

NIKE, Inc. (NKE)

\$98.05 (As of 06/30/20)

Price Target (6-12 Months): **\$104.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 04/23/20)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM:C

Value: C

Growth: B

Momentum: F

Summary

Shares of NIKE have outpaced the industry year to date owing to momentum in its digital business that gained prominence amid the coronavirus crisis. While store closures across North America, EMEA and APLA impacted results in fourth-quarter fiscal 2020, the company benefited from robust double-digit digital sales across all regions. Even as stores reopen, the company continues to witness strong digital trends, which demonstrates the strength of its brands and investments to improve digital consumer experiences. Moreover, the company benefited from Greater China returning to currency-neutral growth in the fiscal fourth quarter as stores in the region resumed operations. Nonetheless, the company reported lower than expected top and bottom line in the fiscal fourth quarter on soft revenues and gross margin due to coronavirus-related impacts.

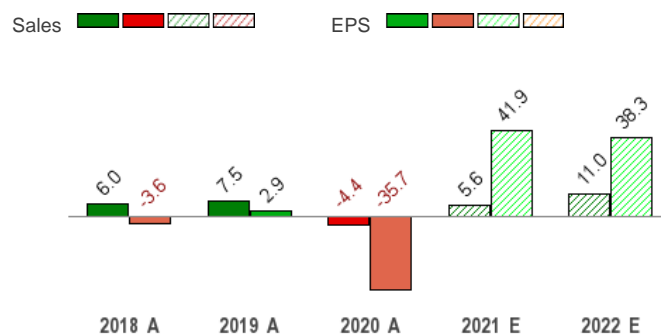
Price, Consensus & Surprise



Data Overview

52 Week High-Low	\$105.62 - \$60.00
20 Day Average Volume (sh)	8,404,874
Market Cap	\$152.5 B
YTD Price Change	-3.2%
Beta	0.80
Dividend / Div Yld	\$0.98 / 1.0%
Industry	Shoes and Retail Apparel
Zacks Industry Rank	Bottom 9% (231 out of 253)

Sales and EPS Growth Rates (Y/Y %)



Last EPS Surprise	-2,650.0%
Last Sales Surprise	-13.1%
EPS F1 Est- 4 week change	-13.6%
Expected Report Date	09/22/2020
Earnings ESP	0.0%
P/E TTM	53.6
P/E F1	43.2
PEG F1	3.3
P/S TTM	4.1

Sales Estimates (millions of \$)

	Q1	Q2	Q3	Q4	Annual*
2022	10,479 E	10,908 E	11,601 E	10,267 E	43,839 E
2021	9,041 E	9,899 E	10,772 E	9,555 E	39,492 E
2020	10,660 A	10,326 A	10,104 A	6,313 A	37,403 A

EPS Estimates

	Q1	Q2	Q3	Q4	Annual*
2022	\$0.72 E	\$0.76 E	\$0.99 E	\$0.63 E	\$3.14 E
2021	\$0.40 E	\$0.55 E	\$0.81 E	\$0.50 E	\$2.27 E
2020	\$0.86 A	\$0.70 A	\$0.78 A	-\$0.51 A	\$1.60 A

*Quarterly figures may not add up to annual.

The data in the charts and tables, including the Zacks Consensus EPS and Sales estimates, is as of 06/30/2020. The reports text is as of 07/01/2020.

