

# NOVEMBER 2015 SAME-STORE SALES

	Net Sales (USD Mil.)		Same-Store Sales (%)		
	Nov. 2015	Nov. 2014	Nov. 2015 Actual	Nov. 2014	Nov. 2015 Est.
<b>MASS MERCHANTS</b>					
<b>Costco Wholesale</b>	<b>9,680.0</b>	<b>9,430.0</b>	<b>0.0</b>	<b>7.0</b>	<b>(1.5)</b>
Costco US			3.0	7.0	
Costco Canada			(10.0)	N/A	
Costco International			(3.0)	(1.0)	
<b>Costco Wholesale (ex fuel)</b>			<b>6.0</b>	<b>8.0</b>	
Costco US (ex fuel)			6.0	9.0	
Costco Canada (ex fuel)			8.0	N/A	
Costco Int'l (ex fuel)			7.0	7.0	
<b>Fred's</b>	<b>166.0</b>	<b>154.3</b>	<b>1.7</b>	<b>(2.3)</b>	<b>N/A</b>
<b>OFF-PRICE STORES</b>					
<b>Stein Mart</b>	<b>126.4</b>	<b>127.9</b>	<b>(4.8)</b>	<b>4.8</b>	<b>0.0</b>
<b>SPECIALTY APPAREL STORES</b>					
<b>Buckle</b>	<b>96.9</b>	<b>104.0</b>	<b>(7.9)</b>	<b>(1.0)</b>	<b>(7.4)</b>
<b>Cato</b>	<b>76.0</b>	<b>73.8</b>	<b>1.0</b>	<b>7.0</b>	<b>N/A</b>
<b>Gap</b>	<b>1,570.0</b>	<b>1,720.0</b>	<b>(8.0)</b>	<b>6.0</b>	<b>(5.7)</b>
Gap			(4.0)	(4.0)	
Old Navy			(9.0)	18.0	
Banana Republic			(19.0)	2.0	
<b>L Brands</b>	<b>1,169.0</b>	<b>1,078.0</b>	<b>7.0</b>	<b>8.0</b>	<b>3.3</b>
Victoria's Secret			6.0	6.0	
Bath & Body Works			7.0	11.0	
Direct (Online)			12.0	(5.0)	

Source: Company reports

## Key Takeaways

- November comps were up mid to high single digits or down mid to high single digits with few exceptions. As has been the case in recent months, comps were led by L Brands and Costco (excluding fuel).
- L Brands' Victoria's Secret and Bath and Body Works both experienced record performances on Black Friday. Costco also noted a strong Black Friday with comps during the last week of the month driven by a 3.25% increase in traffic.
- Gap noted a highly promotional environment at the mall and weak traffic as the company continues to improve its offering with comps down (8)% for the period.
- While Stein Mart comps were down almost (5)%, the shortfall occurred in the first part of the month and sales rebounded to end the month and have turned positive to start December.

### Black Friday Week Traffic +3.25% at Costco

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- The four-week November period had 27 selling days both this year and last year.
- Costco's flat comp beat analysts' estimates of (1.5)%.
- Traffic was up +3.25% during the last week of November, which included Black Friday which was the busiest week of the month.
- Average transaction was down roughly (2.75)%, including a negative impact of FX and gas deflation of more than (5.75)%.
- Gasoline comps were down in the mid-teens, with the average price per gallon down (22%) to \$2.24 from \$2.86 last year; gas deflation negatively impacted company comps by (2%). FX impacted sales by about (3.75)%.
- Within the US, the strongest sales regions were California and the Southeast. Internationally, Australia, Mexico, Taiwan, and Canada posted strong sales.
- Food and sundries comps were up low to mid-single-digit comps. Within food and sundries, the departments with the strongest results were sundries, cooler and liquor. Food inflation was slightly higher.
- Hardlines were up mid to high single digits. Hardware, consumer electronics and health and beauty aids were the top performers. Consumer electronics comps were driven by televisions and computers both in stores and online.
- Softline comps were up mid-single digits. Better-performing Softline goods included women's and men's apparel and small appliances.
- Fresh Foods were up mid-single digits; the better performing categories were produce and service deli. Inflation was slightly higher.
- Better performing categories in the ancillary space were pharmacy and hearing aids.

### Record Black Friday Results for Both VS and BBW

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- L Brands comps were up 7% for the month of November, up 6% at Victoria's Secret and up 7% at Bath and Body Works.
- Both Victoria's Secret and Bath and Body Works experienced record Black Friday performances. Merchandise margins were up to last year.
- The performance at Victoria's Secret for November was driven by core lingerie and PINK. Merchandise margins were up to last year. The company is well positioned for holiday.
- Merchandise margins for Bath and Body Works were flat negatively impacted by FX in the Canadian business. Comps were driven by seasonal collections.
- The company is forecasting December comps to be up in the low single digits. December sales volume is historically twice the volume of November.

### Gap Disappoints Again in November

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- Gap Inc's total sales declined 9% in November to \$1.57 billion, or were down 8% on a constant currency basis.
- Comps for the company were down (6)% during the month. Comps at Gap were down (4)%, Old Navy comps were down (9)% and Banana Republic's comps were down (19)%.

- According to the company, the retail landscape was highly promotional during the month and traffic was challenging. Management is not pleased with the performance but is focused on execution for the critical month of December.

#### Fred's Comps Positive Despite Warmer Weather and Fewer Cases of the Flu

- Total sales for value store Fred's increased by 8%, to \$166.0 million, in November, up from \$154.3 million last year.
- Same-store sales for the month increased by 1.7%, which was better than the (2.3)% decrease during the same period last year.
- General merchandise departments improved driven primarily by sales in the holiday gift categories as well as in health and beauty aids. Pharmacy department sales were less than anticipated as specialty pharmacy sales declined during the Thanksgiving holiday week.

#### Cato Comps Slightly Better Than Management's Expectations

- Cato reported sales of \$76 million for November, up 3%, from 2014. Comp sales were up 1%.
- November same-store sales were slightly above expectations though management remains cautious for the rest of the holiday shopping season and fourth quarter.

#### Stein Mart Comp Miss Driven by Performance in the First Part of the Month

- November comps at Stein Mart were down (4.8)%. The entire November comparable sales shortfall occurred during the first two and one-half weeks of the month. Sales then improved to flat for the remainder of the month and turned positive in early December.
- The West and the Northeast had the strongest sales in November where temperatures were cooler, while Florida and Texas performed below the chain.

#### Weakness in Women's Drives Down the Overall Comp

- Teen retailer Buckle saw overall comps decline by 7.9% in November. Units per transaction were down (1.5)% while average transaction value was up 2.0%.
- The women's section accounted for 53% of total monthly sales versus 54.5% last year. The total sales portion for men's categories increased to 47% from 45.5% last year. Accessories and footwear represented 8.5% of sales and 6.5% of sales, respectively.
- Popular men's categories included knit shirts and accessories. On the women's side, casual bottoms, woven tops and footwear were popular sellers. The price points on both the men's and women's sides of the business were down slightly compared to last year.

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