Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics

BACHELOR THESIS

Financial analysis of Nike,Inc.

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Viktoriia Havlytska

Business Administration

Thesis title

Financial Analysis of Nike Inc.

Objectives of thesis

This diploma thesis is focused on analysing financial situation of multinational corporation, a major manufacturer of sports equipment- Nike Inc. Financial statement analysis can yield valuable information about trends and relationships, the quality of a company's earnings, and the strengths and weaknesses of its financial position.

The purpose of this work is to study the economic situation of company, identifying the main problems of financial activities and ways to improve it. Also, the aim is to examine past and current financial data so that a company's performance and financial position can be evaluated and future risks and potential can be estimated.

Methodology

The thesis is divided into two main parts, a literature and practical research. The aim of first part is to acquaint readers with basic tools used for financial analysis: methods, formulas, and calculation capabilities that can be used in practical part.

There are two key methods for analyzing financial statements. The first method is the use of horizontal and vertical analysis.

The second method used for analyzing financial statements is the use of different kinds of ratios.

Five common categories of ratios exist: liquidity, leverage, profitability and solvency. Reviewing ratios for performance compared with prior periods or industry specific benchmarks provides financial statements users with recognition of strengths and weaknesses.
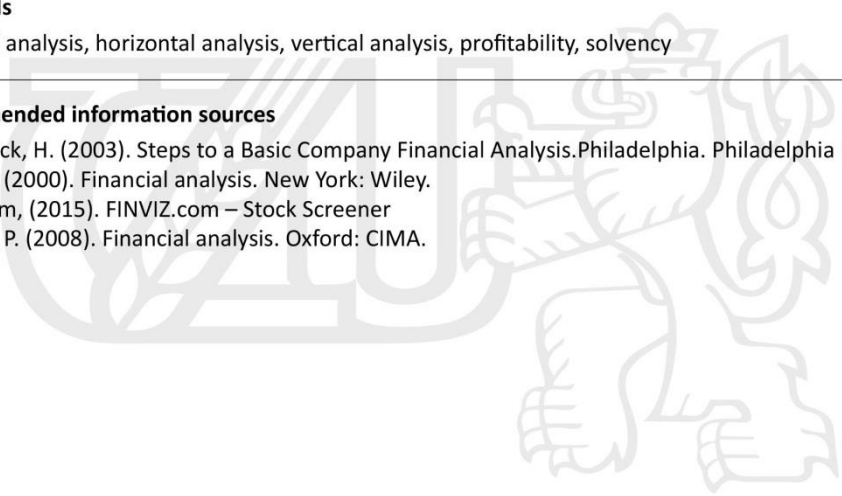
The proposed extent of the thesis

40 pages

Keywords

Financial analysis, horizontal analysis, vertical analysis, profitability, solvency

Recommended information sources

B. Lermack, H. (2003). Steps to a Basic Company Financial Analysis.Philadelphia. Philadelphia University.
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Rodgers, P. (2008). Financial analysis. Oxford: CIMA.

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Prague on 02. 03. 2016

Declaration

I declare that I have worked on my bachelor thesis titled "Financial analysis of Nike, Inc." by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 8 of March   _____

Financial Analysis of Nike, Inc.

Finanční analýza Nike, Inc.

Summary:

This diploma thesis examines the topic "Financial Analysis of Nike, Inc.".
The goal of this bachelor thesis is to analyze and evaluate financial situation of one of the best sports brands, multinational company Nike, Inc.

The thesis is divided into two parts. Firstly, the theoretical section introduces and defines basic terms about financial analysis and its objectives as well as explanation of horizontal and vertical analysis. Afterwards, fundamental and technical analyses are explained.

The second, practical section evaluates results based on fundamental and technical analysis, gain by data mining method. Graphics and diagrams are used to visualize and demonstrate changes in main activities of financial statements. The aim of this section is firstly to evaluate strengths and weaknesses of company and if it is reasonable to invest in its stocks.

Souhrn:

Tato diplomová práce se zabývá tématem " Finanční analýza společnocsti Nike , Inc.". Cílem této bakalářské práce je analyzovat a vyhodnocovat finanční situaci jedné z nejlepších sportovních značek nadnárodní společnosti Nike , Inc.

Práce je rozdělena do dvou částí: především, teoretický díl, v němž jsou představeny základní pojmy a definice týkající se finanční analýzy a její cílů, vysvětlení horizontální i vertikální analýzy. Poté jsou vysvětleny fundamentální a technické analýzy.

Druhý díl, praktický, hodnotí výsledky na základě fundamentální a technické analýzy, zisk metodou dolování dat . Grafiky a diagramy se používají pro vizualizaci a prokázování změn v hlavních činnostech účetní závěrky. Cílem této části je nejprve zhodnotit silné a slabé strany podniku a zda je rozumné investovat do něj.

Key words: financial analysis, horizontal analysis, vertical analysis, profitability, fundamental analysis, technical analysis, financial statement

Klíčová slova: finanční analýza, horizontální analýza, vertikální analýza, rentabilita, fundamentální analýza, technická analýza, finanční výrok

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List of Figures and Tables

List of Abbreviations

CZK	Czech Koruna
e.g.	*exempli gratia,* for example
etc.	*et cetera,* and so on
EU	European Union
EUR	Euro
GDP	Gross domestic product
THSD	Thousand
UK	United Kingdom
USA	United States of America
USD bn	United States Dollar, billion
USD	United States dollar
INC	Incorporated

1. Introduction

The stable success of the enterprise depends on accurate and effective planning of the activity, regular collecting and accumulation of information on a condition of the markets by him and own prospects and opportunities. That allows developing a strategy and tactics of financial and economic activity of the firm.

It is difficult to overestimate the role of the analysis of financial and economic activity, which allows to evaluate the performance of activity of the enterprise in general and his structural divisions. Also, the role of financial analysis is to define influence of various external and internal factors on the main indicators of activity of the enterprise as well as to form a basis of his financial policy.

Nowadays, companies are forced to pay more attention to the problems associated with the formation and more efficient use of its financial resources and to intensify the search for ways to improve their financial condition.

Financial analysis, methods and indicators are considered as a valuable source of information for a wide range of users, among which are managers, investors (or potential investors), banks, suppliers and other creditors and, of course competitors. The reason and purpose to use financial analysis is to assess the financial situation of the company comprehensively, and to check the financial health and possibly reveal areas of development in business management.