Overview

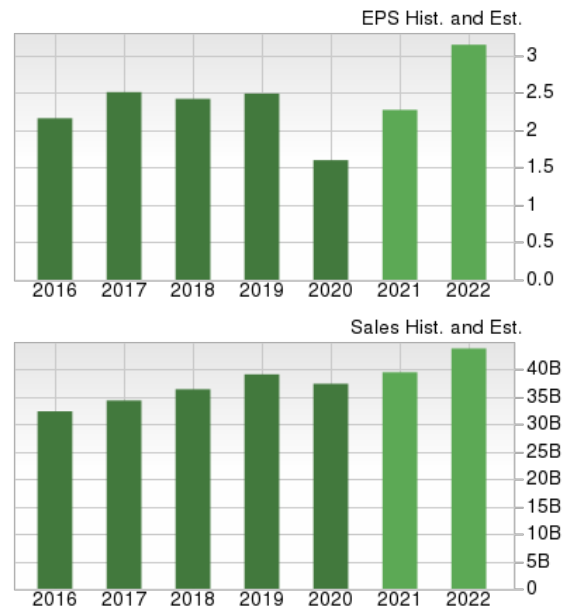
Headquartered in Beaverton, OR, NIKE Inc. was incorporated in 1967. The company is engaged in the business of designing, developing and marketing of athletic footwear, apparel, equipment and accessories, and services for men, women and children worldwide. With the help of a strong brand portfolio, including Nike Pro, Nike Golf, Nike+ and Air Jordan, it offers premium, well-designed and high-quality products, in line with the latest customer trends. NIKE is the global leader in athletic footwear, apparel, equipment and sports-related accessories, with operations in over 160 countries.

Nike's "swoosh" logo and "just do it" tagline are widely recognized across the world, while its association with celebrity sportspersons, such as Michael Jordon and Roger Federer as well as top professional and college teams ensures a strong brand recall in the key U.S., U.K., Japanese and Chinese markets.

The company's products include six key categories: running, NIKE basketball, the Jordan brand, football, training and sportswear (sports-inspired lifestyle products). It also offers products designed for kids, as well as for other athletic and recreational uses such as American football, baseball, cricket, lacrosse, skateboarding, tennis, volleyball, wrestling, walking and outdoor activities.

The company sells its products to footwear stores; sporting goods stores; athletic specialty stores; department stores; skate, tennis, and golf shops; and other retail accounts through NIKE owned retail stores, digital platforms (known as "NIKE Direct"), independent distributors, licensees, and sales representatives. With the help of its retail stores in the U.S. and abroad, Nike sells its products to more than 23,000 retail accounts in the U.S. and over 24,000 retail accounts outside the U.S. to reach a wide array of customers.

Nike currently reports its operating results under 2 segments, namely NIKE Brand segment and Converse. NIKE Brand is now divided into four divisions, primarily on a geographical basis: North America, Europe, Middle East and Africa (EMEA), Greater China, and Asia Pacific and Latin America (APLA).



Reasons To Buy:

- ▲ **Digital Business Plays Key Role:** Although NIKE's shares declined 3.2% year to date, compared with industry's fall of 5.8%. Amid the coronavirus crisis, digital portals quickly gained prominence, becoming the primary channel to engage and serve customers. NIKE benefited from this shift as it was well-positioned to respond, thanks to its efficient digital ecosystem that comprises of its online site as well as commercial and activity apps. Consequently, loss of in-store sales was partly compensated by robust double-digit digital sales across all regions. Notably, digital sales increased 75% year over year and 79% on a currency-neutral basis in the fiscal fourth quarter. Further, it drove nearly triple-digit acceleration in member digital demand. In all, digital sales accounted for nearly 30% of total revenues in the reported quarter. The company believes the digital acceleration reflects a strategic shift towards a new future marketplace, rather than being a temporary solution to the coronavirus-related challenges in physical markets. Even as stores reopen, the company continues to witness strong digital trends, which demonstrates the strength of its brands and investments made over the past several years to improve digital consumer experiences.

NIKE's Greater China business began to recover in the fiscal fourth quarter, as the stores in the region reopened. Greater China returned to currency-neutral growth in the fiscal fourth quarter.

