Dillard's, Inc. Reports Third Quarter and Year-to-Date Results

November 14, 2024

LITTLE ROCK, Ark., Nov. 14, 2024 (GLOBE NEWSWIRE) -- Dillard's, Inc. (NYSE: DDS) (the "Company" or "Dillard's") announced operating results for the 13 and 39 weeks ended November 2, 2024. This release contains certain forward-looking statements. Please refer to the Company's cautionary statements included below under "Forward-Looking Information."

Dillard's Chief Executive Officer William T. Dillard, II stated, "While retail sales declined 4%, we focused on gross margin, reporting a respectable 44.5% of sales, while working on expense control. We reported cash and short-term investments of over $1.1 billion after repurchasing $107 million in stock. We are looking forward to welcoming our customers and serving them this holiday season."

Highlights of the Third Quarter (compared to the prior year third quarter):

- **Total retail sales decreased 4%**
- **Comparable store sales decreased 4%**
- **Net income of $124.6 million compared to $155.3 million**
- **Earnings per share of $7.73 compared to $9.49**
- **Retail gross margin of 44.5% of sales compared to 45.3% of sales**
- **Operating expenses were $418.9 million (29.4% of sales) compared to $421.8 million (28.6% of sales)**
- **Ending inventory increased 3%**

Third Quarter Results

Dillard's reported net income for the 13 weeks ended November 2, 2024 of $124.6 million, or $7.73 per share, compared to $155.3 million, or $9.49 per share, for the 13 weeks ended October 28, 2023. Included in net income for the 13 weeks ended October 28, 2023 is a pretax gain of $4.0 million ($3.1 million after tax or $0.19 per share) primarily related to the sale of a store property.

Sales – Third Quarter

Net sales for the 13 weeks ended November 2, 2024 and October 28, 2023 were $1.427 billion and $1.476 billion, respectively. Net sales includes the operations of the Company's construction business, CDI Contractors, LLC ("CDI").

Total retail sales (which excludes CDI) for the 13 weeks ended November 2, 2024 and October 28, 2023 were $1.356 billion and $1.409 billion, respectively. Total retail sales decreased 4% for the 13-week period ended November 2, 2024 compared to the 13-week period ended October 28, 2023. Sales in comparable stores for that same period decreased 4%. Cosmetics was the strongest performing merchandise category, with the weakest performances noted in juniors' and children's apparel and men's apparel and accessories.

Gross Margin – Third Quarter

Consolidated gross margin for the 13 weeks ended November 2, 2024 was 42.6% of sales compared to 43.5% of sales for the 13 weeks ended October 28, 2023.

Retail gross margin for the 13 weeks ended November 2, 2024 was 44.5% of sales compared to 45.3% of sales for the 13 weeks ended October 28, 2023. Compared to the prior year third quarter, retail gross margin increased slightly in ladies' accessories and lingerie and was flat in men's apparel and accessories and cosmetics. Gross margin decreased slightly in shoes and juniors' and children's apparel and decreased moderately in home and furniture and ladies' apparel.

Inventory increased 3% at November 2, 2024 compared to October 28, 2023. The Company notes a shorter selling period between Thanksgiving and Christmas this year.

Selling, General & Administrative Expenses – Third Quarter

Consolidated selling, general and administrative expenses ("operating expenses") for the 13 weeks ended November 2, 2024 decreased $2.9 million to $418.9 million (29.4% of sales) compared to $421.8 million (28.6% of sales) for the 13 weeks ended October 28, 2023. Compared to the prior year third quarter, payroll expense was flat while insurance benefit expense increased. The Company worked to control expenses during the quarter, and these efforts will continue.

Highlights of the 39 Weeks (compared to the prior year 39 weeks):

- **Total retail sales decreased 3%**
- **Comparable store sales decreased 4%**
- **Net income of $379.1 million compared to $488.3 million**
- **Earnings per share of $23.42 compared to $29.38**
- **Retail gross margin of 43.3% of sales compared to 43.7% of sales**
- **Operating expenses were $1,279.2 million (28.6% of sales) compared to $1,240.7 million (26.8% of sales)**

39-Week Results

Dillard's reported net income for the 39 weeks ended November 2, 2024 of $379.1 million, or $23.42 per share, compared to $488.3 million, or $29.38 per share, for the 39 weeks ended October 28, 2023. Included in net income for the 39 weeks ended October 28, 2023 is a pretax gain of $6.0 million ($4.6 million after tax or $0.28 per share) primarily related to the sale of two store properties.

Sales – 39 Weeks

Net sales for the 39 weeks ended November 2, 2024 and October 28, 2023 were $4.466 billion and $4.628 billion, respectively.