2. Thesis Objectives and Methodology

2.1. Objectives

The main purpose of this work is to explore the financial situation of "Nike Inc." and to identify the main problems of its activities and ways to improve it.

 The first goal is to explore the theoretical and methodological foundation of the financial analysis and theoretical features of fundamental and technical analysis. The second goal is to identify company's development in the past and its current situation, justification for its future development and determining the extent of its business and financial risks. The third goal is to explain use of key indicators of company's financial statement.

To conclude this work I will try to give a general assessment of the financial performance of the enterprise.

2.2. Methodology

In order to achieve the goal of this thesis the following methods were used: statistical, mathematical, methods of analysis and synthesis.

Theoretical part consists of explanations of considerable theoretical aspects obtained by analyzing of corresponding literature. Principles of financial statement analysis, fundamental and technical analyses were defined and explained.

In the practical part, fundamental and technical analyses were chosen to analyze and to assess the financial condition of enterprise. To solve given above problems financial data such as income statements, balance sheet and cash flow have been used.

Graphs, figures and statistical tables were used to improve understanding and visualization of presentation of the results of research.

One of the methods is an analogy which helps to achieve knowledge about enterprise comparing it with similar one.

To evaluate received information, make calculations and graphs a spreadsheet program Microsoft Excel was put into practice.

3. Theoretical part

3.1. Theoretical aspects of financial analysis

3.1.1 Definition of financial analysis

In organizational and administrative work of the enterprise financial activities has a special place.

Financial statement analysis is an essential skill in a variety of occupations including investment management, corporate finance, commercial lending, and the extension of credit (Fridson and Alvarez, 2002).

Financial analyses can be defined in different ways. Professor Philip Russel from Philadelphia University says that "financial statement analysis involves analyzing the firm's financial statements to extract information that can facilitate decision-making.

For example, an analysis of the financial statement can reveal whether the firm will be able to meet its long-term debt commitment, whether the firm is financially distressed, whether the company is using its physical assets efficiently, whether the firm has an optimal financing mix, whether the firm is generating adequate return for its shareholders, whether the firm can sustain its competitive advantage etc.;".

Another definition is "Financial analysis is an aspect of the overall business finance function that involves examining historical data to gain information about the current and future financial health of a company.

Financial analysis can be applied in a wide variety of situations to give business managers the information they need to make critical decisions."

Thus, financial analysis is a process of selecting, evaluating, and interpreting financial data, along with other pertinent information, in order to formulate an assessment of a company's present and future financial condition and performance (Clayman, Fridson and Troughton, n.d. 2012).

To illustrate these statements Figure 1: Components of financial analysis is used. It is shown that financial analysis consists of market data, financial disclosures and economic data.

Figure 1: Components of financial analysis
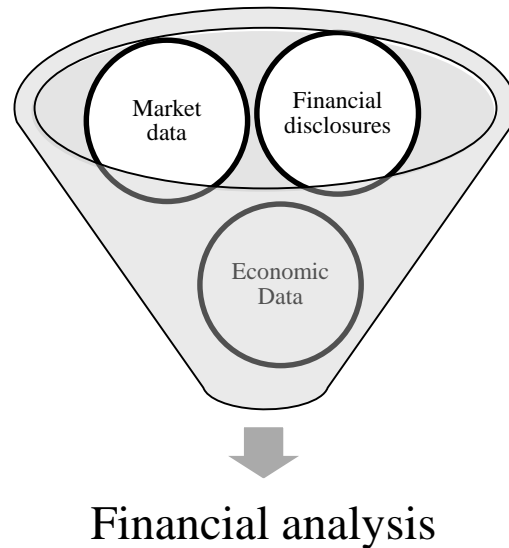
Financial analysis

The financial analysis must determine what information to analyze (e.g., financial reports, market information, economic information) and how much information (5 years? 10 years?) to review (Peterson Drake and Fabozzi, 2012).

Financial data may be obtained from different sources. The first source is company's documents and reports prepared for regulators and shareholders. The second one is information prepared by government agencies that compile and report information about the economy. As well, financial data can be prepared by special firms, that analyze and report data about the company.

The basic information about a company consists of the following:

1. Type of business
2. Primary products
3. Strategic objectives
4. Financial condition and operating performance
5. Major competitors
6. Degree of competitiveness of the industry
7. Position of the company in the industry
8. Industry trends.
9. Regulatory issues
10. Corporate governance

11. Economic environment
12. Recent and planned acquisitions and divestitures. (Analysis of financial statement, 2013)

3.1.2. The purpose and objectives of financial analysis

The main purpose of financial analysis is to produce a small number of the key (most informative) parameters that give an objective and accurate picture of the financial condition of the company, its profit and loss.

Financial analysis is used to ascertain the investment value of a business, stock or other asset. Income, balance, and cash flow statements are typically used to extract ratios that divulge information such as solvency, price to earnings and return on equity. Their function is to paint a current picture of the asset that can then be compared to similar businesses or predict future performance based on past performance (Daniel Cross).

The financial condition of the enterprise may be stable, unstable and critical. Company's ability to make payments in time, finance its activities on an extended basis testifies its good (sustainable) financial condition.

To develop a market economy and to prevent the bankruptcy of the enterprise, it is necessary to know how to manage finances, what should the structure of the capital be, which part should be hold as own funds, and which part will be assigned to the loan?

The main goal of any kind of financial analysis is to assess and identify internal problems of the company to prepare, justify and adopt various management decisions, including the field of development, out of the crisis, the transition to the bankruptcy procedures, the business of buying and selling and to attract investments.

3.1.3. Financial statements

Financial reporting or financial statement is a collection of different forms, compiled on the basis of accounting data with the purpose of collection and compilation of necessary for the further planning of the company information. There are four main types of financial statements and additional applications. For the duration of the calculation period each type of

financial reporting can be prepared at any point in time (such as the end of the year, quarter, or month) and can apply to any time span (such as one year, one quarter, or one month).

The three main types of financial statements are:

1. *Statement of Financial Position*, also known as a balance sheet, shows a company's assets and liabilities, and the owners' equity.

Assets: Something a business owns or controls.

Current assets (e.g. cash, marketable securities, accounts receivable, inventory, prepaid expenses) that are more liquid than the long-term/fixed assets (e.g. equipment, land), assets that are intangible and yet valuable (e.g. goodwill, patents, deferred charges) (Harvey B. Lermack, 2003).

Liabilities: Something a business owes to someone.

