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Dillard's sales fall 4% in 2Q
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Dillard's Inc. on Thursday reported a second-quarter profit of \$12 million, or 35 cents per share, down from \$29.9 million, or 75 cents per share, in the second quarter of last year. Total revenue for Dillard's was \$1.49 billion, beating analyst estimates by \$10 million.

However, total merchandise sales declined 4 percent, to \$1.4 billion, over the quarter.

Sales declined in all categories, especially in home and furniture. Sales of men's and ladies' apparel and accessories were stronger, but still saw a decline.

Sales have been down among many mall-anchor retailers. Kohl's and Macy's both reported Thursday that sales are down 2 percent compared to the second quarter last year.

"Apparel retail as a whole is doing bad, but in Dillard's case it was the best part of a bad situation," said Bob Williams, senior vice president and managing director of Simmons First Investment Group Inc. in Little Rock.

Dillard's reported \$1.5 billion in merchandise inventories, a 1 percent increase year-over-year.

"While we continue to deal with weakness in the fashion retail industry, we believe we are in good financial shape for the long term," Dillard's Chief Executive Officer William T. Dillard II said in a news release.

In the current quarter, Dillard's closed its clearance centers at South Towne Center in Sandy, Utah, and Plaza Central in Arlington, Texas. The company has 272 Dillard's stores and 22 clearance centers in 29 states.

Dillard's now operates 49.6 million square feet of store space, down from 50.2 million square feet during the second quarter last year.

"It's been the trend for stores like Dillard's, Macy's and JC Penney's to shrink their square footage over the past five years," Williams said. "But Kohl's and Nordstrom have been increasing, so not every retailer is pulling back."

Following declining sales, Macy's announced Thursday that it plans to close 100 of its 728 stores by early 2017. Macy's has already closed 41 underperforming stores in the current quarter.

"The challenges facing apparel retailers continued through the second quarter, and our poor results reflect this," Dillard said in a news release.

Dillard's shares rose \$4.78, or 7.76 percent, to close Thursday at \$66.41. The earnings report was released after the market closed.

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