

NIKE INC

FORM 8-K (Current report filing)

Filed 06/26/03 for the Period Ending 06/26/03

Address	ONE BOWERMAN DR BEAVERTON, OR 97005-6453
Telephone	5036713173
CIK	0000320187
Symbol	NKE
SIC Code	3021 - Rubber and Plastics Footwear
Industry	Footwear
Sector	Consumer Cyclical
Fiscal Year	05/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 26, 2003

NIKE, INC.

(Exact Name of Registrant as Specified in Charter)

Oregon	1-10635	93-0584541
_____ (State of Incorporation)	_____ (Commission File Number)	_____ (I.R.S. Employer Identification No.)

One Bowerman Drive

Beaverton, Oregon 97005-6453

(Address of Principal Executive Offices)

(503) 671-6453

(Registrant's telephone number, including area code)

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

The following exhibit is furnished with this Form 8-K:

99. Press Release dated June 26, 2003

Item 9. Regulation FD Disclosure (Information provided under Item 12.

Results of Operations and Financial Condition).

Today NIKE, Inc. issued its fourth quarter earnings press release. A copy of the release is attached hereto as Exhibit 99.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

NIKE, Inc.
(Registrant)

Date: June 26, 2003

/s/ Donald W. Blair

By: Donald W. Blair
Chief Financial Officer

FOR IMMEDIATE RELEASE

MEDIA CONTACT: INVESTOR CONTACT:

Joani Komlos Pamela Catlett
503.671.2013 503.671.4589

**NIKE REPORTS FOURTH QUARTER EARNINGS PER SHARE UP 19 PERCENT;
WORLDWIDE FUTURES ORDERS INCREASE 4.4 PERCENT;
FULL YEAR REVENUES EXCEED \$10 BILLION**

Highlights:

- Full year earnings per share before accounting change increased 13 percent
- Fourth quarter earnings were \$0.92 per diluted share versus \$0.77 a year ago
- Revenues for the quarter increased 11 percent to \$3.0 billion
- Company achieved highest gross margin level in history for the quarter and the full year
- Worldwide futures orders increased 4.4 percent.

Beaverton, OR (June 26, 2003) -- NIKE, Inc. (NYSE:NKE) today reported revenues and earnings for the Company's fourth quarter and fiscal year ended May 31, 2003. Fourth quarter revenues increased 11 percent to \$3.0 billion, versus \$2.7 billion for the same period last year. Fourth quarter net income totaled \$246.2 million, or \$0.92 per diluted share, compared to \$208.4 million, or \$0.77 per diluted share in the prior year.

For the fiscal year ended May 31, 2003, revenues increased eight percent to \$10.7 billion, compared to \$9.9 billion in fiscal year 2002. Full year income before accounting change totaled \$740.1 million, or \$2.77 per diluted share, versus \$668.3 million, or \$2.46 per diluted share, in 2002. After a one-time charge from the cumulative effect of implementing Financial Accounting Standards Board Statement 142 (Accounting for Goodwill and Other Intangible Assets), the Company posted net income of \$474.0 million, or \$1.77 per diluted share versus \$663.3 million in 2002.

Philip H. Knight, Chairman and CEO, said, "Nike's performance during fiscal year 2003 was one for the record books, a year that positions the company well for fiscal 2004. We surpassed the \$10 billion revenue mark and delivered record earnings per share despite a challenging geopolitical and economic environment. This year's results are a testament to the strong connection that the Nike brand has with consumers around the world and our ability to drive profitable growth across our diverse portfolio of businesses. We are optimistic that the combination of our global brand momentum, superior product offerings and worldwide operating capability will generate continued long-term growth." *

Futures Orders

The Company reported worldwide futures orders for athletic footwear and apparel, scheduled for delivery between June and November 2003, totaling \$4.9 billion, 4.4 percent higher than such orders reported for the same period last year. Five points of this growth were due to changes in currency exchange rates.*

By region, the USA was down 10 percent; Europe increased 17 percent; Asia Pacific grew 20 percent; and the Americas increased 4 percent. Of the growth in Europe, 13 points were due to currency exchange rates. Changes in currency exchange rates did not affect the Asia Pacific growth rate. The Americas had a one point decline due to currency exchange rates. *

Knight said, "Our international futures orders were up 16%, driven by great brand momentum around the world in football, running, and basketball. While our USA futures orders declined, we remain optimistic about the U.S. market. Our brand presentation at retail is improving and the USA region delivered its most profitable year in our history." *

Regional Highlights

USA

During the fourth quarter, U.S. revenues increased two percent to \$1.2 billion. U.S. athletic footwear revenues declined three percent to \$797.0 million. Apparel revenues grew 16 percent to \$345.7 million. Equipment revenues increased nine percent to \$72.6 million.

