March 21, 2019

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 NIKE, Inc. does not update or delete outdated information contained in these prepared remarks and disclaims any obligation to do so.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 2019 third quarter conference call. For those who want 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, <a href="http://investors.NIKE.com">http://investors.NIKE.com</a>.

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 2019 third 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.

March 21, 2019

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:

Thanks, Nitesh. Hello Everyone.

In Q3, our teams once again drove healthy growth across NIKE's complete portfolio, leading to balanced results in our key dimensions. In our geographies, for example, the continued growth in North America was fueled by NIKE Consumer Experiences, where we have our most direct connection with the consumer. China earned its 19th consecutive quarter of high-quality, double-digit growth, as the Chinese consumer increasingly makes sport a part of their daily lives and the NIKE brand continues to accelerate in EMEA and APLA as we go deep into our key cities to seize new opportunities quickly.

In innovation, we led with bold platforms like Air Max in Sportswear and Adaptive technology in Basketball we kept consumers coming back for more with a fast pace of fresh options in our Power Franchises and with the energy for sportswear at an all-time high, NIKE continues to stand out in the active lifestyle marketplace through our authentic position in sport.

And through our digital transformation we're scaling the digital capabilities that'll serve consumers more personally and were driving significant growth through our digital eco-system making Q3 NIKE Digital's first billion-dollar quarter.

March 21, 2019

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.

Put together, all of this work led to strong results for the quarter.

- NIKE, Inc. Revenues grew 7%.
- On a currency-neutral basis, NIKE Inc. Revenue increased 11%.
- Gross Margin was up 130 basis points to prior year.
- And Earnings Per Share was \$0.68.

Diving into the details, we launched some incredible innovation this quarter. Let's start with NIKE AIR. The major leaps we've made in new designs for Air Max, like VaporMax and Max 270, continue to energize the consumer's ongoing love for the whole platform. Icons like the Max 95 and 97 and Tuned Air are a hit with both men and women. The Air Max Dia, our new women's-specific design, is performing extremely well across the globe and the Air Max 720, a radically-unique silhouette, was released in a number of bold colorways, creating a strong consumer response right out of the gate.

We don't, however, take this high demand for granted. It requires constant fine-tuning and the right balance of seeding and scaling to ensure a healthy position in the marketplace. But we know as long as we're making an impact with distinctive innovation like Air Max, our top platforms will continue to fuel our long-term growth.

At the same time, we're delivering a faster cycle of fresh assortments of our power franchises. We do that by offering more options of colors and materials, inspired by more targeted and relevant storytelling and the strategy is paying off.

For example, in our Sportswear category, which continues to grow double-digits, the Air Force 1 is accelerating growth in both men's and women's. In the Jordan Brand, where the business grew at a very healthy rate this quarter, the Jordan 1 is a top-seller across all geographies, and in Basketball, we drove energy with the Kyrie 5 and LeBron 16 through multiple colorways and creative product storytelling.

March 21, 2019

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 also know that there are several untapped opportunities within our innovation agenda and we've intensified our focus to amplify them. For example, we are energizing the marketplace with statement innovation and going forward you will see us bring more distinction at the core level. Specifically, for next fiscal year, we've fast-tracked new collections under the \$100 price point and we're aligning the merchandising and marketing teams to support them throughout the marketplace.

Apparel, as we've said, is another outsized growth opportunity. Over the course of the next year, you're going to see a sharper focus on key classifications in NIKE apparel. We'll accelerate growth by offering fresh options in our top-sellers much like we do in footwear with our Power Franchises. Our goal is to provide great apparel for every step of the sport journey.

For workouts, we're offering the best core items. This quarter, the bra business continued to expand and our athletic-take on Yoga apparel has moved us into a new market.

For day-to-day life we're designing for added versatility. This quarter, the new Tech Knit has been very successful, helping to grow Tech Pack unit sales nearly 200%, compared to last year.

