

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

Operator:

Good afternoon, everyone. Welcome to NIKE, Inc.'s fiscal 2018 fourth quarter conference call. For those who need to reference today's press release you'll find it at <http://investors.nike.com>.

Leading today's call is Nitesh Sharan, Vice President, Investor Relations and Treasurer. Before I turn the call over to Mr. Sharan, let me remind you that participants on this call will make forward-looking statements based on current expectations and those statements are subject to certain risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed in the reports filed with the SEC including the annual report filed on Form 10-K.

Some forward-looking statements may concern expectations of future revenue growth or gross margin. In addition, participants may discuss non-GAAP financial measures, including references to constant-dollar revenue. References to constant-dollar revenue are intended to provide context as to the performance of the business eliminating foreign exchange fluctuations. Participants may also make references to other non-public financial and statistical information and non-GAAP financial measures. To the extent non-public financial and statistical information is discussed, presentations of comparable GAAP measures and quantitative reconciliations will be made available at NIKE's website, <http://investors.nike.com>.

Now I would like to turn the call over to Nitesh Sharan, Vice President, Investor Relations and Treasurer.

Nitesh Sharan:

Thank you, operator.

Hello everyone and thank you for joining us today...to discuss NIKE, Inc.'s fiscal 2018 fourth quarter results.

As the operator indicated, participants on today's call may discuss non-GAAP financial measures. You will find the appropriate reconciliations in our press release which was issued about an hour ago, or at our website: investors.nike.com.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

Joining us on today's call will be NIKE, Inc. Chairman, President and CEO Mark Parker, and our Chief Financial Officer, Andy Campion.

Following their prepared remarks, we will take your questions. We would like to allow as many of you to ask questions as possible in our allotted time. So, we would appreciate you limiting your initial questions to two. In the event you have additional questions that are not covered by others, please feel free to re-queue and we will do our best to come back to you. Thanks for your cooperation on this.

I'll now turn the call over to NIKE, Inc. Chairman, President and CEO Mark Parker.

Mark Parker:

We had a strong fourth quarter...with results that confirm why we're so excited about the potential of the Consumer Direct Offense. The shifts we've made to our business...and our deeper focus on three core areas – Innovation, Direct and Speed – are igniting the next phase of growth and profitability for Nike.

Here are the key areas of where we're driving momentum in our business...

First, we're winning with new innovation. We're leading with platforms, not just products. For example, React and Air Max are scaling through multiple styles and across categories. They're driving extraordinary growth and brand heat with consumers.

Second, our digital offense is transforming Nike...from how we connect with consumers...to how we deliver products. This is a major shift from operating models of the past...to a new digitally-powered model of the future.

And, third, with a more focused strategy, we're running a more complete portfolio...with better balanced growth across Geographies and Categories.

For the quarter, Nike, Inc. revenues grew 13% on a reported basis. Specific highlights include...

...our international business growing 23%, with Greater China up 35%...

...we returned to healthy, sustainable growth in North America...

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

...Sportswear...a 10-Billion Dollar business for Nike...had another quarter of double-digit growth...

...we saw solid momentum in key performance categories

...and Nike Digital was up 41% for the quarter.

The key to accelerating our strengths is to continue to sharpen the execution of our Triple Double. Looking at our progress this quarter, I'll start with 2X Innovation.

The line-up of fresh, unexpected products that we shared with you last Fall at our Investor Day has entered the marketplace...and, as I noted, the consumer has responded.

Nike React, for example, is living up to big expectations. We extended the "launch" momentum from last quarter and scaled significantly...with excellent sell-through globally. The Epic React is already the #2 performance running shoe in the marketplace above \$125...only trailing the AIR Vapor Max.

And Zoom AIR, continues to be the training platform of choice for serious runners...led by our best-selling Pegasus line. Our latest – the Peg 35 – has the highest bookings in the first season for any Pegasus in our history.

Overall, Running grew 7% for Fiscal Year 18. And with a loaded pipeline in Fiscal 19 – led by the Peg Turbo with Zoom X cushioning – we see a great runway ahead for our largest performance category.