Liabilities could include current liabilities (e.g. bank advances, income tax payable, accounts payable, accrued expenses), deferred income taxes (difference between the tax reported on the income statement and tax reported on the tax return), minority interest in subsidiary companies (representing outside ownership in subsidiary companies), long-term debt (e.g. Bonds, capital leases), (Harvey B. Lermack, 2003).

Equity: What the business owes to its owners. This represents the amount of capital that remains in the business after its assets are used to pay off its outstanding liabilities. Equity therefore represents the difference between the assets and liabilities (4 Types of Financial Statements | Explanation | Examples | Templates, 2016).

Income Statement, also known as the statement of earnings or profit and loss statement or the statement of operations, reports the company's financial performance in terms of net profit or loss over a specified period.

Income Statement consists of two following elements such as income and expense.

Income: What the business has earned over a period (e.g. sales revenue, dividend income, etc.)

Expense: The cost incurred by the business over a period (e.g. salaries and wages, depreciation, rental charges, etc.) (4 Types of Financial Statements | Explanation | Examples | Templates, 2016).

These four financial statements are the basic statements normally prepared by profit-making organizations for use by investors, creditors, and other external decision makers.

Net profit or loss can be obtained by deducting expenses from income.

2. *Cash Flow Statement,* shows company's ways to obtain cash, it's movements and for what

purpose it was used. The movement in cash flows is classified into the following segments:

Operating Activities: Represents the cash flow from primary activities of a business.

Investing Activities: Represents cash flow from the purchase and sale of assets other than inventories (e.g. purchase of a factory plant)

Financing Activities: Represents cash flow generated or spent on raising and repaying share capital and debt together with the payments of interest and dividends. (Accounting-simplified.com, 2016)

3. Statement of Retained Earning, also known Statement of Changes in Equity is a financial statement that presents a summary of the changes in shareholders' equity accounts over the reporting period.

The movement in owners' equity is derived from the following components: net profit or loss during the period as reported in the income statement, share capital issued or repaid during the period, dividend payments, gains or losses recognized directly in equity (e.g. revaluation surpluses), effects of a change in accounting policy or correction of accounting error (Accounting-simplified.com, 2016).

Figure 2: Link between Financial Statements
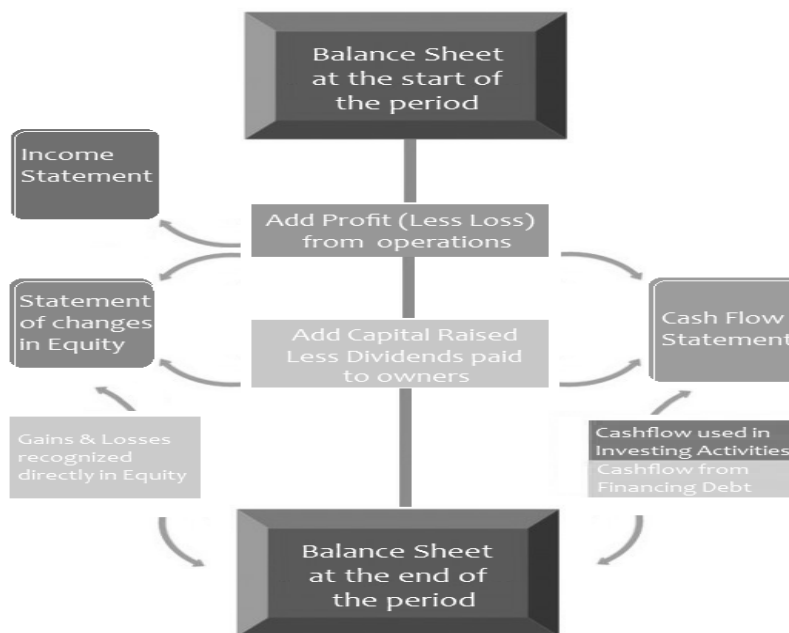
Source: own data processing

Figure 2 illustrates how the four main financial statements and their components are connected with each other.

3.2. Methods of financial analysis
3.2.1. Horizontal and vertical analysis

The purpose of the horizontal and vertical analysis of financial statements is to visualize the changes in the main balance sheet items, income statement and cash reporting and to help managers of the company to take a decision concerning future development of the company.

One of the most used analyses is horizontal analysis which is used to compare data for two past financial periods in relative and absolute form in order to make a concise conclusion.

Horizontal analysis is the comparison of ratios or financial line items in a company's financial statements, over different periods of time (Griffin, 2009). Tools used for horizontal analysis are trend statements, comparative statements, common size statements of two or more enterprises periods.

In horizontal analysis, the amount of each item on a current financial statement is compared with the same item on an earlier statement (Duchac, Warren and Reeve, n.d.).

Analysis technology is quite simple: consistently in the second and third columns main items of the balance at the beginning and at the end of the year is placed. In some countries, data of the end of the year is placed first. Then, in the fourth column absolute deviation value of each balance sheet item is calculated. The last column determines the relative change in the percentage of each item.

The value of the results of horizontal analysis is significantly reduced in terms of inflation, price fluctuations and frequent innovations in tax legislation that affect the distribution of income.

Vertical analysis also has a great importance for assessing the financial situation. It allows us to draw a conclusion about the structure of the balance sheet and profit in the current situation, as well as to analyze the dynamics of the structure.

Comparing each item in a financial statement with a total amount from the same statement is useful in analyzing relationships within the financial statement. Vertical analysis is the term used to describe such comparisons (Duchac, Warren and Reeve, n.d.).

The aim of vertical analysis is to calculate the proportion of individual articles in total balance and evaluation of its changes.

In vertical analysis of a balance sheet, each asset item is stated as a percent of the total assets. Each liability and owner's equity item is stated as a percent of total liabilities and owner's equity. In

vertical analysis of an income statement, each item is stated as a percent of revenues or fees earned (Duchac, Warren and Reeve, n.d.).

It is also useful to use vertical analysis for analyzing changes in financial statement over time. Horizontal and vertical analysis complements each other, based on their comparative analytical balance. In a comparative balance sheet only the main asset and liability sections of the balance sheet are shown.

Table 1 is used to sum up main information and difference between horizontal and vertical analysis.

Table 1 : Difference between Horizontal and Vertical analysis

Points of comparisons	Horizontal analysis	Vertical analysis
1. Period	It requires comparative financial statement of two or more accounting period	It requires statements of one period only
2. Items	It deals with the same items of different years or periods	It deals with different items of the same year or period
3. Tools	Trend analysis is the main tool of horizontal analysis	Common size statements are the main tool of vertical analysis
4. Usefulness	Horizontal analysis is useful for long-term planning	Vertical analysis is used for short-term planning

Source: SBPD Publications, 2015

3.2.2. Fundamental and technical analysis

To predict the behavior of shares many systems and mechanisms are developed. The founders of theory of fundamental analysis are Benjamin Graham and David Dodd, who published a book "Security Analysis" in 1934 in the US.