And to feed a passion for teams and athletes, we're offering premium product like the NBA Showtime Hoodie and then cascading to core level fleece, tees and shorts. In just our second year with the NBA, this is tracking to be the largest merchandising season in its history.

We're at our best when we're leveraging Sports Moments through our athletes and league partnerships. And looking ahead, the sports calendar is full of moments to elevate starting from today's first round of March Madness all the way through the Tokyo Olympics in 2020.

In the next few months we'll celebrate World Cup with our most innovative Team Kits and sportswear collections. For the spring marathons, we'll unveil the next generation of the Zoom X platform and building on the energy of the NBA playoffs, Giannis will cap off his incredible season with the reveal of his first signature shoe.

We'll also continue our streak of industry-defining innovation for the everyday athlete. We'll introduce a completely-new cushioning system designed to get more people running. In Women's,

March 21, 2019

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'll launch more than 40 new styles of bras to expand our inclusive sizing considerably and building off the successful adaptive basketball launch this quarter, we'll expand the platform into new categories and embed the Adapt technology even further into our digital eco-system.

The innovation pipeline is full at NIKE and it gives us great confidence that we'll continue to win with consumers for years to come. While we view innovation as NIKE's number one competitive advantage, our Digital transformation will create even further separation.

There are teams all over NIKE piloting new ideas and proving-out concepts. We're testing, learning and optimizing at an incredible pace. But the real key to turning these new digital capabilities into growth at scale.

There's a lot to talk about here. I'll highlight a few areas that are leading to broad-based growth.

First, we're supercharging NIKE+ membership for even greater personalization with consumers. When we offer more tailored product and experiences, we bring more value to the consumer and it opens up more opportunities to grow our business.

So, this quarter we extended a new, advanced algorithm in our apps that allows us to reward our most active members. We added this data-driven format to the release of the NIKE App in Japan and it helped lead to the most successful launch ever.

We continue to show how important membership is to creating an increasingly seamless "physical to digital" retail experience. In our House of Innovation stores in New York and Shanghai, over 50% of transactions are with members. Across our wider fleet, consumers using the NIKE App at Retail average 40% higher sales than those who don't.

Our SNKRS app, in particular, continues to be a powerhouse in the world of digital commerce. For the quarter, SNKRS traffic and revenue were up triple digits, 17 of the top 20 SNKRS launches had 100% sell through. And during the record-breaking Air Jordan 11 Concord launch, our digital eco-system showed its ability to handle scale and drive unrivalled energy processing on average 300 transactions per second.

March 21, 2019

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 a whole, our NIKE Digital business was up an impressive 36% in the quarter, on a constantcurrency basis.

Another area where digital is creating company-wide efficiencies is within our product creation teams. We've fully digitized our palette of over 6,000 footwear materials, allowing our design teams to build on one another's work and adapt to market trends more quickly. With fewer physical samples, it also plays an important role in minimizing our environmental impact. Overall, our advanced digital tools are reducing lead times, driving sustainability, and leading to faster design cycles.

The third highlight is how we're connecting the marketplace by digitally tagging and tracking NIKE products all the way from production through retail. Our RFID initiative, for example, is improving product visibility and is an important step towards integrating our diverse eco-system of physical and digital experiences, distribution centers, and contract factories. This will give the consumer easier access to product and allow NIKE to more accurately match supply to demand across the world and ultimately fuel better, higher quality growth.

We're seeing the early wins pile up in our digital transformation and it's bringing scale to every facet of our Triple Double Strategy. What's so exciting is the more we invest in stronger digital capabilities, the more growth opportunities we uncover.

Today, the consumer rewards agility. The companies who adapt and scale first are the companies who grow fastest. To do that, NIKE is looking across the spectrum of the value chain from our factory partners to key cities, so we can take advantage of our most important opportunities.