In Sportswear, the consumer demand for all-day comfort is making

AIR Max one of the fastest-growing platforms in our industry. Our icons – the AIR Max Plus, 95, 97 and 98 are all performing incredibly well.

AIR Vapor Max built on that demand and, this quarter, we took it a step further with Nike's first innovation built specifically for lifestyle – the Air Max 270. Since launching in March, the 270 is the most-successful AIR Max launch in our history. And it's one of the driving forces behind Sportswear – a category that delivered more than 2.6-Billion Dollars in revenue in Q4...its best quarter ever.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

Look for more lifestyle AIR Max platforms in the seasons ahead, pushing the boundaries on lifestyle innovation. AIR is one of Nike's greatest competitive differentiators - and it continues to fuel extraordinary growth.

Sportswear has also begun to integrate Nike React into new styles...

with more to come throughout Fiscal 19, including icons from Jordan.

The success of our new cushioning platforms is driving momentum in our Women's Business as well. In fact, following our launches the past three months, the 270, Vapor Max, and Epic React are already the top-three selling Women's athletic footwear models above \$125.

Overall, women's lifestyle product continues to set the pace for the category. For the quarter, Women's footwear saw...

...the Air Force 1 continuing its strong momentum...

...the Blazer ramping up quickly in China and APLA...

...and key Air Max Icons growing triple digits.

One of our biggest opportunities for Fiscal 19 is to scale our women's sneaker business – across both Nike and Jordan.

In women's apparel, lifestyle is also leading the way, highlighted by strong growth in tops and fleece. Looking ahead, we're building on our leadership in bras...and bringing more innovation through Flyknit apparel in the second half of the year.

And as part of our more holistic point-of-view on Women's – across running, training and sportswear – we'll roll out a new approach with seasonal, head-to-toe capsules and collections...like we did with the Meshed Up collection this quarter. There's great energy across our Women's product and marketplace teams right now.

One of our most important performance categories, Nike Basketball, has produced strong momentum this year off the back of the NBA partnership and high demand for key signature styles.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

We've had an amazing Year 1 with the NBA. We had a lot of firsts this year, but I'd say our three biggest wins were...

...our "Editions" approach to jerseys – driving significantly higher NBA jersey sales than the league has ever had...

...the Showtime Hoodie, a new premium apparel business for Fiscal 18, with sell-through approaching 100% across most teams and channels...

...and the steady flow of LeBron's Player Edition footwear that we launched through LeBron Watch on the SNKRS app – a new feature that turns the on-the-court footwear into real-time buying opportunities.

Jordan Brand proved, too, that the NBA is the ultimate sneaker runway.

In many ways, Jordan defines the spectrum of performance and style...

...as part of the pre-game walk-in

...on the court with the game's best players

...and courtside with fans.

But we know consumers are demanding more from Jordan. We know that people want wider access and new dimensions. And we're delivering.

This quarter...

...we nearly tripled the size of Jordan's women's sneaker business...

...Jordan apparel was up double digits in all Geos...

...and the Jordan Brand in China was up nearly 50%...

These are the areas where we see exponential growth, and where we'll continue to focus. We have a lot of opportunity to expand the Jordan portfolio of product to create a greater range of choice...to match the energy of the Jordan brand.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

For both Nike and Jordan, our partnerships with the world's best leagues, teams and athletes are what fuel our growth. Nobody is better positioned to harness the expanding power of sport.

Just look back at the moments and performances from our athletes over the last few weeks...

...Kevin Durant won back-to-back NBA titles and Finals MVP awards

...Eliud Kipchoge won the London Marathon in our new 3-D printed uppers with Flyprint and Zoom X

...Brooks Koepka (KEP-KA), winning the U.S. Open for the second year in a row

...and at the French Open, Simona Halep (HAH-LIP) won her first title...and Rafa Nadal won his unrivalled 11th at Roland Garros.

And of course, we're two weeks into one of the world's greatest sport moments – the World Cup – where the energy for the Nike brand has been tremendous...

...with over 60% of the players in the opening round wearing Nike boots. In fact, more goals have been scored by players in Nike boots than all other brands combined, with Cristiano Ronaldo and Harry Kane leading the way.

