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NIKE INC
Form 8-K
December 18, 2003

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): December 18, 2003

NIKE, INC.

(Exact Name of Registrant as Specified in Charter)

<u>Oregon</u>	<u>1-10635</u>	<u>93-0584541</u>
(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 December 18, 2003

Item 12. Results of Operations and Financial Condition).

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

SIGNATURES

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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: December 18, 2003

/s/ Donald W. Blair

By: Donald W. Blair
Chief Financial Officer

Exhibit 99

FOR IMMEDIATE RELEASE

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NIKE REPORTS SECOND QUARTER EARNINGS
PER SHARE UP 16 PERCENT;
WORLDWIDE FUTURES ORDERS INCREASE 9.7 PERCENT

Highlights:

- Second quarter earnings were \$0.66 per diluted share versus \$0.57 per diluted share in the prior year quarter
- Revenues for the quarter increased 13 percent to \$2.8 billion
- Gross margins improved 210 basis points to 42.3 percent
- Worldwide futures orders increased 9.7 percent.

Beaverton, OR (December 18, 2003) -- NIKE, Inc. (NYSE:NKE) today reported revenues and earnings for the Company's second quarter ended November 30, 2003. Second quarter revenues increased 13 percent to \$2.8 billion, versus \$2.5 billion for the same period last year. Second quarter net income totaled \$179.1 million, or \$0.66 per diluted share, compared to \$152.0 million, or \$0.57 per diluted share, in the prior year.

"It was a great quarter," Philip H. Knight, Chairman and Chief Executive Officer said. "These positive results span most of Nike's portfolio of businesses and categories. They reflect our management's ability to lead in innovative product, communication, and operational performance."*

Knight added, "We are optimistic the momentum we are seeing in the business, coupled with the improving health of the footwear and apparel industry, is setting the stage for continued profitable growth through the remainder of fiscal 2004."*

Futures Orders

The Company reported worldwide futures orders for athletic footwear and apparel, scheduled for delivery from December 2003 through April 2004, totaling \$4.4 billion, 9.7 percent higher than such orders reported for the same period last year. Approximately four points of this growth were due to changes in currency exchange rates.

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By region, futures orders for the USA were up one percent; Europe increased 16 percent; Asia Pacific grew 18 percent; and the Americas increased 11 percent. In Europe, eight points of the increase were due to changes in currency exchange rates. Currency exchange rate movements contributed approximately four points and seven points, respectively, to futures growth in the Asia Pacific and Americas regions.

Knight continued, "The 9.7 percent increase in our worldwide futures orders is the result of Nike's strong brand and product momentum around the globe. We are particularly pleased by the continued improvement in our USA region, which posted the first futures increase in six quarters. This rebound in the USA complements continued strong performance in our international regions, which delivered 16 percent futures orders growth for the period."*

Regional Highlights

USA

During the second quarter, U.S. revenues increased five percent to \$1.09 billion versus \$1.03 billion for the second quarter of 2003. U.S. athletic footwear revenues increased five percent to \$624.0 million. Apparel revenues increased eight percent to \$398.3 million. Equipment revenues fell six percent to \$63.3 million.

Europe

Revenues for the European region (which includes the Middle East and Africa) grew nine percent to \$848.9 million, up from \$781.2 million for the same period last year. Fifteen points of this growth were the result of changes in currency exchange rates. Footwear revenues increased eight percent to \$472.5 million, apparel revenues increased ten percent to \$324.9 million and equipment revenues increased four percent to \$51.5 million.

Asia Pacific

Revenues in the Asia Pacific region grew 18 percent to \$412.7 million compared to \$350.4 million a year ago. Five points of this growth were the result of changes in currency exchange rates. Footwear revenues were up 21 percent to \$205.6 million; apparel revenues increased 15 percent to \$174.5 million and equipment grew 11 percent to \$32.6 million.

Americas

Revenues in the Americas region increased 17 percent to \$156.1 million, an improvement from \$133.5 million in the second quarter of 2003. This growth rate reflected an eight percent increase due to changes in currency exchange rates. Footwear revenues were up 25 percent to \$103.7 million, apparel revenues increased three percent to \$41.9 million and equipment improved five percent to \$10.5 million.

Other Revenues

Other revenues, which include Nike Golf, Converse, Inc., Bauer Nike Hockey Inc., Cole Haan(registered), and Hurley International LLC, grew 54 percent to \$333.8 million from \$217.0 million last year. This is the first quarter in which Converse results are reflected in the "Other Revenues" category, as Nike completed the acquisition of the company on September 4, 2003.

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Income Statement Review

Gross margins were 42.3 percent compared to 40.2 percent last year. Selling and administrative expenses were 31.8 percent of second quarter revenues, compared to 30.3 percent last year. The effective tax rate for the second quarter was 34.8 percent.

Balance Sheet Review

At quarter end, global inventories stood at \$1.6 billion, an increase of 15 percent from November 30, 2002. Cash and short-term investments were \$968.9 million at the end of the quarter, compared to \$555.8 million last year.

Share Repurchase

During the quarter, the Company purchased a total of 1,606,500 shares for approximately \$100.5 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, marketer and distributor of authentic athletic footwear, apparel, equipment and accessories for a wide variety of sports and fitness activities. Wholly owned Nike subsidiaries include Converse Inc., which designs, markets and distributes athletic footwear, apparel and accessories; Bauer NIKE Hockey Inc., a leading designer and distributor of hockey equipment; Cole Haan (registered), which designs, markets, and distributes fine dress and casual shoes and accessories; and Hurley International LLC, which designs, markets and distributes action sports and youth lifestyle footwear, apparel and accessories.