At the factory level, that means staging raw materials, so they can be quickly deployed to fill requests for our most in-demand products. We did this in anticipation of LeBron's move to a new team last summer and it cut our jersey lead times nearly in half. Expect more of that with all the high-profile free agency moves this summer. More broadly, this process is a critical component of our 2X Speed initiative and fuels our key city execution, so we can quickly adapt our assortments based on the demands of local consumers.

March 21, 2019

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.

The Express Lane is another important enabler to 2X Speed, continuing to scale and grow as a percentage of NIKE's overall business. This quarter in our geographies, the Express Lane in Greater China, was responsible for over half of the products in our Chinese New Year collection. In North America, the top ten styles in our NIKE App all came out of the Express Lane and in EMEA, it contributed to over 20% of our business.

Express Lane is just one of the ways we're driving agility in our value chain to serve consumer demand. We're also investing in responsive manufacturing and faster delivery capabilities for our key cities.

Overall, Q3 demonstrated the strength of NIKE's complete portfolio. The Consumer Direct Offense is connecting our powerful brand, to compelling innovation, to operational excellence, all in service of the consumer. And it's a strategy that gives us a very clear path to sustain that momentum over the long-term.

This quarter, one of our greatest growth opportunities, our women's offense, experienced an important inflection point. I was fortunate enough to join our team in Paris for a powerful launch for the upcoming Women's World Cup, where we hosted some of the greatest athletes in the world.

We were excited to unveil 14 National Team Kits for World Cup 2019, a tournament record for NIKE. The energy of the moment is building on our Dream Crazier, Just Do It Campaign, that is narrated by Serena Williams.

The campaign is a great example of how NIKE is leveraging the power of Social Media platforms to carry our message. Dream Crazier has broken several of our own consumer engagement records across all four geographies. For example, in North America, it's NIKE's most-shared Instagram post ever and one of the most-successful NIKE Tweets of all-time. In Greater China, the campaign reached 600 million views in just the first three days.

This inspiring work from our brand teams is just part of our broader strategy to shift resources and accelerate our women's business. In product, we've aligned our merchandising teams for one unified women's vision at retail and our R & D teams are quickly moving to create the platforms of

March 21, 2019

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.

the future. A more complete offense is taking shape and it's incredibly energizing.

This quarter, you began to see the early results from those teams. Our NIKE One tight fueled our Training Tights business to strong double-digit growth. Plus Size bras launched this quarter and are off to an amazing start. Jordan women's is growing strong double digits and our women's sneakers offering is diversifying and growing with products that range from reimagined retro styles like the Air Force 1 Sage Low and the M2K to new innovation like the Air Max 270 and the Air Max Dia.

In Paris, the celebration of NIKE Women was unlike any moment I've experienced. The best part is, the work we're doing this summer is just a start. We want to help create the next wave of growth for women in sport and with a fully-dedicated women's offense, we see an even healthier, long-term future for NIKE.

It's a great time to be in the business of sport. The larger movement of health and fitness is growing the athletic apparel and footwear market all over the world. And we're excited about our role in fueling that energy and capturing even more of that opportunity ahead.

Thanks, and now here's Andy.

#### Andv Campion:

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

In Q3, we once again delivered very strong growth and profitability, with 11% currency neutral revenue growth amplified by 130 basis points of gross margin expansion.

Most importantly, our growth was high-quality, strategic and broad-based. Our execution of the Consumer Direct Offense is fueling strong demand across all four of our Geographies, led by the 12 key cities that we believe offer the greatest platform to impact the world through sport and create Brand distinction.

Our broad-based global growth is being fueled by four underlying strategic drivers:

1. Editing our product portfolio while amplifying the styles that consumers love most;

March 21, 2019

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.

- 2. Doubling the cadence and impact of innovation that we're bringing to market;
- 3. Operating with greater agility; and
- 4. Transforming the consumer experience through digital.

This is the Consumer Direct Offense in action, and the direct impact on NIKE's growth is tangible.