First of all, let us define the meaning of useful and powerful tools such as fundamental analysis.

It is an assessment of a number of external and internal factors that significantly affect the

financial and operating activities of the company, the results of which are reflected in the market value of its securities.

As it is said in financial dictionary, fundamental analysis is security analysis that seeks to detect disvalued securities through an analysis of the firm's business prospects. Research often focuses on earnings, expectations for future interest rates, and risk evaluation of the firm. In macroeconomic analysis, information such as interest rates, GNP, inflation, unemployment, and inventories is used to predict the direction of the economy, and therefore the stock market. In microeconomic analysis, information such as balance sheet, income statement, products, management, and other market items is used to forecast a company's imminent success or failure, and hence the future price action of the stock(Fundamental analysis, 2016).

Relevant factors that will be looked at while using fundamental analysis include:
- Revenues, expenses and income
- Growth prospects for the company
- The competitive factors the company faces
- Expected return on equity or assets in the industry

As it follows from the previous definitions, the main purpose of the fundamental analysis is to determine the current market value of a security and its subsequent monitoring to make appropriate investment decisions.

As noted above, for the analysis of the stock market not only to fundamental analysis can be used, but also technical.

According to financial dictionary, technical analysis is the practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis does not attempt to determine the intrinsic value of securities, but instead focuses on matters such as trade volume, demand, and volatility.

Technical analysts evaluate short-term trends almost exclusively, which is both strength and a weakness in their analysis. They are sometimes called chartists because of the importance charts have in technical analysis (Technical analysis, 2016).

Technical analysis can be generally defined as a method of price prediction based on mathematical rather than economic calculations. Technical analysis is a method of forecasting prices by considering the market movement graphs for previous periods.

The term movements of the market analysts understand as the three major types of information: price, volume and open interest.

Relevant factors that will be looked at while using technical analysis include:
- Historical pricing of the shares
- Trading volumes over time
- Industry trading trends

It is difficult to say, what type of financial analysis is better to use. We often see how fundamental factors are rapidly changing technical picture or technical factors form the price movements that defy the fundamental justification. That is why sometimes it is better to combine both analyses in order to get the most correct result or prediction.

To sum up basic knowledge about fundamental and technical analysis and to illustrate the main difference between them, Table 2 is used.

Table 2: Difference between technical and fundamental analysis

	Fundamental Analysis	Technical Analysis
Definition	Value calculated using various economic factors	Uses price movements and patterns on charts to predict future price movements
Data From	Economic reports, news events, industry statistics	Chart analysis
Asset Bought (Sold)	When price falls below (above) intrinsic value	When trader sees a price formation that has a high probability of moving into profit in the near future
Type of Trader	Usually longer term position traders	Generally swing traders and short term day traders
Time Horizon	Often holding for days, weeks, or even months	Can be long term, but most take positions for days, minutes, or even seconds
Concepts Utilized	Report expectations vs actual outcomes, current news events compared to histrorical events	Trendlines, support & resistance (supply & demand), dow theory, price patterns

Source: http://www.finila.com/ (analysis, 2016)

4. Practical Part

4.1. General characteristics of Nike, Inc.

Nike is without a doubt one of the world's top sports and fitness companies. It was established on January 25, 1964 by a student Phil Knight, a middle distance runner, and his coach Bill Bowerman in USA. At the beginning the company was known as Blue Ribbon Sports and officially became Nike, Inc. on May 30, 1971. This is the name of the Greek goddess of victory Nike. The company headquartered in Beaverton, Oregon.

Nike sells its products under its own brand as well as Nike Golf, Nike Pro, Nike +, Air Jordan, Nike Skateboarding and subsidiaries including the brand names such as Cole Haan, Hurley International and Converse. Also, Nike sponsors many athletes and sports teams around the world.

According to analysts, today the company covers 95% of the sports footwear market for basketball in the United States.

Nike's logo (in English swoosh, which means "sound of air divisive") simulates the wing of the goddess Nike. It was designed by a student designer at Portland University, Carolyn Davidson in 1971, for which she received a fee of $ 35. After the emblem has become one of the most recognizable in the world, in recognition of the 1983 Chairman of the Board of Directors of Nike Phil Knight gave Davidson a gold ring with a "stroke" and the company's shares.

The company offers products in eight categories, including running, basketball, football, men's training, women's training, sportswear, action sports, and golf under the NIKE and Jordan brand names. It also markets products designed for kids, as well as for other athletic and recreational uses, such as cricket, lacrosse, tennis, volleyball, wrestling, walking, and outdoor activities. In addition, the company sells sports apparel and accessories; and markets apparel with licensed college and professional team and league logos.

According to data for year 2015, Nike employs around 62,600 people worldwide. The company's revenue is US$30.601 billion; operating income is US$4.175 billion, Net income is US$3.273 billion, total assets are US$21.600 billion and total equity is US$12.707 billion. (News.nike.com, 2015)

