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JANUARY SAME STORE SALES REVIEW

A WAVE OF MISSES SPLATTER INTO 2016

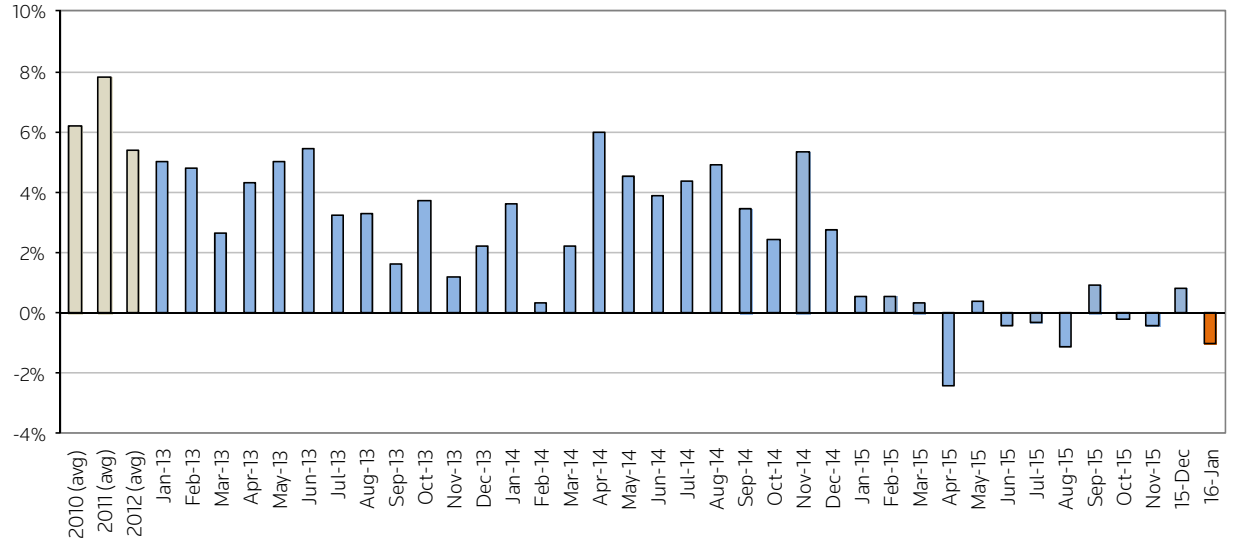
- Excluding the drug stores, the Thomson Reuters Same Store Sales Index registered a -1.0% comp for January, beating its flat final estimate. Including the Drug Store sector, SSS drops to a -1.1% comp, missing its final flat estimate. 75% of retailers missed their SSS estimate. These results are not final as Gap will report January SSS on Monday, February 8th. The blizzard in January kept shoppers at home instead of the shopping mall that weekend. As a result, holiday clearance has not been selling well. As inventory piles up, retailers missed their SSS estimates and blamed the weather and a weak consumer spending environment.

- The usual winner, L Brands, posted its first negative SSS, after eight consecutive months of robust comps. The retailer was hurt by the shift of the Victoria's Secret semiannual sale into December. As a result, the division was its weakest performing group at -4.0%, followed by Bath & Body Works at 2.0%. The Buckle registered the weakest result in our retail universe at -11.3%, followed by Cato Corp's -7.0% SSS result which came in below its -2.0% final estimate. Costco has the biggest weighting in our index, and posted a flat SSS, and is being hurt by gasoline sales. Excluding gas, Costco posted a robust 4.0% SSS. Meanwhile, Fred's registered the strongest result at 0.7%, above expectations of 0.5%.

- January marks the last month of Q4 2015. Retailers will be reporting Q4 results in the upcoming weeks. The Thomson Reuters Quarterly Same Store Sales Index, which consists of 83 retailers, is expected to post 1.1% growth for Q4 (vs. 2.8% in Q4 2014).

THOMSON REUTERS SAME STORE SALES EX-DRUG STORES

Exhibit 1. January Same Store Sales Ex-Drug Stores Beats Expectations



Source: Thomson Reuters I/B/E/S estimates.
Note: Aggregate mean data is revenue weighted.

The Monthly SSS Review provides a snapshot of consensus expectations vs. U.S. retailers' SSS results as reported on SSS Thursday. View all Thomson Reuters Proprietary Research subscription channels.