In the fiscal fourth quarter, digital sales improved 80% each in North America and APLA, and 100% in EMEA and 53% in Greater China. Digital growth in North America reflected about triple-digit growth in the NIKE app. Notably, the NIKE app now represents 30% of the company's business in North America. Digital gains in EMEA reflected continued brand momentum and increased new member acquisition and engagement across its Training Club and Running Club apps. Notably, it witnessed active new member growth of nearly 200%, with more than 18 million workouts logged in the reported quarter. Further, growth in APLA was led by strength in Japan, Korea and Brazil, with the women's category growing double the rate of men's on Nike digital.

- ▲ **Decline in SG&A Expenses:** NIKE's SG&A expenses declined 6% to \$3,191 million in fourth-quarter fiscal 2020, including \$178 million of incremental bad debt expenses. Lower SG&A expenses resulted from company-wide cost management initiatives like reducing marketing expenses as most sporting events were canceled and retail store closures. Moreover, demand-creation expenses declined 19% due to a shift in retail and brand marketing expenses led by cancellation or delay in sporting events owing to the pandemic. Operating overhead expenses were down 1%, reflecting lower total wages and travel and related expenses, partially offset by higher bad debt expenses.
- ▲ **Store Re-openings Raise Hopes:** While NIKE did not provide any guidance for fiscal 2021 owing to the uncertainty surrounding the impacts of coronavirus on the economies globally, it remains hopeful of gains in quarters ahead as stores reopen. As of Jun 25, the company had nearly 90% of the NIKE-owned stores operational across the globe. The company, in general, expects some sequential improvements in the quarters ahead, as retail stores reopen and each market returns to normalized supply and demand. The company is witnessing improved retail traffic on a week-over-week basis, with higher conversion rates than the prior year. Based on these assumptions, it expects fiscal 2021 revenues to remain flat or rise from the prior year. It envisions revenues in the first half to be below the prior-year levels, but less than the decline witnessed in fourth-quarter fiscal 2020. Revenues for the second half are anticipated to improve significantly compared with the fiscal 2020 period owing to expectations of returning to normalized full-price selling across channels.
- ▲ **Greater China Business Shows Recovery:** NIKE's Greater China business began to recover in the fiscal fourth quarter, as the stores in the region reopened. Notably, Greater China returned to currency-neutral growth in the fiscal fourth quarter. Revenues in the region dropped 3% year over year (up 1% on a currency-neutral basis) in the fiscal fourth quarter. Currency-neutral revenues in the quarter benefited from improvement in every month, with robust double-digit growth in May. In fiscal 2020, revenues improved 8% (11% on a currency-neutral basis), reflecting the sixth consecutive year of double-digit currency-neutral growth in the region, despite the impacts of the coronavirus outbreak in the second half of the fiscal. Digital sales in Greater China were up 53% in the fiscal fourth quarter, which outpaced the industry. Moreover, the Nike app is resonating with consumers, with nearly 11 million downloads that accounted for more than 10% of total digital demand in the fiscal fourth quarter. As of Jun 25, the company had 100% of its store fleet in Greater China open. In June, the company has witnessed a return to positive comparable store sales in NIKE-owned stores with higher conversion and higher units per transaction, which more than offset lower traffic. NIKE digital growth has accelerated to triple-digits in June.
- ▲ **Financials Look Strong:** NIKE ended fiscal 2020 with strong liquidity, which included cash & short-term investments of \$8.8 billion, up \$4.1 billion from the last year. These included proceeds of the \$6-billion corporate bonds issued in March, offset by share repurchasing activity in the initial ten months of the fiscal year, dividend payouts and infrastructure investments. Additionally, the company secured a new \$2-billion credit facility, which adds to its existing credit facility of \$2 billion, hence providing enough liquidity amid the pandemic. The company's cash position remains sufficient to meet short term obligations of \$696 million as of May 31.
- ▲ **Sustained Shareholder Returns:** NIKE has time and again testified its commitment to enhancing its shareholder value, aided by its strong financial position. Over the past 14 years, the company has distributed regular dividends and made share repurchases to improve shareholder returns. In fiscal 2020, the company spent \$4.5 billion on shareholder returns, including dividend payouts of \$1.5 billion and share repurchases worth \$3 billion. Moreover, management declared quarterly dividend of 24.5 cents per share on its Class A and Class B shares, payable on Jul 1. Notably, NIKE has a dividend payout ratio of 53.6%, annualized dividend yield of 1.05% and free cash flow yield of 2.35%. With an annual free cash flow return on investment of 23.37%, ahead of the industry's nearly 22.71%; the dividend payment is likely to be sustainable. In the fiscal fourth quarter, NIKE bought back 1.9 million shares for \$159 million, before suspending share repurchase activity in March to preserve liquidity amid the pandemic. As of May 31, the company had repurchased about 45.2 million shares for \$4.0 billion under its four-year share repurchase program of \$15 billion approved in June 2018. Consequently, it had a share repurchasing capacity worth \$11 billion remaining under the current program.