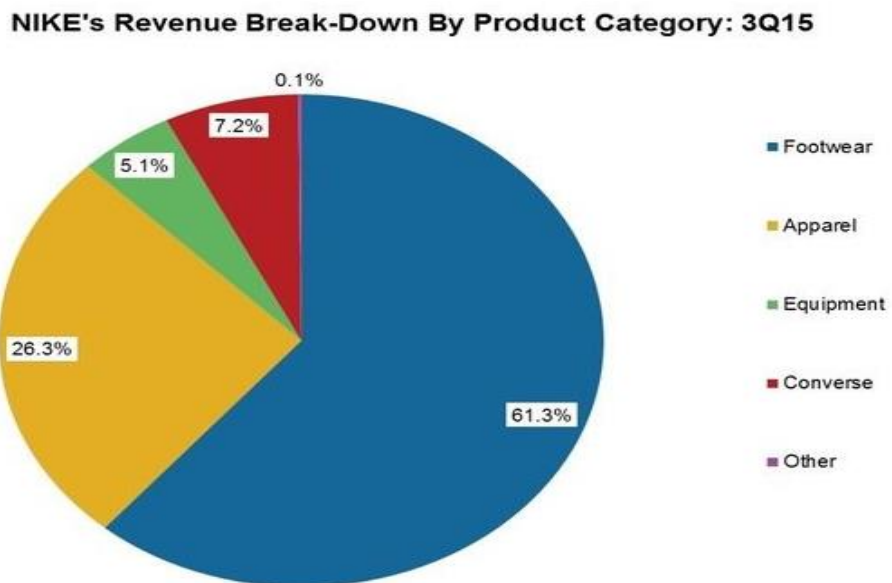Figure 3: Nike's revenue by region
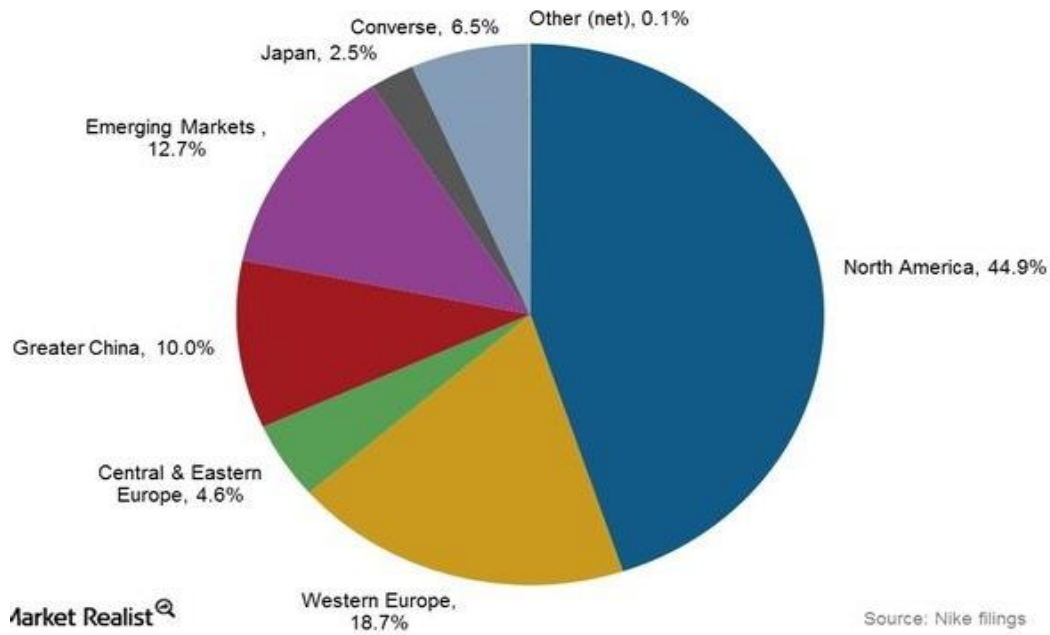
Figure 3 illustrates revenue of the company in different region for year 2015. As it is shown in the diagram the highest percent of revenue is in North America and the lowest in Japan.

Figure 4: Revenue by product

Figure 4 represent Nike's revenue by product category such as footwear, apparel, equipment, converse and other. Highest revenue (61.3%) is obtained from footwear and the lowest from equipment (5.1%).

4.1.1 SWOT analysis of Nike, Inc

In order to get a clear understanding of the Nike, Inc. and its situation on the market, there is a SWOT-analysis.
The SWOT Analysis is analytical tool commonly used in the business community.
It defines strengths and weaknesses of the enterprise, as well as the opportunities and threats from its immediate environment.

Table 3: SWOT analysis of Nike, Inc

Strengths	Weaknesses
- brand awareness - high quality product - is listed in NYSE - contracts with about 700 shops worldwide - runs offices in 45 countries - Employs more than 62.000 people	- goods are not always available - the income of the business is still dependent upon its share of the footwear market - provides poor working conditions - positioned as a permanent subject of criticism by anti-globalization groups
Opportunities	Threats
- Expanding the range of products - reducing production costs - the emergence of new technologies reduces costs and time of production and manufacturing	- the market for sports shoes and garments is very competitive - the retail sector is becoming price competitive - appearance of counterfeit goods on the market

Source: Own data processing

4.1.2 Main competitors of Nike, Inc

Increase in sales of sports clothes, equipment and it is: the popularity of healthy lifestyle in the world, fashion, the practicality of this type of clothing. NIKE is a leader in the industry with a market share of 47%. The main risk for Nike is increased competition from niche and local companies, as well as a large number of fakes. In Europe and China, sales have slowed down, which may affect the future position of the company.

The leaders in the world market are: Nike Inc.- the global leader in the sports industry; German Adidas Group - the second in the sporting goods market; Reebok - also from the US and Puma AG Sport from Germany.

Main competitors on the market of sport goods and apparel are Nike and Adidas. The two companies will continue to compete, because they work in all key markets and are fighting for their participation as a sponsor in all the most popular events in the world.

Nike continues to produce innovative products. Moreover, the company is constantly on the mind of millions of people due to unusual marketing campaigns.

Under Armour and Lululemon Athletica are relatively new market entrants, so their growth rates are higher than in other companies.

Table 4 illustrates main financial statement of Nike main competitors. Provided information includes price per share, change in price in dollars and in percentage and market capitalization. It is possible to see how did the price changed during day, month or year. As it was mentioned above, Nike takes the first place, but now its shares are getting lower. Adidas has second place with insignificant increase by 0.05%. Afterwards, with stable indicators and quite expensive price per share $218.26 Puma is located.

Table 4: Related companies

	Company name	Valuation				
		Price	Change	Chg %	d|m|y	Mkt Cap
NKE	Nike Inc	61.24	-0.23	-0.37%	⟋	103.94B
ADDYY	adidas AG (ADR)	53.37	+0.03	0.05%	⟋	22.33B
PMMAF	PUMA SE NPV	218.26	0.00	0.00%	⟋	3.29B
DECK	Deckers Outdoor Corp	57.71	-0.12	-0.21%	⟍	1.87B
CROX	Crocs, Inc.	9.90	-0.13	-1.30%	⟍	713.43M
YUEIF	YUE YUEN INDL HLD...	3.48	0.00	0.00%	⟋	5.74B
KSWS	K Swiss Inc	4.74				168.78M
UA	Under Armour Inc	84.01	+0.92	1.11%	⟋	18.35B
ALPAF	ALPARGATAS SAIC ORD	1.50				105.01M
VFC	VF Corp	65.39	-0.57	-0.86%	⟍	27.37B
ZQKSQ	Quiksilver, Inc.	0.0000				688,500.00

Source: https://www.google.com/finance/

4.2. Financial analysis

4.2.1 Company profile on FINVIZ

Financial analysis in this diploma thesis is made using data from one of the most popular stock screener.

