

TULLY & HOLLAND

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Chain Store Sales Quarterly Update

Retailers | Comparable Sales Tracking – 3rd Quarter ended November 1, 2014

Q3 2014 ended November 1, 2014

Quarterly Overview

For the quarter ended November 1, 2014, the 107 chain stores tracked quarterly by Tully & Holland reported a median 0.9% increase in comparable store sales. Sixty-two of the chains monitored (58%) reported positive growth in same store sales in the quarter versus Q3 2013. Please see below for a brief breakdown by segment as well as individual company performance highlights.

CHAIN STORE COMPARABLE GROWTH

Sector Same Store Sales Growth (Medians)	Q3 '14
Beauty Aids	8.3%
Home Furnishings	7.0%
Athletic Footwear	6.5%
DIY Home Centers	5.5%
Jewelry	4.0%
Warehouse Club	3.7%
Off-Price	3.6%
Men's Apparel	3.3%
Discount	2.1%
Chain Drug	1.6%
Luxury Goods	1.0%
Sporting Goods	0.8%
Mass Merchandisers	0.5%
Footwear	0.0%
Specialty Apparel	-0.3%
Department Stores	-0.7%
Books, Toys & Gifts	-1.0%
Consumer Electronics	-2.3%
Total	0.9%

Best Performing Segments

The best performing segments included Beauty Aids, Home Furnishings, Athletic Footwear, DIY Home Centers, Jewelry Stores, and Warehouse Clubs. Impressive growth in the Beauty Aids category reflects strong performances by both Ulta Salon and Bath and Body Works. Home Furnishings was strong across the sector with our index participants all showing positive same store sales growth, albeit most of the chains reporting include online sales in their comparable store sales growth calculation.

