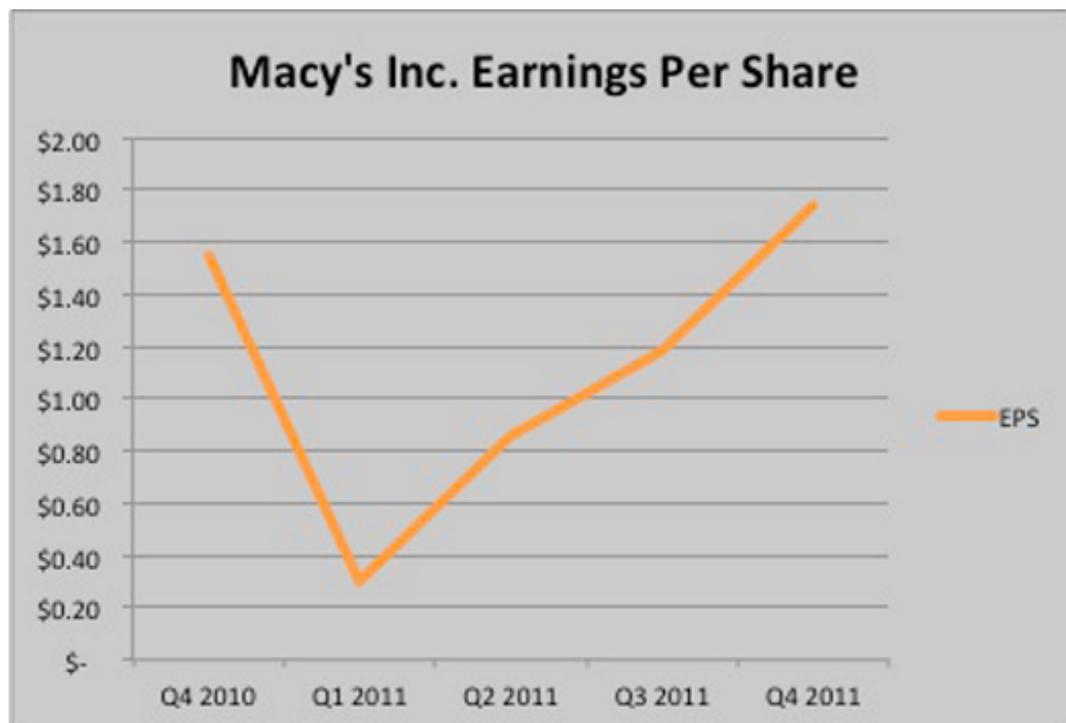


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Kristene Quan/ MEDILL

Macy's Inc.'s earnings per share rose due to a strong holiday season and growing online sales.

Macy's beats analysts' fourth-quarter estimates

by KRISTENE A. QUAN

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Macy's Inc.'s shares climbed Tuesday after the department store retailer turned in better than expected earnings for the fourth quarter. Macy's cited "a terrific holiday selling season" for its strong showing.

In the quarter ended Jan. 28, the Cincinnati-based company posted net income of \$745 million, or \$1.74 per diluted share, up 12 percent from \$667 million, or \$1.55 per share, in the year-ago quarter.

Revenues climbed 5.5 percent to \$8.72 billion from \$8.27 billion last year.

The department store chain's adjusted earnings, excluding such items as gains from the sale of certain store leases and expenses related to store closings, were \$1.70 per diluted share. That topped by 5 cents the \$1.65 a share forecast by analysts surveyed by Bloomberg LP.

Macy's strong fourth-quarter performance was due in large part to its strategic initiatives at both Macy's and Bloomingdale's department stores during the holiday season and strong online sales. The company has eight Macy's stores and five Bloomingdale's stores in the Chicago area.

Like other retailers, Macy's suffered during the recession. It restructured and cut 7,000 jobs in 2009. In 2010, though, the company's profit more than doubled. In 2011, Macy's had a strong holiday season with December comparable-store sales, sales from stores open for at least 12 months, up 6.2 percent.

"Our customers responded to our assortment of most-wanted merchandise for gifts and self-purchase, as well as compelling marketing campaigns," said Terry J. Lundgren, CEO of Macy's Inc., in a press release.

Macy's stock has rebounded as well. Its share price has almost doubled in the last two years and has outperformed the broader market.

"Their sales growth has been faster than average compared to other comparable companies," said Matt Arnold, senior consumer analyst at Edward Jones & Co.

Macy's online sales, from both macys.com and bloomingdales.com, were up 40 percent in the fourth quarter.

"They do deserve credit for being ahead of the curve, in terms of e-commerce. They're hoping to hit \$2 billion in sales with e-commerce this year," Arnold said.

For the full year, Macy's net income totaled \$1.26 billion, or \$2.92 earnings per diluted share, up 48 percent from \$800 million, or \$1.98 per share, in 2010. Revenues for 2011 increased 5.6 percent to \$26.4 billion, up from \$25.0 billion in 2010.

For fiscal 2012, the retailer projected comparable-store sales growth of approximately 3.5 percent and earnings per diluted share in the range of \$3.25 to \$3.30.

Macy's will open two new stores in March, one in Milwaukee and one in Salt Lake City. It will also open five new Bloomingdale's outlets during 2012.

Macy's Inc.'s stock rose 44 cents, or more than 1 percent, to close at \$36.69 Tuesday.