FINVIZ (Financial Visualizations) - is a powerful filter system that allows making operational selection of shares for both intraday and medium-term trading. In this resource, there are two modes - paid and free.

FINVIZ screener's core features are full integration of fundamental and technical analysis, rich-information output, multiple views, fast navigation and instant update (Help - Screener, 2016).

Variety of different useful information can be found on finviz webpage, such as graphs, financial statements, chart patterns, analyst recommendation, transaction and other.

Tables 5 – 10 shows the basic fundamentals criteria of shares of selected company. Their explanation and meaning is important to understand in order to analyze company's financial position.

Using data in following table, it is possible to analyze management effectiveness, efficiency, profitability, valuation and dividends.

Table presented on finviz webpage originally consists of 6 columns. In order to explain all of them properly, in this thesis they are divided and explained one by one.

Table 5: Shares criteria, column 1

Index	DJIA S&P500
Market Cap	107.16B
Income	3.62B
Sales	31.34B
Book/sh	7.86
Cash/sh	3.59
Dividend	0.64
Dividend %	1.02%
Employees	62600
Optionable	Yes
Shortable	Yes
Recom	1.80

Source: Source: http://finviz.com/

First column includes following information:

Index - major index membership, whether the action is included in the S & P 500 or Dow Jones. In case of Nike it is S & P 500.

Market capitalization – Nike has $107.16 billion, that is why it is big/large cap and it is considered to be relatively stable and secure.

Income (ttm) – is net profit for the past 12 month's period.

Sales – is revenues for the past 12 month's period.

Book/sh – book value for a share for the most recent quarter (mrq).

Cash/sh - the monetary value of the shares. To calculate it market capitalization is divided by the total number of shares).

Divident – is a part the company's revenue, which is paid annually to shareholders after payment of all taxes.

Dividend % - is dividend yield in percent.

Employees - the number of employees, as it was mentioned before Nike employs about 62600 people, while Nike's main competitor Adidas employs 46,506.

Optionable – shows if the company has stock options on the market.

Shortable - shows whether it is possible to make short selling.

Recom - recommendation from analysts (1 means to buy, 5 means to sell).

Table 5, has important information about Nike that almost everyone can understand or compare with other company.

Table 6: Shares criteria, column 2

P/E	30.54
Forward P/E	25.42
PEG	2.42
P/S	3.42
P/B	8.01
P/C	17.52
P/FCF	50.64
Quick Ratio	2.20
Current Ratio	3.00
Debt/Eq	0.16
LT Debt/Eq	0.15
SMA20	4.49%

Source: http://finviz.com/

Second column of table from stock screener FINVIZ includes following data:

P/E – price to earning ration for the past 12 month's period. Financial indicator is the ratio of market capitalization to its annual profit.

Forward P/E – forward price to earning ration per 1 share.

PEG - Prospective Earnings Growth Ratio. Financial ratio, that compares the share price to earnings per share and to expected future profit of the company.

P/S – price-to-sales is financial measure, which is the ratio of market capitalization to its annual revenue.

P/B - price–to–book ratio. It is financial ratio equal to the ratio of the current market capitalization of the company to its book value.

P/C - price to cash per share. This ratio is calculated as the closing price of the previous day's stock divided by the price per share.

P/FCF – is ratio that compares the market price of the company to the level of the annual free cash flow.

Quick ratio - measures the company's ability to use cash or liquid assets to repay current liabilities.

Current Ratio - is a financial ratio that measures whether a company has enough resources to pay its debts within the next 12 months, by comparing the current assets of the company to its current liabilities.

Debt/Eq - debt to equity ratio is a financial ratio's pointing share of equity and debt used to finance company's assets.

LT Debt/Eq - The ratio is calculated on the basis of long-term debt of the company and dividing it by the total cost of its shares.

SMA20 - distance from the 20 day moving average.

In Table 6, some of the indicators are not such important, but still can be used in analyzing process.

Table 7: Shares criteria, column 3

EPS (ttm)	2.06
EPS next Y	2.48
EPS next Q	0.49
EPS this Y	24.20%
EPS next Y	15.33%
EPS next 5Y	12.62%
EPS past 5Y	13.80%
Sales past 5Y	10.00%
Sales Q/Q	4.10%
EPS Q/Q	21.60%
Earnings	Mar 17 AMC
SMA50	2.22%

Next column consists of:

EPS (ttm) – earning per share. It is the ratio of net income available for distribution to the annual average number of ordinary shares

EPS next Y - earnings per share calculated for next year.

EPS next Q - earnings per share calculated for next quarter.

EPS this Y – is growth in earnings per share for this year. As it is shown in the table, Nike has increase in earnings by 24.20%, what is really significant.

EPS next Y – is growth in earnings per share for the next year. Prediction for the company is 15.33% growth.

EPS next 5Y – is long-term growth in earnings per share calculated for up to 5 years

EPS past 5Y - long-term growth calculated for the last 5 years.

Sales past 5Y – revenue for the last 5 years

Sales Q/Q – is quarterly revenue in comparison with the income of this quarter last year.

EPS Q/Q – is quarterly profit growth.

Earnings - report release date, in our case it is 17th of March. AMC means after market closing, while BMO - before market opens.

SMA50 - distance from the 50 day moving average.

Table 8: Shares criteria, column 4

Insider Own	0.30%
Insider Trans	-12.51%
Inst Own	81.40%
Inst Trans	-2.12%
ROA	**16.90%**
ROE	28.20%
ROI	23.20%
Gross Margin	46.30%
Oper. Margin	14.10%
Profit Margin	11.60%
Payout	26.50%
SMA200	**5.31%**

Column 4 has following financial indicators:

Insider Own - the number of shares in the ownership of insiders is 0.30%.

Insider Trans - changes in the number of shares in the ownership of insiders for the last six month.

Inst Own - the number of shares are in institutional ownership (pension and mutual funds, investment and insurance companies).

Inst Trans – changes in number of shares in institutional ownership as well for the last six month.

ROA - relative measure of the return on assets. It reflects the efficiency of the company's assets to generate revenue.

ROE - return on equity. This is an important indicator of the financial impact for any investor, business owner, showing how capital invested in the business was used.

ROI - it is the ratio of the amount of profit or loss to the amount of investment.

Gross Margin – it is the difference between revenue and cost of goods sold.