First, by editing to amplify, we've reduced the total number of styles in our portfolio significantly, while bringing much greater dimension and choice to what we call our Power Franchises. In any given season, our Power Franchises include select icons within Sportswear such as the Air Force 1 and Air Jordan 1, performance franchises such as the Pegasus, as well as new innovation platforms such as the VaporMax, Air Max 270 and React. The new dimension we are bringing ranges from collaborations with athletes and influencers, to compelling new elements of design, to infusing new innovation into longstanding performance franchises.

Second, we are well on our way to doubling the cadence and impact of innovation. Once again, in Q3, new innovation platforms comprised the vast majority of our incremental Revenue growth. And, as Mark said, our innovation pipeline is more robust than ever. In Q3, we launched the Air Max 720 to strong demand as well as the Adapt BB on court in the NBA, which was a leap forward into the future of adaptive performance footwear. And, we are scaling innovation faster than ever before, with React and our new Max Air platforms being leveraged across multiple performance categories and in Sportswear within just the first year of launch.

Third, we are bringing both innovation and our Power Franchises to market with greater speed and agility. Through our Express Lane initiative, we are using closer to market consumer insights to update key styles with new materials, prints and colors, on significantly shorter timelines. In Q3, product updated and fulfilled through our Express Lane drove well over 10% of our Revenue.

These efforts, editing to amplify, doubling the cadence and impact of innovation, and operating with greater speed and agility all come together with the greatest consumer impact through NIKE Direct. NIKE Direct is where the NIKE Brand experience comes to life in its fullest sense, and increasingly that experience is being elevated by digital.

March 21, 2019

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.

Once again, in Q3, our growth was led by NIKE Digital, which on a currency neutral basis grew 36% globally. We continue to expand our digital footprint with the launch of the NIKE App in Japan and we continue to enhance our digital ecosystem through the rollout of the NIKE App in our own retail stores across North America and Europe. Our expansion is fueling the acquisition of new members at a strong double-digit rate, and the new experiences that we are creating are also driving strong double digit increases in member engagement and buying. Our vision is to create direct, unbreakable relationships with our consumers. And, we know the most direct connection is through the mobile device they carry with them everywhere they go.

As Mark referenced, we are driving a digital transformation of NIKE, with an emphasis on mobile. Over the balance of this fiscal year and through FY20, we will continue investing in this digital transformation. While many companies can build a technology stack, no other Brand is able to leverage technology to create the kinds of amazing consumer experiences that only NIKE can.

Our most significant investments will continue to be in the capabilities that enable us to better serve consumers and extend our Brand leadership. These include investments in new digital member services in data and analytics, in demand sensing technology, in technologies such as RFID that enable Connected Inventory across the marketplace and in a new editorial content engine that will keep us engaged with our members 365 days a year.

More so than ever, our investments are directly translating into strong and sustainable growth.

Before providing context on our positive outlook, I will first reflect on our Q3 results:

- NIKE, Inc. Q3 Revenue grew 7%, up 11% on a currency-neutral basis. Our growth reflects double-digit currency-neutral momentum internationally and high-single-digit growth in North America.
- Gross Margin expanded by 130bps in Q3, as average gross selling prices expanded, strong demand drove higher full price sales, and higher margin NIKE Direct growth outpaced wholesale growth. Q3 Gross Margin was also favorably impacted by the shift of Supply Chain investments out of Q3 and into Q4.

March 21, 2019

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.

- Demand Creation was flat in the third quarter as Other Demand Creation increased, and
   Sports Marketing declined based on the timing of investments.
- Operating Overhead increased 17%, driven by continued investment in NIKE's digital transformation and year over year compensation related accruals.
- Our Effective Tax Rate for the quarter was 14.7%.
- Third Quarter Diluted EPS was \$0.68.
- And, as of February 28th, Inventories were up just 1%, reflecting a continued healthy pull
  market for NIKE globally and stronger supply and demand management.

With that, let's turn to some of the highlights across our reported operating segments:

In North America, Q3 revenue grew 7% on a reported and currency-neutral basis.