Reasons To Sell:

▼ **Stock Appears Overvalued:** Considering price-to-earnings (P/E) ratio, NIKE looks overvalued compared with the industry and the S&P 500. The stock has a trailing 12-month P/E ratio of 53.58x, which is above the median level of 33.98x and below the high level of 56.99x, scaled in the past year. On the contrary, the trailing 12-month P/E ratio for the industry is 30.15x and for the S&P 500 is 19.98x. Given these factors, we believe that the stock is quite stretched from the P/E aspect.

▼ **Dismal Q4 Performance:** NIKE reported lower-than-expected top and bottom lines for fourth-quarter fiscal 2020 due to the impacts of the coronavirus (COVID-19) outbreak across most regions. Results were marred by coronavirus-led store closures across most of the geographies, except Greater China. The company reported a loss per share of 51 cents, reflecting a loss reported for the first time in several years. The bottom line was affected by a top-line decline and soft gross margin due to coronavirus-related impacts, partly offset by a decrease in SG&A expenses. Further, revenues declined 38% year over year, and 36% in constant-currency. The decline resulted from the closing of majority of NIKE-owned and partner stores in North America, EMEA and APLA due to the coronavirus pandemic, partially offset by growth in Greater China.

Notably, the company had closed nearly 90% of its company-owned stores for eight weeks in the reported quarter to safeguard employees and consumers and prevent the spread of the virus. Furthermore, the company's wholesale partners remained closed during the period, resulting in a 50% decline in product shipments to wholesale customers. This also led to a decline in total revenues and increased inventory levels.

▼ **Soft Gross Margin:** NIKE's gross profit fell 49% year over year, while gross margin contracted 820 basis points (bps) in the fiscal fourth quarter. The decline was mainly attributed to higher product costs, which included higher tariffs in the United States and factory cancellation charges. Additionally, increased inventory obsolescence reserves adverse supply chain fixed cost rate on lower wholesale shipments volume due to COVID-19, impacted gross margins. These were, however, partly offset by higher full-price average selling prices despite increased wholesale discounts.

▼ **Competitive Risks:** The sporting goods market (shoes and garments) is very competitive. The footwear market contributes to the lion's share of NIKE's revenues. An erosion of market share due to competitors developing alternative brands remains a threat. Consequently, NIKE has been stringently focused on innovation to stay ahead of market trends and competitors. While NIKE has been unbeatable in the U.S. footwear segment for long due to the popularity of its namesake and Jordan brands, it is at risk of losing market share to Adidas and Under Armour, given their schedule of new product launches and efforts to redefine brands.

NIKE's fourth-quarter fiscal 2020 bottom line was impacted by store closures across most regions that led to revenue decline, along with soft gross margin due to coronavirus-related impacts.

Last Earnings Report

NIKE Reports Q4 Loss, Sales Miss Estimates

NIKE reported lower-than-expected top and bottom lines for fourth-quarter fiscal 2020 due to the impacts of the coronavirus (COVID-19) outbreak across most regions. Results were marred by coronavirus-led store closures across most of the geographies, except Greater China.

