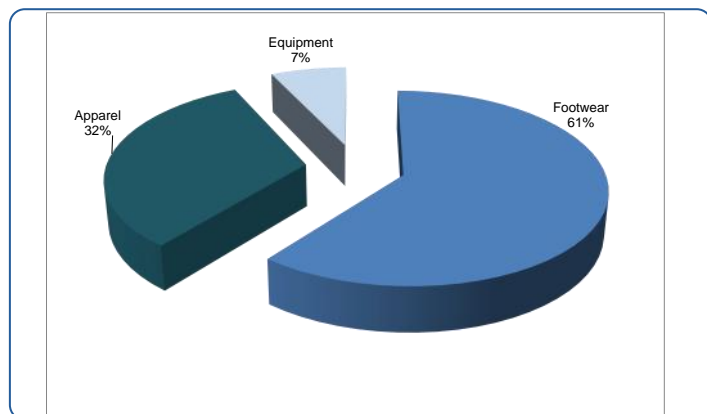


Nike 1Q14 results

Sports-apparel maker, Nike reported 1Q14 results late yesterday with revenue increasing by 7.7% YoY to \$6.97bn (from \$6.47bn), while diluted EPS exceeded market expectations at \$0.86, boosted by strong sales growth in North America. Net income rose to \$780mn (US\$86/share), from \$567mn, or US\$63/share in the year-ago period.

1Q14 North American revenue by category:



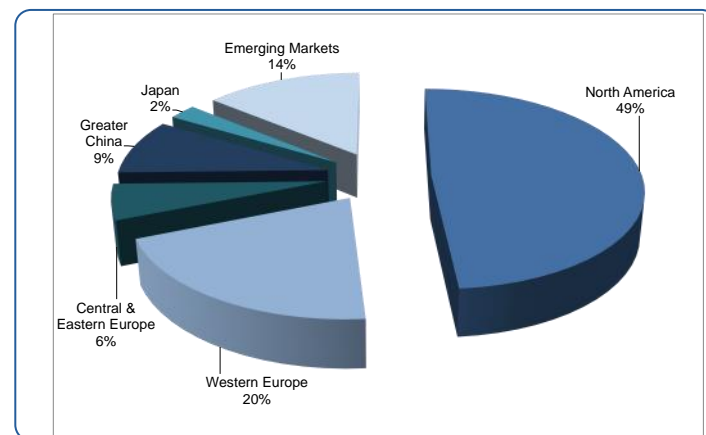
Source: Company reports, Anchor Capital

The company benefited from strong demand for athletic gear in the US and many of its markets abroad with its key basketball and running categories performing well. Robust growth in these segments offset a slight decline in sports-wear.

Revenue was up 9% in the US while sales in Western Europe grew 11%. However, the company continued to report paltry results in its greater China operations as sales there fell 0.52% to \$574mn. In June the company said it expected lower China revenue in the first half of the fiscal year, with stabilisation coming in the second half.

Globally Nike brand future orders (an indicator of its growth) rose 8%, compared with growth of 6% in the year-ago period. For the greater China segment, Nike reported 3% growth in future orders. The group's gross margin widened to 44.9% from 43.7%, above the company's forecast in June that margins will remain flat.

1Q14 Nike revenue by region:



Source: Company reports, Anchor Capital

Shares in Nike surged late on Thursday gaining 6% in after-hours trading on the back of these results which topped Wall Street estimates (in the New York close it was up 2.06% at \$70.34/share). Nike was this week included in the Dow Jones Industrial Average.

Marco de Matos



Global Ideas is a newsletter published three times a week (Monday, Wednesday and Friday) and available only to clients of Investor Campus and Anchor Capital. The key objective of this newsletter is to provide ideas for investment in the global investment universe.

We scan the globe looking for good opportunities. We provide our model portfolios, as well as news and views on our watchlist, which is continually reviewed and updated.



Contacts

Anchor Capital reception 011 591 0677
Investment/ Sales mnyoung@anchorcapital.co.za
Brokerage/ Trading fswart@anchorcapital.co.za

Trading Desk 012 665 3461
General Enquiries info@anchorcapital.co.za
Newsletter Enquiries newsletters@anchorcapital.co.za



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