Sportswear, Jordan, NIKE Kids and Running led our growth across the geography. From a product perspective, the majority of our incremental growth was driven by our Power Franchises ranging from the Air Force 1 and Air Jordan 1 to the Pegasus and Kyrie to the Max Air family of products including the new Air Max Dia for Women. As Mark referenced, the Jordan 11 Concord was also the biggest launch in our history, with the product selling out in hours.

The strength of our product portfolio, and the fastest digital deliveries in our industry, fueled a very strong holiday season for NIKE, outpacing broader retail growth by roughly 2X.

We also have strong Brand momentum in North America, fueled by the powerful Just Do It "Dream Crazier" campaign, which Mark referenced, as well as our executions around NBA All Star Weekend.

Creating differentiated retail experiences remains a significant opportunity as the physical retail marketplace in North America continues to go through consolidation.

At the same time, we are catalyzing the next generation of retail in North America. That begins with Digital. NIKE Digital grew 30% in Q3, faster than all other channels.

March 21, 2019

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 are also disrupting the physical marketplace, in a positive sense, leveraging digital through new NIKE Direct concepts such as our House of Innovation in New York and NIKE Live in Los Angeles. Accordingly, our growth in New York and LA is over-indexing the broader market. We are also continuing to create new differentiated consumer experiences through the rollout of the NIKE app at retail in our owned stores and the testing of new services and concepts with our strategic retail partners such as Foot Locker and Dick's Sporting Goods.

We expect our strong pipeline of innovative product, the brand heat we have created, and an acceleration in the creation of new digitally-led consumer experiences to continue driving healthy growth in North America going forward.

Now let's turn to EMEA, where we continue to build extraordinary Brand momentum. In Q3, revenue in EMEA grew 12% on a currency-neutral basis, driven by double-digit growth in Sportswear and Jordan. NIKE Digital led all dimensions of the marketplace, growing at a strong double-digit pace.

One of the underlying drivers of our sustained growth in EMEA is the ever-increasing strength of our brand across this diverse geography. EMEA is home to five of our 12 key cities. In all five, NIKE is rated the #1 favorite Brand by consumers, and our growth is far outpacing the broader market.

Take Paris, for example.

Mark mentioned our Women's World Cup launch there last week, which was by all accounts powerful. It was just earlier this year, that we launched the Jordan/PSG partnership, which drove incredible energy in this style, culture and football obsessed city. And, of course, looking ahead, Paris will host the 2024 Olympics. It's a great reminder that our 12 key cities were not chosen based on size alone but instead because we see these key cities as having the greatest potential impact on our Brand and business.

In our APLA geography, revenue grew 14% on a currency-neutral basis, fueled by balanced double-digit growth across footwear and apparel. From a country perspective, growth was led by Japan and Korea, catalyzed by the momentum we have in the key cities of Tokyo and Seoul.

March 21, 2019

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.

Across APLA, NIKE Digital is continuing to accelerate, with revenue growing over 60% in Q3. We continue to expand our digital ecosystem across this region and leverage digital partnerships.

As we look ahead to the Tokyo 2020 Olympics, we could not be more thrilled with the momentum we are building in Japan. Both the SNKRs app and newly launched NIKE app are resonating strongly with consumers. Our Running innovation has also resonated with the highly discerning Japanese running consumer, with NIKE having ascended to #1 in Running across Japan.

Now, let's turn to China.

This past quarter, we delivered 24% currency-neutral revenue growth in Greater China, led by NIKE Direct, with digital commerce up over 60%. We have great momentum in China, but we are still far from realizing the long-term opportunity.

On our last call, we spoke about four epic growth opportunities: International, Digital, Apparel and Women's.

China is perhaps the best example of our outsized growth potential internationally.

China is already the largest footwear and apparel market in the world, but athletic footwear and apparel represents a smaller share of total than in more developed markets such as the US. That said, within the broader market, athletic footwear and apparel is growing double digits in China.