Driven by the uncertainty regarding the impacts of coronavirus on the economies globally, the company did not provide any guidance for fiscal 2021. Nevertheless, the company, in general, expects some sequential improvements in the quarters ahead, as retail stores reopen and each market returns to normalized supply and demand.

Based on these assumptions, the company expects fiscal 2021 revenues to remain flat or rise from the prior year. It envisions revenues in the first half to be below the prior-year levels, but less than the decline witnessed in fourth-quarter fiscal 2020. Revenues for the second half are anticipated to improve significantly compared with the fiscal 2020 period owing to expectations of returning to normalized full-price selling across channels.

Earnings & Revenues

In the reported quarter, the athletic apparel, footwear and accessory retailer reported a loss per share of 51 cents against earnings of 62 cents in the year-ago quarter. Further, the bottom line compared unfavorably with the Zacks Consensus Estimate of earnings of 2 cents. The bottom line was affected by a top-line decline and soft gross margin due to coronavirus-related impacts, partly offset by a decrease in SG&A expenses.

Revenues of the Swoosh brand owner declined 38% to \$6,313 million and missed the Zacks Consensus Estimate of \$7,264 million. On a currency-neutral basis, revenues slumped 36%. The decline resulted from the closing of majority of NIKE-owned and partner stores in North America, EMEA and APLA due to the coronavirus pandemic, partially offset by growth in Greater China. Notably, the company had closed nearly 90% of its company-owned stores for eight weeks in the reported quarter to safeguard employees and consumers and prevent the spread of the virus. Furthermore, the company's wholesale partners remained closed during the period, resulting in a 50% decline in product shipments to wholesale customers. This also led to a decline in total revenues and increased inventory levels.

However, the top line benefited from robust double-digit digital sales across all regions. Notably, digital sales increased 75% in the fiscal fourth quarter and 79% on a currency-neutral basis. Moreover, digital sales accounted for nearly 30% of total revenues in the reported quarter.

Operating Segments

Revenues for the **NIKE Brand** plunged 38% to \$6,012 million, while constant-dollar revenues for the brand were down 36%.

Within the NIKE Brand, revenues in **North America** fell 46% on a reported and currency-neutral basis due to store closures. However, NIKE digital reported 80% growth, with about triple-digit growth in the NIKE app. Notably, the NIKE app now represents 30% of the company's business in North America. Further, retail sales for the brand grew double digits in North America, as stores began reopening in mid-May. However, the company notes that physical retail traffic remains below the prior-year levels. As of Jun 25, the company had nearly 85% of NIKE-owned stores operational in North America.

In **EMEA**, the company's revenues declined 46% (down 44% on a currency-neutral basis). Meanwhile, NIKE digital grew about 100% in EMEA owing to continued brand momentum and increased new member acquisition and engagement across its Training Club and Running Club apps. Notably, it witnessed active new member growth of nearly 200%, with more than 18 million workouts logged in the reported quarter. Moreover, NIKE gained market share in both footwear and apparel during the quarter, becoming the No.1 apparel brand in key markets for the first time. With retail stores beginning to reopen in May, the company is witnessing gradual improvement in traffic and store sales in various markets. As of Jun 25, it had nearly 90% of stores operational in EMEA.

In **Greater China**, revenues dropped 3% year over year (up 1% on a currency-neutral basis) in the fiscal fourth quarter. Currency-neutral revenues in the quarter benefited from improvement in every month, with robust double-digit growth in May. For fiscal 2020, revenues improved 8% (11% on a currency-neutral basis), reflecting the sixth consecutive year of double-digit currency-neutral growth in the region, despite the impacts of the coronavirus outbreak in the second half of the fiscal. Digital sales in Greater China were up 53% in the fiscal fourth quarter, which outpaced the industry. Moreover, the Nike app is resonating with consumers, with nearly 11 million downloads that accounted for more than 10% of total digital demand in the fiscal fourth quarter. As of Jun 25, the company had 100% of its store fleet in Greater China open.