For the full fiscal year, USA revenues were flat at \$4.7 billion. Footwear revenues decreased four percent to \$3.0 billion; apparel revenues grew eight percent to \$1.4 billion; and equipment revenues grew three percent to \$287.9 million.

Europe

Quarterly revenues for the European region (which includes the Middle East and Africa) grew 24 percent to \$945.3 million. Twenty-two points of this growth were the result of changes in currency exchange rates. Footwear revenues increased 30 percent to \$603.5 million, apparel revenues increased 14 percent to \$288.0 million and equipment revenues increased 14 percent to \$53.8 million.

For the full year, European revenues grew 20 percent to \$3.2 billion, compared to \$2.7 billion last year. Fifteen points of this growth were the result of changes in currency exchange rates. Footwear revenues were up 23 percent to \$1.9 billion. Apparel and equipment increased 16 percent and 22 percent respectively to \$1.1 billion and \$212.6 million.

Asia Pacific

Quarterly revenues in the Asia Pacific region grew 22 percent to \$362.6 million. Ten points of this growth were the result of changes in currency exchange rates. Footwear revenues were up 23 percent to \$194.7 million; apparel revenues increased 14 percent to \$133.0 million and equipment grew 47 percent to \$34.9 million.

Full-year Asia Pacific revenues increased 19 percent to \$1.4 billion, compared to \$1.1 billion last year. Five points of this growth were the result of changes in currency exchange rates. Footwear revenues increased 14 percent to \$732.4 million. Apparel revenues were up 24 percent to \$499.3 million. Equipment revenues increased 29 percent to \$127.1 million.

Americas

Quarterly revenues in the Americas region increased one percent to \$143.8 million. This growth rate reflected a 10 point decline due to changes in currency exchange rates. Footwear revenues were up one percent to \$92.2 million, apparel revenues increased four percent to \$39.2 million and equipment declined one percent to \$12.4 million.

For the full year, Americas revenues decreased seven percent to \$527.0 million, compared to \$568.1 million last year. This growth rate reflected a 15 point decline due to changes in currency exchange rates. Footwear revenues decreased six percent to \$337.3 million, apparel revenues decreased 11 percent to \$148.1 million and equipment revenues declined one percent to \$41.6 million.

Other Revenues

In the fourth quarter, other revenues, which include Nike Golf, Bauer NIKE Hockey Inc., Cole Haan(registered), and Hurley International LLC, grew nine percent to \$318.1 million. For the full year, other revenues climbed 12 percent to \$911.1 million.

Income Statement Review

In the fourth quarter, gross margins were 41.5 percent compared to 40.3 percent last year. For the full year, gross margins were 41.0 percent of revenues compared to 39.3 percent last year. Selling and administrative expenses were 27.7 percent of fourth quarter revenues, compared to 28.5 percent last year. The effective tax rate for the fourth quarter was 33.8 percent, and for the full year was 34.1 percent.

Balance Sheet Review

At fiscal year-end, global inventories stood at \$1.5 billion, an increase of 10 percent from last year. Cash and short-term investments were \$634.0 million at fiscal year-end, compared to \$575.5 million last year.

Share Repurchase

During the quarter, the Company purchased a total of 1,425,000 shares for approximately \$76 million in conjunction with the Company's second four-year, \$1 billion share repurchase program that was approved by the Board of Directors in June 2000.

NIKE, Inc., based in Beaverton, Oregon, is the world's leading designer and marketer of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Wholly owned Nike subsidiaries include Bauer NIKE Hockey Inc., the world's leading manufacturer of hockey equipment; Cole Haan(registered), which markets a line of high-quality men's and women's footwear, accessories and outerwear; and Hurley International LLC, which markets action sports and teen lifestyle apparel.

* The marked paragraphs contain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties are detailed from time to time in reports filed by NIKE with the S.E.C., including Forms 8-K, 10-Q, and 10-K. Some forward-looking statements in this release concern changes in futures orders that are not necessarily indicative of changes in total revenues for subsequent periods due to the mix of futures and "at once" orders, which may vary significantly from quarter to quarter.

NIKE's earnings releases and other financial information are available on the Internet at www.NikeBiz.com/invest. This quarter, Nikebiz will feature expanded information and relevant highlights of product and key initiatives for the reporting period.