...we also debuted the latest generation of Nike Flyknit with the Mercurial Superfly 360 and Vapor 360.

...in apparel, we've seen strong sell-through of our performance kits and we've designed full collections across performance, training and sportswear for key National Teams – including England, France, Portugal, Brazil and Nigeria.

This quarter, we also made an important commitment to our future in football. We entered into a 10-year partnership with the China Super League, one of the fastest-growing football nations in the world.

The stories of our athletes – and the innovation they inspire – have always been central to our brand. Today, those products and stories are being amplified even further by the power of digital.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

We've talked about how critical mobile and social experiences are to our consumer...and how that's driving change. But, really, the full digital transformation of Nike that's taking place right now...is even bigger than that. It's fundamentally shifting our entire company.

Digital...

...is allowing us to realize our vision for Smart Retail...to remove friction and personalize experiences through the intersection of digital and physical environments

...it's sharpening our ability to sense the market through data and analytics

...it's unlocking new manufacturing tools that are more precise and drive a new aesthetic

...and it's opening up opportunities for new partnerships and how we develop talent in the organization.

Let's start with how digital is fueling 2X Direct and our mission to lead the industry to a more differentiated marketplace through Nike Consumer Experiences.

In our own eco-system, NikePlus membership is the key to an elevated consumer experience. Once someone becomes a member and customizes their profile...we know what sports they like...how active they are...and the style of products they prefer. That insight allows for unlocks for exclusive product, style advice from experts and rewards for their activity.

It personalizes the entire experience...and allows us to remove friction points for members...as they move seamlessly from mobile to the in-store environment.

We relaunched NikePlus membership in November and for the year, we've exceeded all of our membership targets, with strong growth in new, active and buying members, and improvements in engagement and conversion.

And we continue to explore the physical and digital intersection through our new Nike App at Retail, which is beginning to scale to multiple stores.

Through Smart Retail, we can aggregate consumer buying patterns to better inform localized preferences...and turn those into new growth opportunities.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

For example, next month we're opening a new retail concept in LA called Nike Live. It's a small format data-driven store, with its assortments influenced by what consumers are buying from surrounding Zip Codes. We see great potential in this approach...and you'll see more of it in across our key cities.

Digital innovation also allows us to push the edges on new immersive experiences...whether that's in our own channels...or through partnered retail...or social media platforms.

The SNKRS app has delivered some incredibly compelling experiences this quarter. For example, at venues during Kendrick Lamar's recent tour, we triggered SNKRS Stash Drops to make his Cortez Kenny 3 shoe available exclusively to his fans who were at the show.

The SNKRS app is creating incredible demand...and capturing more value from that energy is one of Nike's largest upside opportunities for Fiscal 19 and beyond.

Our investments in the digital experience are also creating a platform for new brand-friendly e-commerce partnerships. Our work with Tmall continues to set the bar for how to co-create shopping experiences through mobile and social. This quarter, we leveraged key shopping moments with Air Max on Tmall's Super Brand Day and Young Athletes during its Parent's Channel launch.

We continue to expand our presence in digital marketplaces through partnerships like Zalando in EMEA and ZOZO-town in Japan, which became fully operational in March.

And we see huge potential in merging storytelling and shopping through social platforms. This quarter, Nike became one of the first companies to drive a new consumer experience in Facebook's Messenger app – leveraging the AR camera to reveal the Kyrie 4 "Red Carpet". Look for more exciting new shopping experiences with Facebook and other social media platforms in the coming months.

As we noted at Investor Day, we're also piloting and scaling Nike Consumer Experiences with key wholesale partners. For example, the Nike Certified Athletes program turns selected Foot Locker associates into Nike experts. After showing strong early results, Foot Locker will scale the program across North America in Q1.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

And with JD group in EMEA, we launched both a physical and digital concept to celebrate Air Max storytelling, called Undisputed Air, driving triple-digit growth of Nike Air products in JD versus last year.

Digital acceleration is also critical to creating an overall faster company...from consumer insight...to responsive manufacturing...to delivering product to the consumer when they want it.

In other words, it is integral to our 2X Speed initiative.