Total retail sales for the 39 weeks ended November 2, 2024 and October 28, 2023 were $4.275 billion and $4.423 billion, respectively. Total retail sales decreased 3% for the 39-week period ended November 2, 2024 compared to the 39-week period ended October 28, 2023. Sales in comparable stores for that same period decreased 4%.

Gross Margin – 39 Weeks

Consolidated gross margin for the 39 weeks ended November 2, 2024 was 41.6% of sales compared to 42.0% of sales for the 39 weeks ended October 28, 2023.

Retail gross margin (which excludes CDI) for the 39 weeks ended November 2, 2024 was 43.3% of sales compared to 43.7% of sales for the 39 weeks ended October 28, 2023.

Selling, General & Administrative Expenses – 39 Weeks

Operating expenses for the 39 weeks ended November 2, 2024 were $1,279.2 million (28.6% of sales) compared to $1,240.7 million (26.8% of sales) for the 39 weeks ended October 28, 2023. The increase in operating expenses is primarily due to increased payroll and payroll-related expenses.

Share Repurchase

During the 13 weeks ended November 2, 2024 the Company purchased $107.0 million (approximately 294,000 shares) of Class A Common Stock at an average price of $364.43 per share. As of November 2, 2024, authorization of $287.0 million remained under the May 2023 program.

Total shares outstanding (Class A and Class B Common Stock) at November 2, 2024 and October 28, 2023 were 15.9 million and 16.3 million, respectively.

Other Information

The Company operates 273 Dillard's stores, including 28 clearance centers, spanning 30 states (totaling 46.4 million square feet) and an Internet store at dillards.com.

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Statements of Income (Unaudited)
(In Millions, Except Per Share Data)

	13 Weeks Ended				39 Weeks Ended			
	November 2, 2024		October 28, 2023		November 2, 2024		October 28, 2023	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 1,427.0	100.0 %	$ 1,476.4	100.0 %	$ 4,466.0	100.0 %	$ 4,627.7	100.0 %
Service charges and other income	24.2	1.7	27.8	1.9	72.6	1.6	87.9	1.9
	1,451.2	101.7	1,504.2	101.9	4,538.6	101.6	4,715.6	101.9
Cost of sales	819.3	57.4	834.5	56.5	2,607.5	58.4	2,684.6	58.0

Selling, general and administrative expenses	418.9	29.4	421.8	28.6	1,279.2	28.6	1,240.7	26.8
Depreciation and amortization	44.1	3.1	44.7	3.0	136.5	3.1	135.3	2.9
Rentals	4.9	0.3	4.9	0.3	14.9	0.3	14.3	0.3
Interest and debt (income) expense, net	(4.5)	(0.3)	(1.8)	(0.1)	(11.9)	(0.3)	(1.5)	0.0
Other expense	6.2	0.4	4.7	0.3	18.5	0.4	14.1	0.3
Gain on disposal of assets	0.2	0.0	4.0	0.3	0.5	0.0	6.0	0.1
Income before income taxes	162.5	11.4	199.4	13.5	494.4	11.1	634.1	13.7
Income taxes	37.9		44.1		115.3		145.8	
Net income	$ 124.6	8.7 %	$ 155.3	10.5 %	$ 379.1	8.5 %	$ 488.3	10.6 %
Basic and diluted earnings per share	$ 7.73		$ 9.49		$ 23.42		$ 29.38	
Basic and diluted weighted average shares outstanding	16.1		16.4		16.2		16.6	

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(In Millions)

	November 2, 2024	October 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 980.4	$ 842.0
Accounts receivable	61.7	57.4
Short-term investments	128.9	51.3
Merchandise inventories	1,682.2	1,629.2
Other current assets	89.1	85.7
Total current assets	2,942.3	2,665.6
Property and equipment, net	1,030.7	1,094.6
Operating lease assets	35.9	34.4
Deferred income taxes	64.8	47.6
Other assets	59.4	55.7
Total assets	$ 4,133.1	$ 3,897.9
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable and accrued expenses	$ 1,215.0	$ 1,181.2
Current portion of operating lease liabilities	11.7	8.5
Federal and state income taxes	10.0	12.5
Total current liabilities	1,236.7	1,202.2
Long-term debt	321.6	321.4
Operating lease liabilities	24.3	26.2
Other liabilities	387.1	334.5
Subordinated debentures	200.0	200.0
Stockholders' equity	1,963.4	1,813.6
Total liabilities and stockholders' equity	$ 4,133.1	$ 3,897.9

Dillard's, Inc. and Subsidiaries
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In Millions)