Sport has increasingly become more a part of life for consumers in China. While Basketball has long been popular with the Chinese consumer, we are now also seeing a Running boom. And, that is why NIKE has always been a Brand of China, for China. We have always believed that by being authentically connected to the Chinese consumer, we could help catalyze the rise of sport participation and sport culture in this market from sponsoring the Shanghai Marathon, to our partnerships with the China Super League, to working with the Ministry of Sport to expand physical education in schools. That is why, even amidst current geopolitical dynamics, NIKE continues to deliver strong and sustainable growth in China.

March 21, 2019

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.

That said, we are not taking our current momentum for granted. Rather, we are more focused than ever on creating product specifically tailored to the Chinese consumers' preferences and fit and creating digital experiences that connect us more deeply to consumers through China's unique digital ecosystem.

I'll now share our outlook for the remainder of FY19 and provide an early read on FY20.

For the full year FY19, our outlook for constant currency Revenue growth and Gross Margin continues to improve. At the same time, we will continue to invest in the capabilities that are fueling our strong sustainable growth.

For Q4 specifically, we expect continued strong growth, with constant currency Revenue growth being squarely in the high-single-digit range. It is important to note that we expect roughly 6 points of FX headwinds in Q4, which would result in low-single-digit reported revenue growth.

As you may recall, in Q4 of last year, we delivered 8% currency-neutral growth with 13% reported growth. In that quarter, the launch of new innovation platforms such as React, and the Air Max 270 began to materially impact our performance along with the impact of the World Cup.

So, our outlook for strong currency neutral Revenue growth this Q4 is a testament to the sustainability of the growth that we are delivering through the continued execution of our new offense.

We also see the disparity between currency neutral and reported revenue growth peaking in Q4 before narrowing significantly as we enter FY20, based on current FX rates.

Recall that during Q4 of last year, the Euro approached \$1.25, before depreciating to as low as 1.15 in Q1 of this fiscal year. A similar dynamic exists with respect to the Renminbi. As a result, we currently expect the FX headwind on reported revenue to largely dissipate as we enter FY20.

For Gross Margin in Q4, we expect expansion of roughly 75 basis points, ending the fiscal year with gross margin expansion that will have exceeded our long-term financial model. While we expect continued strong full price sell through and strong growth through our higher margin NIKE Direct businesses, that is partially offset in Q4 by higher input costs, specifically cotton, chemicals,

March 21, 2019

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 labor, FX sourcing headwinds, and the shift of supply chain investments from Q3 into Q4.

As for SG&A, we expect growth in the high-single-digit range in Q4 as we continue to prioritize strategic investment.

We project Other Expense, net of Interest Expense to be roughly flat in Q4. We expect our Effective Tax Rate in Q4 to be roughly 18 to 20%. With the ongoing finalization of regulations related to US tax reform, we have experienced volatility in our tax rate due to non-recurring items, which favorably impacted Q3 on a net basis. We will likely continue experiencing near-term volatility in our tax rate based on the finalization of regulations. That said, due to the uncertain timing, we have not factored all of the potential non-recurring impacts into our guidance for Q4.

Now, let me share some preliminary thoughts on our outlook for FY20:

We are still in the early stages of our annual planning process. That said, our expectations are buoyed by our current momentum, our brand heat with consumers, our robust innovation pipeline, and the positive early signals we are receiving from our NIKE Direct business and our strategic wholesale partners.

Overall, we expect to deliver high-single digit revenue growth as well as gross margin expansion and profitability in line with the long-term financial model we communicated at our Investor Day in October 2017.

Of course, we continue to operate in a dynamic environment, so we will share more specific guidance for FY20 on our next earnings call.

We are thrilled with our current momentum. That said, we are still in the early stages of executing the Consumer Direct Offense, with much more opportunity ahead of us. So, we will continue to focus our investments on the digital transformation of NIKE and in the areas of our business where we see the greatest potential to grow and create value for both consumers and shareholders.

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