Oper. Margin – is used to measure company's pricing strategy and operating efficiency, represented in a percentage.

Profit Margin - profitability ratios calculated as net income divided by revenue.

Payout – is a dividend payout ratio

SMA200 - distance from the 200 day moving average

Table 9: Shares criteria, column 5

Shs Outstand	1.70B
Shs Float	1.35B
Short Float	1.07%
Short Ratio	1.36
Target Price	71.91
52W Range	47.02 - 68.19
52W High	-9.05%
52W Low	31.91%
RSI (14)	56.17
Rel Volume	0.87
Avg Volume	10.59M
Volume	3,559,314

Source: http://finviz.com/

Fifth column provides us with such data as:

Shs Outstand – shares outstand, company's stock currently held by all its shareholders.

Shs Float - the number of shares available for trading on the market.

Short Float - it shows how many shares are now trading at shortstop.

Short Ratio - it shows the prevailing sentiment. This ratio is calculated by dividing the shares short sold by total transactions.

Target Price - target price calculated by analysts.

52W Range - the lowest and highest prices at which the shares were traded in the previous 52 weeks.

52W High - distance from the 52-week upper peak.

52W Low - distance from the 52-week low peak

RSI (14) - Relative Strength Index, shows, where at the moment is the price of analyzed company compared to its previous price.

Rel Volume – relative volume or today's volume.

Avg Volume – average volume for the last 3 month.

Volume - the volume of trading on the stock market, is calculated as the number of shares transferred by the sellers to the buyers.

Table 10: Shares criteria, column 6

Perf Week	4.50%
Perf Month	1.47%
Perf Quarter	-6.09%
Perf Half Y	12.41%
Perf Year	28.42%
Perf YTD	0.67%
Beta	0.61
ATR	1.60
Volatility	2.21% 2.82%
Prev Close	62.92
Price	62.02
Change	-1.43%

Source: http://finviz.com/

Finally, the last table shows following indicators:

Perf Week - changes for the week.

Perf Month - changes in the past month.

Perf Quarter - changes in the quarter.

Perf Half Y - changes in six months.

Perf Year - change for the year.

Perf YTD - change compared over the past year.

Beta - factor reflecting the risk and volatility of the stock price relative to the market.

ATR – average true range is a measure of volatility.

Volatility - it is a statistical measure of the tendency of price changes.

Prev Close – the last day closing price.

Price – is current stock price.

Change – changes in price for the last day.

Tables above illustrates main financial and fundamental index. Certainly, among all these indicators there is more or less important one that are worth paying attention.

For example, growth in earnings per share for this and for the next year, dividend that are payed during last years, volatility.

Mostly all of important indicators, in case of Nike show good result.

Corporation attractiveness for investors and individuals is in good condition.

4.2.2 Shares of Nike, Inc.

Simple graph showing how paper prices changed over time is called linear graph.

Figure 5, is graphical representation of price changes in daily timeframe and Figure 6 in monthly.

It is shown that for the 4th of March price per share at the end of the day is $61.26. According to given data, price decreased by $0.21 or by 0.34%.

To describe the dynamics of the most interesting points within the trading session are used opening time and the close of trading day and price extremum points.

At a daily graph opening price is $61.42 and at the weekly graph opening price is $61.81.

Figure 5: Daily graph

Expressed as the number of shares the daily turnover is also called a volume and is shown on the following graphs as well. During the values the trading session closing value is usually replaced by the last value price (Last).

Figure 6: Monthly graph

We see that the unrestrained growth started in the second half of 2015, when there was a breakdown at the level of $ 40. This led to what is now the company's shares are trading at P / E = 30. This indicates a very good investor's opinion about the company Nike.

4.2.3 Analysis of balance sheet and income statement

The balance sheet provides a cross-section view of the financial side of a business.

Analysis of balance normally starts with analyzing its structure, what it consists of, assets and liabilities and from what sources (own or borrowed) they are formed.

Table is balance sheet of Nike, Inc. First of all, let us analyze total assets. As it is shown in balance sheet from year 2013 until year 2015, total assets have enlarged. Increasing the share of current assets facilitates the mobilization of assets and accelerates the turnover of funds. Increase in non-current assets are usually talking about the acquisition of property and investment in construction.

Nike's assets in 2015, showed an increase by 16 percent, and it is 10 percent more than in 2014. It amounted 21.6 billion US dollars by the end of year 2015.

Nike has a large cash flow from operating activities, which is enough for development, so the ratio of debt to capital is always at the level of 10%. It is a sign of a very conservative financial policy in terms of debt.

Due to the fact that current liabilities are repaid in cash, the availability of funds is necessary to the company for their performance. In our case, Nike has increase in current liabilities, which is not really good. In the balance sheet in part of total liabilities a lot of short-term debt obligations are. It means that probably business is dependent on the lenders and the risk of insolvency is higher.

Although shareholders' equity had decline of -2 percent in 2014, this year it showed an increase by 17 percent and amounted to $12.7 billion instead of $10.8 billion.

And last, the most important indicator of the financial analysis is the net tangible assets that represent amount of physical assets minus the liabilities present in a business. From the balance sheet, it is clear that net tangible assets of Nike are rising up during last 3 years.

Table 11: Balance Sheet

| In Millions of USD (except for per share items)	As of 2015-05-31	As of 2014-05-31	As of 2013-05-31
Assets			
Current Assets			
Cash And Cash Equivalents	3,852,000	2,220,000	3,337,000
Short Term Investments	2,072,000	2,922,000	2,628,000
Net Receivables	3,747,000	3,789,000	3,425,000
Inventory	4,337,000	3,947,000	3,484,000
Other Current Assets	1,968,000	818,000	756,000
Total Current Assets	15,976,000	13,696,000	13,630,000
Long Term Investments	-	-	-
Property Plant and Equipment	3,011,000	2,834,000	2,452,000
Goodwill	131,000	131,000	131,000
Intangible Assets	281,000	282,000	289,000
Accumulated Amortization	-	-	-
Other Assets	-	-	-
Deferred Long Term Asset Charges	2,201,000	1,651,000	1,043,000
Total Assets	21,600,000	18,594,000	17,545,000
Liabilities			
Current Liabilities			
Accounts Payable	6,153,000	4,853,000	3,789,000
Short/Current Long Term Debt	181,000	174,000	155,000
Other Current Liabilities	-	-	18,000
Total Current Liabilities	6,334,000	5,027,000	3,962,000
Long Term Debt	1,079,000	1,199,000	1,210,000
Other Liabilities	-	-	-
Deferred Long Term Liability Charges	1,480,000	1,544,000	1,292,000
Minority Interest	-	-	-
Negative Goodwill	-	-	-
Total Liabilities	8,893,000	7,770,000	6,464,000
Stockholders' Equity			
Misc Stocks Options Warrants	-	-	-
Redeemable Preferred Stock	-	-	-
Preferred Stock	-	-	-
Common Stock	3,000	3,000	3,000
Retained Earnings	4,685,000	4,871,000	5,620,000
Treasury Stock	-	-	-
Capital Surplus	6,773,000	5,865,000	5,184,000
Other Stockholder Equity	1,246,000	85,000	274,000
Total Stockholder Equity	12,707,000	10,824,000	11,081,000
Net Tangible Assets	12,295,000	10,411,000	10,661,000