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.

* 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.

(Tables Follow)

NIKE, INC. CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED NOVEMBER 30, 2003
(In millions, except per share data)

INCOME STATEMENT*	QUARTER ENDING			YEAR TO DATE ENDING		
	11/30/2003	11/30/2002	%Chg	11/30/2003	11/30/2002	%Chg
Revenues	\$2,837.1	\$2,514.7	13%	\$5,862.0	\$5,311.0	10%
Cost of Sales	1,637.5	1,504.6	9%	3,360.9	3,143.8	7%

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Gross Profit	1,199.6	1,010.1	19%	2,501.1	2,167.2	15%
% of revenue	42.3 %	40.2 %		42.7 %	40.8 %	
SG&A	902.5	761.9	18%	1,772.1	1,566.5	13%
% of revenue	31.8 %	30.3 %		30.2 %	29.5 %	
Interest Expense	8.1	7.1	14%	15.6	14.5	8%
Other	14.3	11.5	24%	38.1	22.5	69%

Income before income taxes and cumulative effect of accounting change	274.7	229.6	20%	675.3	563.7	20%
Income Taxes	95.6	77.6	23%	235.0	194.5	21%
	34.8 %	33.8 %		34.8 %	34.5 %	
Income before cumulative effect of accounting change	179.1	152.0	18%	440.3	369.2	19%
Cumulative effect of accounting change, net of income taxes	-	-		-	266.1	

Net Income	\$179.1	\$152.0	18%	\$440.3	\$103.1	327%
=====						
Diluted EPS - before accounting change	\$0.66	\$0.57	16%	\$1.64	\$1.38	19%
Cumulative effect of accounting change	-	-		-	(0.99)	

	\$0.66	\$0.57	16%	\$1.64	\$0.39	321%
=====						
Basic EPS - before accounting change	\$0.68	\$0.57	19%	\$1.67	\$1.39	20%
Cumulative effect of accounting change	-	-		-	(1.00)	

	\$0.68	\$0.57	19%	\$1.67	\$0.39	328%
=====						

Weighted Average Common Shares Outstanding:

Diluted	269.5	267.5		268.3	268.3
Basic	263.3	264.7		263.1	265.0
=====					
Dividend	\$0.20	\$0.14		\$0.34	\$0.26
=====					

*Certain prior year amounts have been reclassified to conform to fiscal year 2004 presentation. These changes had no impact on previously reported results of operations or shareholders' equity.

NIKE, Inc.		
BALANCE SHEET*	11/30/2003	11/30/2002
=====		
ASSETS		
Cash & Investments	\$968.9	\$555.8

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Accounts Receivable	2,010.4	1,895.7
Inventory	1,592.0	1,386.9
Deferred Taxes	212.7	164.1
Prepaid Expenses	236.8	214.8
Current Assets	5,020.8	4,217.3
Fixed Assets	3,082.1	2,822.9
Depreciation	1,476.1	1,221.0
Net Fixed Assets	1,606.0	1,601.9
Identifiable Intangible Assets and Goodwill	500.8	183.9
Other Assets	248.9	265.3
Total Assets	\$7,376.5	\$6,268.4

LIAB AND EQUITY		
Current Long-Term Debt	\$206.1	\$ 5.5
Payable to Banks	142.4	261.7
Accounts Payable	533.1	469.5
Accrued Liabilities	992.7	815.3
Income Taxes Payable	121.7	49.7
Current Liabilities	1,996.0	1,601.7
Long-term Debt	649.6	730.1
Def Inc Taxes & Oth Liab	363.3	162.8
Preferred Stock	0.3	0.3
Common Equity	4,367.3	3,773.5
Total Liab. & Equity	\$7,376.5	\$6,268.4

NIKE, INC Divisional Revenues*	QUARTER ENDING			YEAR TO DATE ENDING		
	11/30/2003	11/30/2002	%Chg	11/30/2003	11/30/2002	%Chg
=====						
USA Region						
Footwear	\$624.0	\$596.1	5%	\$1,446.4	\$1,461.1	-1%
Apparel	398.3	369.5	8%	744.8	698.2	7%
Equipment and other	63.3	67.0	-6%	148.3	155.9	-5%
Total	1,085.6	1,032.6	5%	2,339.5	2,315.2	1%
EMEA Region						
Footwear	472.5	436.7	8%	1,062.5	929.4	14%
Apparel	324.9	294.9	10%	666.8	605.7	10%
Equipment and other	51.5	49.6	4%	133.1	115.5	15%
Total	848.9	781.2	9%	1,862.4	1,650.6	13%
Asia Pacific Region						
Footwear	205.6	170.0	21%	408.4	350.5	17%
Apparel	174.5	151.1	15%	287.8	250.0	15%
Equipment and other	32.6	29.3	11%	64.8	57.7	12%
Total	412.7	350.4	18%	761.0	658.2	16%

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Americas Region						
Footwear	103.7	83.0	25%	206.8	176.0	18%
Apparel	41.9	40.5	3%	81.3	79.1	3%
Equipment and other	10.5	10.0	5%	21.7	20.7	5%
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Total	156.1	133.5	17%	309.8	275.8	12%
	2,503.3	2,297.7	9%	5,272.7	4,899.8	8%
Other Brands	333.8	217.0	54%	589.3	411.2	43%
Total NIKE Inc. Revenues	\$2,837.1	\$2,514.7	13%	\$5,862.0	\$5,311.0	10%