In **APLA**, NIKE witnessed a 42% revenue decline (down 39% on a currency-neutral basis) due to varied COVID-19 impacts across countries in the region. Digital sales in the region improved nearly 80%, led by strength in Japan, Korea and Brazil, with the women's category growing double the rate of men's on Nike digital. As of Jun 25, about 65% of NIKE-owned stores were operational in the region, with a higher percentage in South Korea, Japan and Australia. Meanwhile, stores in Latin America are still closed due to the ongoing efforts to combat the pandemic.

Revenues at the **Converse** brand declined 38% to \$305 million. On a currency-neutral basis, revenues of the segment fell 36%.

Costs & Margins

Gross profit fell 49% to \$2,353 million, while gross margin contracted 820 basis points (bps) to 37.3%. The decline was mainly attributed to higher product costs, which included higher tariffs in the United States and factory cancellation charges. Additionally, increased inventory obsolescence reserves adverse supply chain fixed cost rate on lower wholesale shipments volume due to COVID-19, impacted gross margins. These were, however, partly offset by higher full-price average selling prices despite increased wholesale discounts.

Selling and administrative expenses declined 6% to \$3,191 million, including \$178 million of incremental bad debt expenses. Lower SG&A

Quarter Ending **05/2020**

Report Date	Jun 25, 2020
Sales Surprise	-13.09%
EPS Surprise	-2,650.00%
Quarterly EPS	-0.51
Annual EPS (TTM)	1.83

expenses resulted from company-wide cost management initiatives like reducing marketing expenses as most sporting events were canceled and retail store closures. As a percentage of sales, SG&A expenses increased 1,710 bps to 50.5%.

Notably, demand-creation expenses fell 19% year over year to \$823 million due to a shift in retail and brand marketing expenses led by cancellation or delay in sporting events owing to the pandemic. Operating overhead expenses were down 1% to \$2,368 million, reflecting lower total wages and travel and related expenses, partially offset by higher bad debt expenses.

Balance Sheet & Shareholder-Friendly Moves

NIKE ended fiscal 2020 with strong liquidity, which included cash & short-term investments of \$8.8 billion, up \$4.1 billion from the last year. These included proceeds of the \$6-billion corporate bonds issued in March, offset by share repurchasing activity in the initial ten months of the fiscal year, dividend payouts and infrastructure investments. Additionally, the company secured a new \$2-billion credit facility, which adds to its existing credit facility of \$2 billion, hence providing enough liquidity amid the pandemic.

Moreover, it had a long-term debt (excluding current maturities) of \$9,406 million and shareholders' equity of \$8,055 million as of the end of fiscal 2020. As of May 31, 2020, inventories increased 31% to \$7,367 million, reflecting the impacts of the coronavirus-led store closures in North America, EMEA and APLA as well as lower wholesale shipments in the fiscal fourth quarter.

In the fiscal fourth quarter, NIKE bought back 1.9 million shares for \$159 million, before suspending share repurchase activity in March to preserve liquidity amid the pandemic.

In fiscal 2020, the company spent \$4.5 billion on shareholder returns, including dividend payouts of \$1.5 billion and share repurchases worth \$3 billion. As of May 31, the company had repurchased about 45.2 million shares for \$4.0 billion under its four-year share repurchase program of \$15 billion approved in June 2018. Consequently, it had a share repurchasing capacity worth \$11 billion remaining under the current program.

Recent News

NIKE Expects Soft Q4 Results on Coronavirus Qualms – May 15, 2020

NIKE, Inc. has almost fully resumed store operations in Greater China and South Korea after a prolonged period of lockdown due to the coronavirus outbreak. Notably, all stores in China have now reopened, while more than 95% of stores in South Korea are operational, with some stores operating for reduced hours. The company noted that the retail traffic in these locations has been gradually gaining momentum, although in-store traffic trends continue to be softer than the prior-year period. However, higher conversion rates and robust demand in the digital space have been catalysts.

