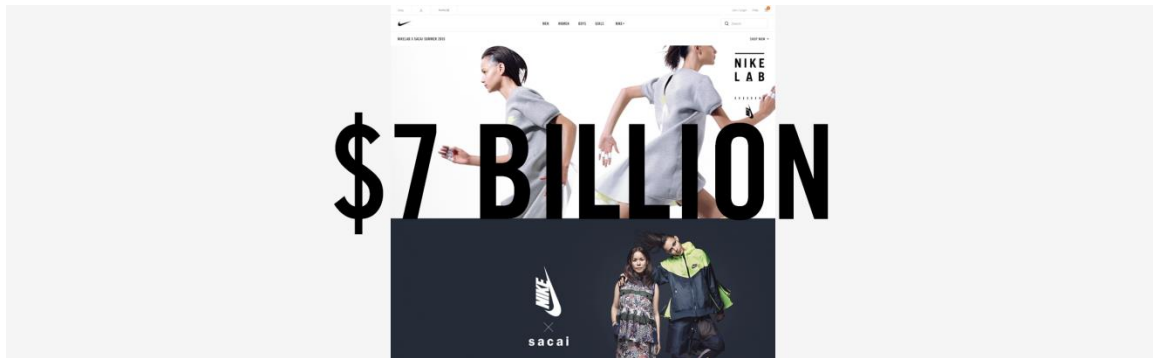


These stores set a new benchmark for excellence by making the consumer's experience as premium, personal and easy-to-shop as possible. And then we work with our wholesale partners to cascade these retail concepts through the marketplace to drive mutual productivity and profitability. We know consumers expect to be served anywhere and anytime in a nearby major city, in their favorite store, or at home or just on the go.



Our digital commerce business lets us be that personal. We strive to serve the consumer better all the time we've increased our mobile efforts to be in the palm of their hand, 24 hours a day, all over the globe. And the results are paying off.

Today, our e-commerce business is just over a billion dollars. And we expect it to grow to \$7 billion in FY20. This is the kind of growth Nike drives. We think about digital as an accelerator of all that we do, as consumers expect to be better served in an on-demand world.



Our aim is to connect athletes with the knowledge, the services and most importantly the product they need to serve their potential. Or, simply give them access to the products they most covet.

Digital allows us to be more personal. It gives every athlete around the world the service and self-understanding that elite athletes have always had. What's exciting for us is consumers choose to be part of Nike. If you are part of our ecosystem, you've chosen us. And this makes our connections richer and more rewarding for everyone.

For us, it's not about selling them ads. It's not about just having an app on their phone. What matters are real connections that fuel passion and energy and that drive business opportunities. With this in mind, we are moving to a place where we'll be at the consumer's fingertips every day, all day.



We will be the home of your athletic life, providing you the best of Nike when you want it, on demand. I can't wait until we can talk more about it. And thinking about the future, I'm also excited about the role that partnerships will continue to play as we accelerate moving forward. We continue to work with other industry leaders to attack growth opportunities, some of which you will hear about throughout today, as Mark noted.

In the end, creating an industry-leading digital ecosystem is simply a continuation of the Nike promise to develop deep and lasting relationships, to offer the best athletic service, period.



And, ultimately, by always reaching consumers in new and innovative ways, they vote to stay with us over their entire life. This lets our Category Offense thrive and our business continues its powerful growth.

At Nike, we have a lot to be proud of. We may be at the front of the pack, but that's not enough for us or our athletes. We don't just promise a future, we deliver it. In the end, the work we do isn't about meeting our consumers' expectations. It's about inviting them to dream a little bigger.



We've never had more potential than we have today and the proof of that potential can be seen in every connection we have with athletes, all over the world. Thank you, have a great day.

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