In Fiscal 18, we've invested significantly in the capabilities that heighten our ability to sense the market and drive efficiency through our supply chain.

We scaled seven key Distribution Centers around the world this year. One of the facilities in North America is our new Rebound facility...the first to be focused solely on accepting returned product and getting it back into the market significantly faster to maximize full-price, in-season selling.

We've also integrated the Zodiac team from our recent acquisition...who are giving us new predictive tools and advanced analytics to drive targeted growth.

And we continued to develop our sensing capabilities within our key cities ...and sharpen the Express Lane, our fast-acting product engine that serves as a key focal point of our Speed initiatives.

This quarter the Express Lane created a substantial impact by...

...extending our in-line stories with new materials and colors – as the teams did with the Air Max 270 this quarter...

...amplifying the brand concepts we know are connecting best with consumers...like the Tuned-Air Mercurial to celebrate World Cup

...and capturing emerging trends, like we did in EMEA with a 90s-apparel collection...where we identified the trend and quickly delivered product to market.

Express Lane, as a whole, is leading to significantly stronger, full-price sell-through rates.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

Through digital, we're also inventing new manufacturing tools that allow us to push the boundaries of product creation -- like computational design with React...or new Flyknit apparel. And Automation throughout our supply chain continues to drive speed and efficiency.

2X Speed is a multi-year journey. While we've made progress, we also know there's even greater opportunity ahead in this space.

We've closed out the fiscal year with a strong performance across our business. Being closer to the consumer in our new offense has us focused on the biggest growth opportunities and making the right investments with the greatest returns.

We fueled increased demand for Nike in Fiscal 18. In Fiscal 19, we'll continue that acceleration...with an even faster pace of innovation and by serving consumers more completely across our entire portfolio.

We have momentum. And we are continuing to transform...across multiple dimensions and throughout our entire organization. I'm confident we'll use this quarter as a catalyst for growth into Fiscal 19...and beyond.

Thanks, and now here's Andy.

Andy Campion:

Thank you, Mark and hello to everyone on the call.

FY18 was a strategically significant year for Nike.

As we began the fiscal year last June, we communicated our new strategy, the Consumer Direct Offense, which we believed would ignite Nike's next horizon of strong, sustainable, profitable growth and transform the company in the process.

Then, at our Investor Day this past October, we showcased how our new strategy was already beginning to come to life. We displayed the pipeline of innovative products that we planned to bring to market in the 2H of FY18 on our path to 2X Innovation, we immersed our stakeholders in the relaunch of our Nike and SNKRS app experiences and the new membership services that

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

would ignite 2X Direct, and we shared several of the manufacturing and supply chain initiatives that will help 2X our Speed and ultimately cut our time to market in half. We also established a new Long Term Financial Model.

But, perhaps even more notable than the financial goals we established were some of the key operational Measures of Success that we shared. Those Measures of Success better define how we will transform Nike into a digitally-led enterprise that connects more directly with our consumers globally through our key cities and countries.

As we now close Q4, we are certainly thrilled to see our strategic execution translating into strong financial performance, as both Revenue growth and profitability exceeded even our own expectations. At the same time, what's even more exciting is that we also delivered across all of our key operational Measures of Success. And, it's worth highlighting a few examples, as these are proof points that Nike's strategic transformation is underway at an accelerated pace:

- First, we said that new innovation platforms will drive over 50% of our incremental growth over the next 5-years. In FY18, revenue from new innovative platforms actually drove over 80% of our incremental growth, fueled by innovative new platforms such as the Air VaporMax, React, the AirMax 270 and ZoomX.
- We also said that we would 2X Direct – with Digital Commerce growth, both owned and partnered, comprising over 50% of Nike's total company growth over the next 5 years. In FY18, Nike Direct, in fact, drove over 90% of our growth ... and 100% of our growth was driven by the combination of Nike Direct and partnered Nike Consumer Experiences. Nike Digital in particular grew 34% in Q4 on a constant currency basis and was the single fastest growing channel globally. Yet for many of the hottest styles launched on Nike Digital platforms within the quarter, our supply was only a fraction of the actual demand we experienced. This underscores a significant opportunity to better sense ... and serve digital demand in FY19.
- We also said in October that we expect our International Geographies to drive over 75% of our growth and that North America would return to mid-single digit growth over the next 5 years. For the full year, our International Geographies accounted for over 100% of our growth, with Greater China growing nearly 2X the rate of any other geography on a currency-neutral basis.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

And, in Q4, North America returned to growth, sharply reversing its prior trend. As Mark said, as we enter FY19, we are now running a more complete offense across our global portfolio.