Encouragingly, management remains optimistic about consumers' increasing preference for a healthy lifestyle, which will help it maintain the brand's solid momentum. Alongside this, solid performance in the digital arena and strong financial stability are likely to keep the company afloat during these trying times. The company is witnessing robust engagement in its digital ecosystem, evident from the accelerated new member acquisition and strong online demand globally. The company has particularly seen greater traffic and engagement in its mobile and activity apps amid the store closures. To meet the higher-than-expected demand, Nike has increased its digital fulfillment capacity. This is likely to offset the decline in in-store sales.

Additionally, the company is gradually reopening stores in North America, EMEA and APLA as some states and countries are easing restrictions. So far, NIKE has reopened stores in more than 15 countries, including Germany, France, the Netherlands, Brazil and the United States. As of May 14, operations began in nearly 40% of stores in EMEA, 15% in APLA and 5% in North America. These included both NIKE-owned and wholesale partner stores.

However, most of the NIKE-owned and wholesale partner stores remained closed since mid-March to contain the spread of COVID-19. This resulted in delayed shipments to wholesale customers, leading to lower wholesale revenues and higher inventory. This is likely to have affected the NIKE Direct and wholesale businesses in North America, EMEA and APLA in fourth-quarter fiscal 2020. NIKE notes that impacts and the duration of this situation remain uncertain. Consequently, it expects to provide further updates during the fourth-quarter fiscal 2020 earnings call. Earlier, in its fiscal third-quarter report, the company refrained from providing any guidance for the fourth quarter and fiscal 2020.

NIKE Declares Quarterly Dividend – May 8, 2020

NIKE declared quarterly dividend of 24.5 cents per share on its Class A and Class B shares, payable on Jul 1 to shareholders with record on Jun 1.

Valuation

NIKE shares are down 3.2% in the year-to-date period but up 15.4% for the trailing 12-month period. Stocks in the Zacks sub-industry and the Zacks Consumer Discretionary sector are down 5.8% and 13.1% in the year-to-date period, respectively. Over the past year, the Zacks sub-industry is up 12.3% but the sector is down 9.6%.

The S&P 500 index is down 5.2% in the year-to-date period but up 3.3% in the past year.

The stock is currently trading at 38.11X forward 12-month earnings, which compares to 32.84X for the Zacks sub-industry, 32.47X for the Zacks sector and 21.87X for the S&P 500 index.

Over the past five years, the stock has traded as high as 39.43X and as low as 19.92X, with a 5-year median of 26.27X. Our Neutral recommendation indicates that the stock will perform worse than the market. Our \$104 price target reflects 40.42X forward 12-month earnings.

The table below shows summary valuation data for NKE

Valuation Multiples - NKE					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	38.11	32.84	32.47	21.87
	5-Year High	39.43	32.84	32.47	22.14
	5-Year Low	19.92	18.63	16.21	15.25
	5-Year Median	26.27	23.38	19.91	17.52
P/S F12M	Current	3.62	2.87	2.16	3.42
	5-Year High	4.13	3.02	3.19	3.44
	5-Year Low	2.21	1.99	1.67	2.53
	5-Year Median	2.92	2.59	2.5	3.02
EV/EBITDA TTM	Current	33.98	19.39	9.94	11.31
	5-Year High	34.05	24.5	17.62	12.86
	5-Year Low	14.1	12.39	8.29	8.25
	5-Year Median	18.02	16.01	12.23	10.85

As of 06/30/2020

Industry Analysis Zacks Industry Rank: Bottom 9% (231 out of 253)



Top Peers

Company (Ticker)	Rec	Rank
Adidas AG (ADDYY)	Neutral	3
Columbia Sportswear Company (COLM)	Neutral	3
Deckers Outdoor Corporation (DECK)	Neutral	3
lululemon athletica inc. (LULU)	Neutral	3
Under Armour, Inc. (UAA)	Neutral	3
Steven Madden, Ltd. (SHOO)	Underperform	3
Skechers U.S.A., Inc. (SKX)	Underperform	3
V.F. Corporation (VFC)	Underperform	5