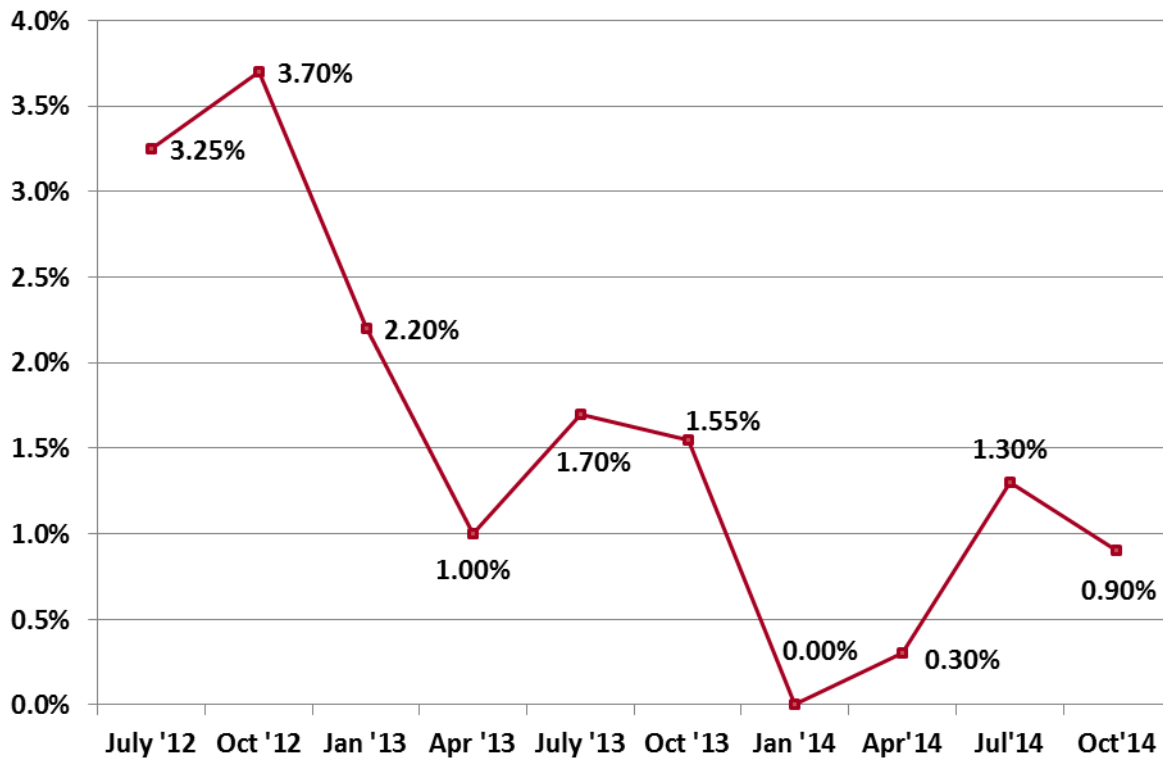
Worst Performing Segments

The worst performing segments included Consumer Electronics, Books, Toys & Gifts, Department Stores and Specialty Apparel. Consumer Electronics is largely being drawn into negative territory by Radio Shack and its ongoing troubles. With two exceptions, Stage Stores and Hudson's department store group, every department store chain reported comparable store sales declines in the quarter.

For Further Analysis, CLICK HERE

- [Two-Year Trend in Same Store Sales Growth](#)
- [Leaders and Laggards by Brand](#)
- [Key Quotes From Quarterly Earnings Calls](#)

Historical Chain Quarterly Same Store Sales Growth



Source: Company Press Releases and T&H Analysis

Key Standouts by Brand

Leaders	
Off 5th	19.20%
West Elm	17.40%
Kate Spade	15.20%
Free People	15.00%
Ulta Salon	9.50%

Laggards	
Coach	-24.00%
Wet Seal	-14.50%
Radioshack	-13.40%
Cabela's	-11.20%
Aeropostale	-11.00%

Source: Company Press Releases and T&H Analysis

Best Performing Chains

New to the list is off price retailer Off 5th, part of Hudson. West Elm, Kate Spade and Free People continued to make our list as leaders in the sector. While Ulta made the list, we note that it reports online sales in its same store sales growth statistic and that half of Ulta Salon's comp gains were from e-commerce via Ulta.com.

Worst Performing Chains

Looking at companies with underwhelming performance, Coach, Wet Seal, Cabela's and Aeropostale are again on laggards list, with Coach suffering the most. According to Coach's latest earnings call transcript, weakness was largely a result of decreased handbag sales in North America, but we note contrary performance from Kate Spade.

Key Highlights from Quarterly Analyst Conference Calls

“ We saw a strong start to back-to-school and to the back-to-college season and that strength continued in September. Like many others, our sales slowed as we entered October, but recovered nicely towards the end of the month as we approached Halloween”.

Brian Cornell, Chairman and Chief Executive Officer, Target

“ We will continue to manage our real estate portfolio to maximize store profitability and ensure brand presence in key regions and markets, while continuing to be mindful of the continued evolution of the Omni-channel retail environment”.

Mike Nicholson, EVP, COO, CFO & Treasurer, Ann

“ That being said we're two weeks into November and I must say that I'm impressed with the sales that we've reported to date. So if there's a bias in or forecast I would say it's biased to the upside”.

Carol Tome, CFO, EVP, Corporate Services, The Home Depot

“ Well I believe we have seen some relationship in terms of discretionary spending gas prices. But I think customers are choosing to spend their disposable dollars in different ways that's part of the reason why we are not more optimistic about the lower gas prices”.

Karen Hoguet, Chief Financial Officer, Macy's

“ I think if you go to any mall today or open any email, you see that promotions are persistent, and the -- particularly in the apparel areas. But you also saw a step-up in promotions in our competitive set. And it's something that we've been talking about for a long time”.

Laura J. Alber, CEO, Williams-Sonoma

“ In a critically important women's footwear area, we had a plus 1% comp increase which represented a turnaround from the negative comps we saw in the first two quarters of the year. Comps were solid in the seasonal categories and in dress footwear”.

Mike MacDonald, President and CEO, DSW

Source: Seeking Alpha: Earnings Conference Call Transcripts

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