	39 Weeks Ended	
	November 2, 2024	October 28, 2023
Operating activities:		
Net income	$ 379.1	$ 488.3
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and other deferred cost	137.8	136.5
Gain on disposal of assets	(0.5)	(6.0)
Accrued interest on short-term investments	(9.2)	(4.2)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(1.2)	(0.5)
Increase in merchandise inventories	(588.2)	(509.0)
Decrease in other current assets	9.8	4.6
(Increase) decrease in other assets	(1.0)	0.2
Increase in trade accounts payable and accrued expenses and other liabilities	447.6	354.6
Decrease in income taxes	(24.8)	(17.4)
Net cash provided by operating activities	349.4	447.1
Investing activities:		
Purchase of property and equipment and capitalized software	(89.1)	(104.7)
Proceeds from disposal of assets	0.6	6.3
Proceeds from insurance	—	4.5
Purchase of short-term investments	(422.4)	(148.1)
Proceeds from maturities of short-term investments	450.8	250.0
Net cash (used in) provided by investing activities	(60.1)	8.0
Financing activities:		
Cash dividends paid	(12.2)	(10.1)
Purchase of treasury stock	(105.0)	(263.3)
Net cash used in financing activities	(117.2)	(273.4)
Increase in cash and cash equivalents and restricted cash	172.1	181.7
Cash and cash equivalents and restricted cash, beginning of period	808.3	660.3
Cash and cash equivalents, end of period	$ 980.4	$ 842.0
Non-cash transactions:		
Accrued capital expenditures	$ 9.9	$ 10.9
Accrued purchase of treasury stock and excise taxes	3.1	4.6
Stock awards	1.6	1.3
Lease assets obtained in exchange for new operating lease liabilities	2.2	9.2

Estimates for 2024

The Company is providing the following estimates for certain financial statement items for the 52-week period ending February 1, 2025 based upon current conditions. Actual results may differ significantly from these estimates as conditions and factors change - See "Forward-Looking Information."

	In Millions	
	2024 Estimated	2023 Actual
Depreciation and amortization	$ 180	$ 180
Rentals	22	22

Interest and debt (income) expense, net	(13)	(5)
Capital expenditures	110	133

Forward-Looking Information

This report contains certain forward-looking statements. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (a) statements including words such as “may,” “will,” “could,” “should,” “believe,” “expect,” “future,” “potential,” “anticipate,” “intend,” “plan,” “estimate,” “continue,” or the negative or other variations thereof; (b) statements regarding matters that are not historical facts; and (c) statements about the Company’s future occurrences, plans and objectives, including statements regarding management’s expectations and forecasts for the 52-week period ended February 1, 2025 and beyond, statements concerning the opening of new stores or the closing of existing stores, statements concerning capital expenditures and sources of liquidity and statements concerning estimated taxes. The Company cautions that forward-looking statements contained in this report are based on estimates, projections, beliefs and assumptions of management and information available to management at the time of such statements and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information or otherwise. Forward-looking statements of the Company involve risks and uncertainties and are subject to change based on various important factors. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of those factors include (without limitation) general retail industry conditions and macro-economic conditions including inflation, higher interest rates, a potential U.S. Federal government shutdown, economic recession and changes in traffic at malls and shopping centers; economic and weather conditions for regions in which the Company’s stores are located and the effect of these factors on the buying patterns of the Company’s customers, including the effect of changes in prices and availability of oil and natural gas; the availability of and interest rates on consumer credit; the impact of competitive pressures in the department store industry and other retail channels including specialty, off-price, discount and Internet retailers; changes in the Company’s ability to meet labor needs amid nationwide labor shortages and an intense competition for talent; changes in consumer spending patterns, debt levels and their ability to meet credit obligations; high levels of unemployment; changes in tax legislation (including the Inflation Reduction Act of 2022); changes in legislation and governmental regulations, affecting such matters as the cost of employee benefits or credit card income, such as the Consumer Financial Protection Bureau’s recent amendment to Regulation Z to limit the dollar amounts credit card companies can charge for late fees; adequate and stable availability and pricing of materials, production facilities and labor from which the Company sources its merchandise; changes in operating expenses, including employee wages, commission structures and related benefits; system failures or data security breaches; possible future acquisitions of store properties from other department store operators; the continued availability of financing in amounts and at the terms necessary to support the Company’s future business; fluctuations in SOFR and other base borrowing rates; potential disruption from terrorist activity and the effect on ongoing consumer confidence; epidemic, pandemic or public health issues and their effects on public health, our supply chain, the health and well-being of our employees and customers and the retail industry in general; potential disruption of international trade and supply chain efficiencies; global conflicts (including the ongoing conflicts in the Middle East and Ukraine) and the possible impact on consumer spending patterns and other economic and demographic changes of similar or dissimilar nature, and other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the Securities and Exchange Commission, particularly those set forth under the caption “Item 1A, Risk Factors” in the Company’s Annual Report on Form 10-K for the fiscal year ended February 3, 2024.

CONTACT:
Dillard’s, Inc.
Julie J. Guymon
501-376-5965
julie.guymon@dillards.com