But, before I go deeper into our outlook for FY19, let's first reflect on the drivers of our strong Q4 results.

- NIKE, Inc. Q4 Revenue increased 13%, up 8% on a currency-neutral basis driven by double-digit international growth and a return to growth in North America. Nike Direct led our growth globally – including 5% comp store growth and 34% digital growth. For the full year, NIKE, Inc. revenue increased 6% to \$36.4 billion dollars, up 4% on a currency-neutral basis.
- Gross Margin expanded over 60 basis points in Q4, exceeding our own expectations due to accelerating full-price sales and Nike Digital growth. For the full year, gross margin contracted just under 80 basis points, as strong underlying product profitability was more than offset by a 90 basis point headwind from foreign exchange.
- Fourth quarter Demand Creation increased 25%, primarily driven by investments in new sports marketing assets such as Chelsea, Tottenham, and the NBA ... brand marketing around key global sporting events such as the NBA Finals and World Cup ... and global campaigns supporting the launch of new product innovations. For the full year, Demand Creation increased 7%.
- Operating Overhead increased 14% for the quarter and 10% for the full year as we are investing in capabilities that will fuel growth long term, particularly with respect to digital and innovation.
- Our Effective Tax Rate was 6.4% for the quarter and 55.3% for the full year. The full year rate was significantly higher than the prior year, primarily due to the one-time transition tax associated with U.S. Tax Reform.
- Fourth quarter Diluted EPS increased 15% to \$0.69. Full year diluted EPS declined 53% to \$1.17, taking into account the significant one-time impacts of U.S. Tax Reform.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

- As of May 31st, Inventories were up 4%, growing slower than the rate of revenue growth, which is an indication that our supply and demand management efforts over the course of FY18 have returned Nike to a strong pull market globally.
- Finally ... today we are announcing a new four-year, \$15 billion share repurchase program. We anticipate that our current \$12 billion share repurchase program will be completed within fiscal year '19. This new expanded authorization, coupled with our dividend program, are evidence of Nike's strong cash flow generation and steadily increasing cash returns to shareholders.

Now, let's turn to the financial performance for our reported operating segments:

In North America, Q4 revenue grew 3% on a reported and currency-neutral basis, led by new innovation platforms ... very strong Digital growth ... continued momentum in Sportswear ... and broad growth across Apparel. We've returned North America to Revenue growth and expanding margins and this healthy momentum is carrying forward into this new fiscal year.

As we expected, Digital continues to reshape the consumer experience and disrupt the more undifferentiated, multibrand, wholesale dimensions of the marketplace. However, Nike Consumer Experiences at retail, both owned and partnered, and particularly those that leverage a digital connection to the consumer, drove over two-thirds of our growth in North America.

Digital connections have been critical to launching new and innovative products, creating brand heat, and better serving consumer demand. For example, as part of the Epic React launch, through social media we invited our consumers to "Choose Go." The Choose Go campaign inspired more than 1-million NikePlus members to participate in a run on the NIKE Running Club app that day ... and generated over 500M social media impressions. We also launched an exclusive colorway of the Epic React with Dick's Sporting Goods through a takeover of their digital commerce platform and social media channels. And, as Mark detailed, we're in the process of launching the Nike app at retail in key markets – bringing NikePlus Membership into the store and accelerating the convergence of digital and physical retail.

