

five BELOW (FIVE) 4Q16 Results: EPS Beat, Positive Guidance for 2017

Figure 1. Five Below 4Q16 Key Metrics

	4Q16	4Q15	YoY Change
Revenues (USD Mil.)	\$388.1	\$326.3	18.9%
Gross Margin	41.1%	40.5%	56 bps
SG&A/Sales	20.8%	19.9%	91 bps
Operating Margin	20.3%	20.7%	(33) bps
EPS	\$0.90	\$0.77	16.9%

Source: Company reports/Fung Global Retail & Technology

- **Five Below reported 4Q16 revenues of \$388.1 million, up 18.9% from \$326.3 million in the year-ago period and slightly above the consensus estimate of \$387.6 million. EPS was \$0.90, ahead of the \$0.89 consensus estimate and up 16.9% year over year.**
- **Comparable sales increased by 1%, which was in line with the consensus estimate.**
- **For 1Q17, the company expects sales of \$228–\$232 million. For the full year, the company expects sales of \$1.21–\$1.23 billion and for EPS to increase by 24%, to \$1.55–\$1.61.**

4Q16 Results

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Comparable sales increased by 1%, in line with the consensus estimate. Five Below delivered its eleventh consecutive year of positive sales growth.

During the quarter, the company opened five new stores and ended the quarter with 522 stores in 31 states. Five Below opened 85 new stores in 2016 and is planning to open 100 new stores in 2017. The company will also bring its store concept to California during the year.

2017 Outlook

For 1Q17, Five Below expects net sales of \$228–\$232 million. This is based on the assumption that the company will open approximately 26 new stores and see a flat 2% increase in comparable sales.

For the full year, the company expects sales of \$1.21–\$1.23 billion, based on opening 100 new stores and assuming a low-single-digit increase in comparable sales. The company expects full-year EPS to increase by 24%, to \$1.55–\$1.61.



FLASH REPORT

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