(Tables Follow)

NIKE, INC. CONSOLIDATED FINANCIAL STATEMENTS						
FOR THE QUARTER ENDED MAY 31, 2003						
(In millions, except per share data)						
INCOME STATEMENT	QUARTER ENDING			YEAR TO DATE ENDING		
	5/31/2003	5/31/2002	%Chg	5/31/2003	5/31/2002	%Chg
Revenues	\$2,985.1	\$2,682.2	11%	\$10,697.0	\$9,893.0	8%

Cost of Sales	1,744.9	1,601.6	9%	6,313.6	6,004.7	5%
Gross Profit	1,240.2	1,080.6	15%	4,383.4	3,888.3	13%
% of revenue	41.5 %	40.3 %		41.0 %	39.3 %	
SG&A	826.0	764.0	8%	3,137.6	2,820.4	11%
% of revenue	27.7 %	28.5 %		29.3 %	28.5 %	
Interest Expense	10.7	10.3	4%	42.9	47.6	-10%
Other	31.6	(8.8)	-	79.9	3.0	-

Income before income taxes and cumulative effect of accounting change	371.9	315.1	18%	1,123.0	1,017.3	10%
Income Taxes	125.7	106.7	18%	382.9	349.0	10%
	33.8 %	33.9 %		34.1 %	34.3 %	
Income before cumulative effect of accounting change	246.2	208.4	18%	740.1	668.3	11%
Cumulative effect of accounting change, net of income taxes	-	-		266.1	5.0	

Net Income	\$246.2	\$208.4	18%	\$474.0	\$663.3	-29%
=====						
Diluted EPS - before accounting change	\$0.92	\$0.77	19%	\$2.77	\$2.46	13%
Cumulative effect of accounting change	-	-		(1.00)	(0.02)	

	\$0.92	\$0.77	19%	\$1.77	\$2.44	-27%
=====						
Basic EPS - before accounting change	\$0.93	\$0.78	19%	\$2.80	\$2.50	12%
Cumulative effect of accounting change	-	-		(1.01)	(0.02)	

	\$0.93	\$0.78	19%	\$1.79	\$2.48	-28%
=====						
Weighted Average Common Shares Outstanding:						
Diluted	267.6	272.0		267.6	272.2	
Basic	264.0	266.9		264.5	267.7	
=====						
Dividend	\$0.14	\$0.12		\$0.54	\$0.48	
=====						

NIKE, Inc.

BALANCE SHEET

5/31/2003 5/31/2002

ASSETS

Cash & Investments	\$634.0	\$575.5
Accounts Receivable	2,101.1	1,804.1
Inventory	1,514.9	1,373.8
Deferred Taxes	163.7	140.8
Prepaid Expenses	248.1	260.5
Current Assets	4,661.8	4,154.7
Fixed Assets	2,988.8	2,741.7
Depreciation	1,368.0	1,127.2
Net Fixed Assets	1,620.8	1,614.5
Identifiable Intangible Assets and Goodwill	183.8	437.8
Other Assets	247.5	233.0

Total Assets \$6,713.9 \$6,440.0

LIAB AND EQUITY

Current Long-Term Debt	\$205.7	\$55.3
Payable to Banks	75.4	425.2
Accounts Payable	572.7	504.4
Accrued Liabilities	1,054.2	765.3
Income Taxes Payable	107.2	83.0
Current Liabilities	2,015.2	1,833.2

Long-term Debt	551.6	625.9
Def Inc Taxes & Oth Liab	156.1	141.6
Preferred Stock	0.3	0.3
Common Equity	3,990.7	3,839.0

Total Liab. & Equity	\$6,713.9	\$6,440.0
----------------------	-----------	-----------

NIKE, INC Divisional Revenues	QUARTER ENDING			YEAR TO DATE ENDING		
	5/31/2003	5/31/2002	%Chg	5/31/2003	5/31/2002	%Chg
=====						
USA Region						
Footwear	\$797.0	\$822.0	-3%	\$3,019.5	\$3,135.5	-4%
Apparel	345.7	298.7	16%	1,351.0	1,255.7	8%
Equipment and other	72.6	66.6	9%	287.9	278.4	3%
Total	1,215.3	1,187.3	2%	4,658.4	4,669.6	0%

EMEA Region						
Footwear	603.5	464.8	30%	1,896.0	1,543.8	23%
Apparel	288.0	252.0	14%	1,133.1	977.9	16%
Equipment and other	53.8	47.0	14%	212.6	174.8	22%
Total	945.3	763.8	24%	3,241.7	2,696.5	20%

Asia Pacific Region						
Footwear	194.7	157.7	23%	732.4	640.2	14%
Apparel	133.0	116.2	14%	499.3	403.3	24%
Equipment and other	34.9	23.7	47%	127.1	98.7	29%
Total	362.6	297.6	22%	1,358.8	1,142.2	19%

Americas Region						
Footwear	92.2	91.4	1%	337.3	359.1	-6%
Apparel	39.2	37.8	4%	148.1	167.1	-11%
Equipment and other	12.4	12.5	-1%	41.6	41.9	-1%
Total	143.8	141.7	1%	527.0	568.1	-7%

	2,667.0	2,390.4	12%	9,785.9	9,076.4	8%

Other Brands	318.1	291.8	9%	911.1	816.6	12%

Total NIKE Inc. Revenues	\$2,985.1	\$2,682.2	11%	\$10,697.0	\$9,893.0	8%