As for the Jordan Brand in North America, we are already back to a pull market, and we expect a return to global growth in FY19. Consumers love the Jordan Brand and their passion for the brand

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

is unwavering. At the same time, we saw an opportunity to recalibrate the supply of select styles across distribution channels. While that included tightening the supply in some cases, it also included expanding the supply of the hottest, most iconic Jordan styles on the Nike SNKRS app, which has fast become the leading destination for high heat footwear launches globally. We also leveraged both Jordan and Nike launches on the SNKRS app to create compelling new consumer experiences that merge digital and physical with our strategic retail partners, for example, through initiatives such as Shock Drop, SNKRS Pass, and SNKRS Stash. Looking forward, we see tremendous opportunity to continue diversifying the Jordan Brand for Women, in performance, and through Apparel.

For the full year North America's revenue declined 2% and EBIT was 7% lower; however, our Q4 results in North America reflect a reversal of trend and sustainable momentum going into FY19.

Moving to EMEA, where revenues grew 10% on a currency-neutral basis in Q4, driven by strong growth in Global Football, Sportswear, and Running. Our apparel business is also particularly strong across Europe, with Global Football apparel approaching triple digit growth in Q4 fueled by high-energy national team collections associated with the World Cup.

In footwear, Air Max continues to be the dominant platform in the region, with the Air Max 270 becoming the #1 style across key European markets and Air Max month in March propelling Sportswear to record full year revenues.

The Nike Brand is also #1 in all of our key cities across Europe, fueled by campaigns such as Nothing Beats a Londoner that amplified the authentic voice of over 200 London consumers along with influencers such as Skepta and several of the world's greatest athletes including Mo Farah, Harry Kane and others. This was a great example of a hyperlocal city campaign that resonated with consumers globally.

While Nike Direct continues to lead all dimensions of growth in EMEA, JD, for example, has also been a very strategic partner for Nike. JD continues to leverage digital connections with consumers and differentiated store concepts, including Size, to both create and serve demand, and we look forward to the best practices that they will bring to the North America marketplace.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

For the full year, currency-neutral revenue growth was 9% fueled by double-digit growth in Sportswear and across Apparel. On a reported basis, FY18 revenues grew 16% and EBIT increased 5% as strong revenue growth was offset primarily by transactional FX headwinds on gross margin.

So next, let's turn to Greater China. In Q4, Greater China's growth accelerated to 25% on a currency-neutral basis, including strong double-digit growth across all categories, the Jordan Brand and across our Women's business.

Nike Digital growth continues to outpace all other marketplace dimensions, and we continue to partner with and learn from China's leading digital platforms. Through our partnership with Tmall, our first ever Air Max Super Brand Day in March became our largest day on the platform second only to Singles Day for the year. And with Tencent, we launched our "Choose Go" campaign through digital media, inspiring 2-million runners to participate in a 7-week running journey and creating strong demand for the Epic React.

For the full year, revenues in Greater China increased 18% on a currency-neutral basis, driven by Running, Sportswear, the Jordan Brand, and Nike Basketball. On a reported basis, FY18 revenues were up 21% and EBIT increased 20%. There are several drivers of the extraordinary long term growth potential we see in Greater China, from favorable macroeconomics ... to the rise of sport and fitness ... to the scale and impact of Digital ... to the strength of the Nike Brand. Accordingly, we will continue to invest to extend our leadership in this strategically important and fast-growing market.

In APLA, Q4 revenue grew 13% on a currency-neutral basis. Growth was strong across all key countries within this diverse geography and is being fueled by our focus on creating brand energy in key cities and digital. In fact, while Nike Digital growth was strong in every Geography, APLA's digital growth led the pack. In addition to strong Nike Direct Digital growth, growth through new, entrepreneurial digital partners also accelerated. Looking forward, we will continue to drive digital momentum by scaling the Nike and SNKRS apps across key countries within APLA, while also continuing to explore and scale digital partnerships.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

For the full fiscal year, revenue increased 10% on a currency-neutral basis fueled by balanced growth across all categories, including the Jordan Brand and our Women's business. On a reported basis, full year revenues for fiscal year '18 increased 9%, while EBIT was up 21% reflecting gross margin expansion and SG&A leverage.

And finally, at Converse, revenue declined 11% on a currency-neutral basis for FY18 and declined 14% in the fourth quarter. Contraction was primarily driven by the decision to right-size wholesale distribution in North America and EMEA. At the same time, Converse Direct grew double-digits in Q4, including strong double-digit growth in Digital for the full year with acceleration in Q4. On a reported basis, full year revenues were down 8% and EBIT declined 35%.