Industry Comparison Industry: Shoes And Retail Apparel				Industry Peers		
	NKE	X Industry	S&P 500	ADDYY	SKX	UAA
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	C	-	-	B	D	F
Market Cap	152.47 B	1.59 B	21.75 B	51.61 B	4.95 B	4.42 B
# of Analysts	13	6	14	8	6	16
Dividend Yield	1.00%	1.02%	1.93%	1.02%	0.00%	0.00%
Value Score	C	-	-	C	B	F
Cash/Price	0.02	0.27	0.07	0.06	0.28	0.23
EV/EBITDA	27.92	8.67	12.71	11.47	8.36	11.90
PEG Ratio	3.31	2.58	2.86	14.41	NA	NA
Price/Book (P/B)	16.86	1.39	2.97	6.53	1.86	2.85
Price/Cash Flow (P/CF)	32.45	9.08	11.71	14.72	10.51	12.85
P/E (F1)	43.19	26.72	21.23	77.97	51.30	NA
Price/Sales (P/S)	4.08	0.80	2.30	2.06	0.95	0.89
Earnings Yield	2.32%	3.54%	4.48%	1.28%	1.94%	-4.72%
Debt/Equity	0.69	0.64	0.76	0.23	0.64	0.97
Cash Flow (\$/share)	3.02	2.97	7.01	8.95	2.98	0.76
Growth Score	B	-	-	A	F	F
Hist. EPS Growth (3-5 yrs)	4.49%	6.21%	10.93%	18.63%	6.77%	-18.26%
Proj. EPS Growth (F1/F0)	42.02%	-47.03%	-9.77%	-68.90%	-72.81%	-236.40%
Curr. Cash Flow Growth	0.27%	0.43%	5.51%	36.19%	11.53%	12.74%
Hist. Cash Flow Growth (3-5 yrs)	7.69%	5.48%	8.62%	23.10%	18.98%	4.10%
Current Ratio	1.90	1.90	1.30	1.25	3.10	1.70
Debt/Capital	40.75%	39.81%	44.41%	18.43%	38.88%	49.29%
Net Margin	6.79%	4.91%	10.62%	6.11%	5.53%	-10.42%
Return on Equity	31.93%	14.63%	15.75%	18.83%	12.17%	-1.18%
Sales/Assets	1.42	1.12	0.55	1.12	1.08	1.05
Proj. Sales Growth (F1/F0)	5.59%	-0.97%	-2.43%	-18.21%	-11.60%	-23.56%
Momentum Score	F	-	-	D	B	D
Daily Price Chg	2.27%	0.88%	1.41%	1.06%	1.65%	-0.92%
1 Week Price Chg	-2.20%	-3.06%	-3.90%	-1.51%	-5.85%	-4.21%
4 Week Price Chg	-2.67%	-1.44%	-1.62%	-2.63%	-4.10%	3.51%
12 Week Price Chg	16.50%	16.50%	15.67%	16.89%	29.35%	2.31%
52 Week Price Chg	15.41%	-14.78%	-8.07%	-14.78%	-2.55%	-61.85%
20 Day Average Volume	8,404,874	315,415	2,699,706	44,836	1,775,877	8,597,749
(F1) EPS Est 1 week change	-11.16%	0.00%	0.00%	0.00%	0.00%	0.00%
(F1) EPS Est 4 week change	-13.55%	0.00%	0.00%	-0.44%	-1.03%	-0.13%
(F1) EPS Est 12 week change	-19.89%	-47.57%	-10.28%	-62.18%	-70.23%	-2,676.39%
(Q1) EPS Est Mthly Chg	-41.45%	0.00%	0.00%	0.00%	5.84%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	B
Momentum Score	F
VGM Score	C

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

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