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OBSERVATIONS
JANUARY SSS AVERAGE

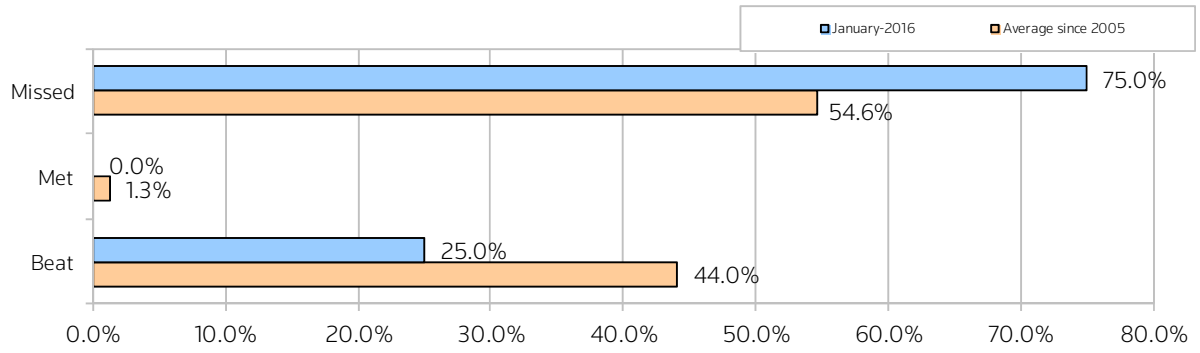
Exhibit 2. January SSS Results vs. Expectations

Revenue Weighted Index		January SSS			Q Ending Jan SSS	
		2016 Actual %	2016 Estimate %	%+/- Surp	*Q4 2015 Estimate %	Q4 2014 Actual %
SSS Index		(1.1)	0.2	(1.3)	(0.4)	4.9
SSS Index Ex-Drug		**(1.0)**	**0.0**	**(1.0)**	**(0.7)**	**4.8**
Discount	(a)	0.0	0.6	(0.6)	(1.0)	5.0
Apparel	(b)	(3.2)	(1.2)	(2.0)	(1.1)	3.9
Apparel ex-GPS		(2.8)	1.5	(4.3)	3.2	5.9
Teen Apparel	(c)	(8.7)	(6.0)	(2.8)	(8.9)	4.1
Drug		(1.4)	1.1	NA	0.9	5.4

Source: Thomson Reuters I/B/E/S estimates.
*Note: Q4 2015 blended mean is a combination of Q4 estimates and actual SSS results.

SURPRISE
FEWER UPSIDE SURPRISES, AND MORE-THAN-AVERAGE DOWNSIDE SURPRISES

Exhibit 3. Beat — Met — Missed



Source: Thomson Reuters I/B/E/S estimates.

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TOP AND BOTTOM PERFORMERS

JANUARY SSS BEST AND WORST RESULTS

Exhibit 4. Performance — Overall and Compared to Expectations

Ticker	Name	Actual %	Estimate %	Surprise %
Best Reported SSS				
FRED	Fred's	0.7%	0.5%	0.2%
COST	Costco Wholesale Corp	0.0%	0.6%	-0.6%
Worst Reported SSS				
BKE	The Buckle	-11.3%	-3.6%	-7.7%
CATO	Cato Corp	-7.0%	-2.0%	-5.0%
ZUMZ	Zumiez	-4.6%	-9.8%	5.2%
Best Reported SSS vs. Expectations				
ZUMZ	Zumiez	-4.6%	-9.8%	5.2%
FRED	Fred's	0.7%	0.5%	0.2%
Worst Reported SSS vs. Expectations				
BKE	BKE	-11.3%	-3.6%	-7.7%
CATO	Cato Corp	-7.0%	-2.0%	-5.0%
LB	L Brands	-2.0%	2.4%	-4.4%

Source: Thomson Reuters I/B/E/S estimates.

US RETAILERS THAT REPORT MONTHLY SAME STORE SALES

Exhibit 7. January 2016 vs. January 2015 Results

		January-2016 SSS Actual %	January-2015 SSS Actual %
DISCOUNT	Ticker	0.0	0.1
Costco Wholesale Corp	COST	0.0	0.0
Costco Wholesale Corp - Excl gas	COST	4.0	7.0
Fred's	FRED	0.7	4.3
APPAREL		(3.2)	1.7
Gap Inc	GPS		(3.0)
L Brands	LB	(2.0)	7.0
Victoria's Secret	LB	(4.0)	4.0
Bath & Body Works	LB	2.0	16.0
Stein Mart	SMRT	(2.2)	6.6
Cato Corp	CATO	(7.0)	14.0
TEEN/CHILD		(8.7)	5.2
The Buckle	BKE	(11.3)	0.8
Zumiez	ZUMZ	(4.6)	12.3
DRUG		(1.4)	4.8
Rite Aid	RAD	(1.4)	4.8

Source: Thomson Reuters I/B/E/S estimates.

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