As we move into FY19, we are reigniting energy in the Converse Brand and diversifying Converse's product portfolio, both through Converse's authentic positioning in sport and through new sportswear styles and collaborations. In FY19, Converse will also launch a more direct, Branded and immersive digital experience to drive closer connections between the Converse Brand and its passionate consumers.

FY19 will be the first full year of execution against Nike's Consumer Direct Offense and the long-term financial goals that we detailed at our Investor Day.

As we are now deeper into execution of our new offense, it is becoming increasingly clear that Digital is transforming how we operate...and will favorably reshape our economic model over the long term. Digital is inflecting our Revenue growth and has a favorable mix impact on our Gross Margin as we capture more of the value that we are creating for consumers. And, as for SG&A, we will continue to accelerate investment in scalable digital experiences and capabilities, building both organically and through acquisitions. At the same time, we are already seeing how upfront investments in experiences, like the Nike and SNKRS apps, and in capabilities, such as data and analytics, can be efficiently leveraged globally to better serve our consumers across our key markets. Finally, digital also creates the potential for win-win economic models with our wholesale partners over time as they transform their retail experiences to serve the next generation of digitally native consumers.

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

Taking all of these dynamics into account, we are updating our guidance for FY19.

As of our last Earnings call, we expected mid-to-high-single-digit revenue growth in FY19. As we now close Q4, our expectations for Revenue growth in FY19 have moved up slightly, entering the High-Single-Digit range. This improved outlook takes into account building consumer demand for Nike; however, we are also mindful of renewed FX volatility and the strengthening dollar of late.

As for Gross Margin, we now expect expansion of roughly 50 basis points or slightly greater ... fueled by strong full-price sales, expanding average selling prices, and growth in our Nike Direct businesses, partially offset by higher input costs.

As for SG&A, we will continue to prioritize investment in new Digital Consumer Experiences and Capabilities, Product Innovation and Brand Marketing. As such, in FY19, we expect SG&A to grow roughly in the same range as Revenue growth. We are not targeting SG&A leverage in FY19. We are capturing productivity gains within SG&A, but we will use that incremental capacity to invest strategically for the long term.

As for Other Expense, net of Interest Expense, we expect roughly \$125 to \$150 million of expense for the year.

We see our Effective Tax rate being in the mid-teens range or potentially slightly higher for the full year. It's important to note that our tax rate will continue to be volatile based upon the full implementation and further guidance with respect to US Tax Reform in FY19, variation in our mix of earnings geographically, the impact of stock-based compensation, and other discrete items.

Our focus will remain on driving strategic transformation and delivering strong growth over the long-term, more so than on the results in any individual quarter. That said, for some additional context as we enter the fiscal year, we expect the same level of Revenue growth in Q1 as we do for the full year. We also expect less Gross Margin expansion in the first half as compared to the second half of the year. And, finally, as for SG&A, our investments will be more front-loaded towards the first half of the fiscal year driven by key consumer and sport moments such as the World Cup.

The Consumer Direct Offense is transforming how we operate at Nike ... and how we will create

PREPARED REMARKS / UNOFFICIAL TRANSCRIPT – Q418 NIKE, Inc.

June 28, 2018

The following material represents prepared remarks for NIKE, Inc.'s earning conference call and is not an official transcript. These remarks are provided only for reference purposes until an official transcript is made available. These prepared remarks do not reflect questions asked by participants in the conference call or responses from NIKE, Inc. management, and information presented by NIKE, Inc. during the conference call may differ materially from these prepared remarks. Information contained in these remarks was current only as of the date of the conference call, and may have subsequently changed materially. NIKE, Inc. does not update or delete outdated information contained in these prepared remarks, and disclaims any obligation to do so.

value for shareholders going forward. More specifically, Digital is proving to be as transformative as we expected, and potentially even more transformative. We still have much more work to do ahead of us to realize the full potential of our new offense; that said, it is clear as we accelerate into FY19 that we have now ignited Nike's next horizon of strong, sustainable, profitable growth.

With that, we'll now open the call up for questions.