Figure 7: Main balance sheet indicators (annual data)
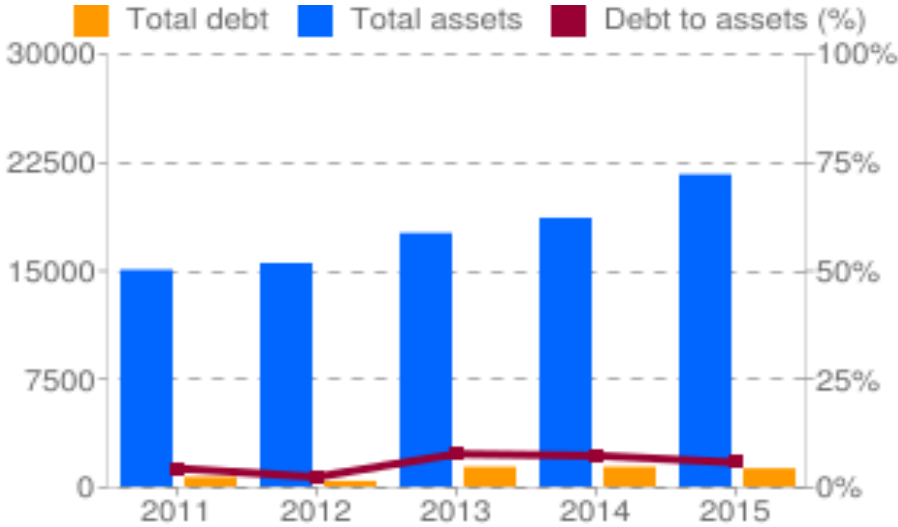
Graphs are useful for understanding data, gaining initial understanding what it really says. Balance sheet of Nike, Inc. was already analyzed and after Figure 5 is used to show changes from year 2011 until 2015 in amount of total debt, total assets and relation debt to assets in percent. The graph provides strong evidence that total assets of the company are moving up each year, while total debt is almost staying at the same level.

Figure 8: Main income statement indicators (annual data)
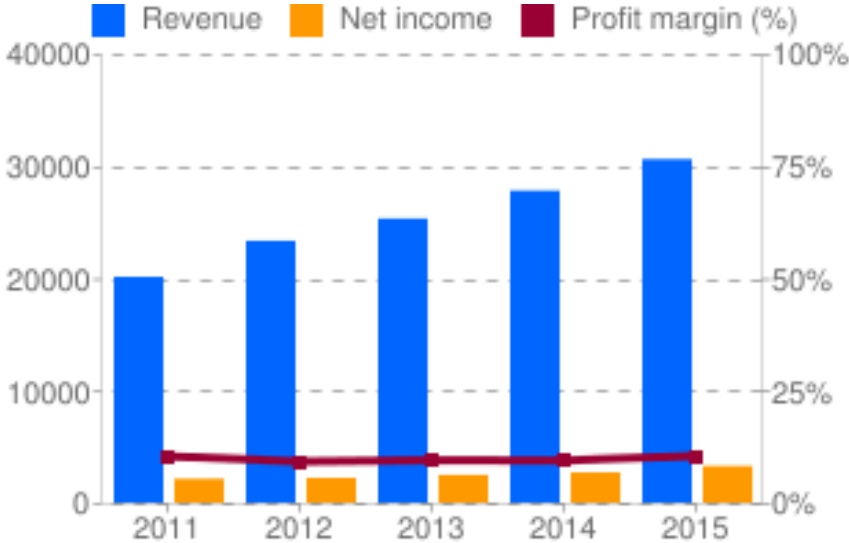
Figure 8, illustrates main data from income statement for the year 2015 including revenue, net income and profit margin.

Company's revenue is its core business result. Nike's revenue is moving up fast. The line of the graph clearly shows that net income remains constant during last years as well as profit margin.

A 10% profit margin means the company has a net income of $0.10 for each dollar of total revenue earned. Of course, it would be better if profit margin will grow up, but stability is also respectable.

5. Conclusion

Financial position is the most important characteristic of the economic activity of the enterprise. It displays the competitiveness of the enterprise, its potential in business cooperation.

Without analysis of the financial condition, functioning of any economic operator is impossible nowadays.

At the present time, enterprises build their own relationships with investors, creditors, banks, which, in turn, assess their financial condition. The main (sometimes the only) source of information about the financial performance of the business partner is an accounting statement that became public.

So, everyone can analyze data and make decision about investment in particular company.

Company that was analyzed in bachelor thesis is an example of successful enterprise with positive financial performance.

Nike, Inc. trades sports clothing and footwear. Company's store is aimed at a fairly broad audience. A characteristic feature of the company, which distinguishes it from other types of businesses, is the fact that its main task is deep and comprehensive study and formation of the client (consumer) demand.

Nike activities for fiscal year 2015 was favorable, the corporation managed to get 2.8 billion dollars (+ 10%) more in revenue than in 2014, while not increasing production costs.

As well Nike, Inc. managed to obtain operating and net profit by 19% and by 22%. This is the highest figure for the last three years. Assets and shareholders' equity also shows a positive growth.

Corporation attractiveness for investors and individuals stays in good condition. Because at the end of the year 2015 the dividend per share was 3.8 dollar, it shows an increase of 25 percent from last year. This means that receivables of dividends to shareholders will be good.

Financial analysis shows that Nike's debt is less than revenues. This means that the company is constantly evolving and over time becomes more and more expensive.

Opinion of analyst is mostly positive and sometimes neutral, but never negative, what means that buying Nike's shares probably will be the right decision.

In general Nike is a very good company with a good reputation of goods, with good financial policies, with remarkable fundamentals and good prediction for the future growth.

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