Dillard's Inc. (DDS)

Updated December 2nd, 2025 by Josh Arnold

Key Metrics

Current Price:	$682	**5 Year CAGR Estimate:**	-19.2%	**Market Cap:**	$10.7 B
Fair Value Price:	$293	**5 Year Growth Estimate:**	-5.0%	**Ex-Dividend Date:**	12/31/25
% Fair Value:	233%	**5 Year Valuation Multiple Estimate:**	-15.6%	**Dividend Payment Date:**	02/02/26
Dividend Yield:	0.2%	**5 Year Price Target**	$226	**Years Of Dividend Growth:**	15
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Dillard's is a department store company that sells fashion apparel, cosmetics and home furnishings through about 300 stores and clearance centers. The company competes with larger peers such as Macy's and Kohl's. Dillard's was founded in 1938 and is headquartered in Little Rock, AR. Dillard's employs about 30,000 people, generates around $6.6 billion in annual revenue, and currently has a 15-year dividend increase streak. The market cap stands around $10.7 billion after a big rally.

Dillard's posted third quarter earnings on November 13th, 2025, and results were better than expected on both the top and bottom lines. The company generated $8.31 per share in earnings, which blew past estimates for $6.17. Revenue was up just 2.8% year-over-year to $1.49 billion, but that was good enough to beat expectations by $60 million. Total retail sales were up 3%, which was entirely driven by comparable store sales rising by the same amount.

Dillard's saw gross margin rise from 42.6% of revenue a year ago to 43.4% in this year's Q3. Retail gross margin was up in accessories, apparel, and shoes, as well as home and furniture.

Inventory ended the quarter up 2% year-over-year, largely matching sales growth.

We now see $32.50 in adjusted earnings-per-share for this year with one quarter remaining, but note that would still be the lowest earnings total since 2020.

In addition, Dillard's declared a $30 per share special dividend, which supplements the $1.20 annualized normal dividend that's paid quarterly.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$6.91	$4.93	$4.89	$6.23	$4.38	-$2.80	$40.67	$50.81	$44.73	$36.84	***$32.50***	***$25.15***
DPS	$0.26	$0.28	$0.34	$0.40	$0.50	$0.60	$0.70	$0.80	$0.90	$1.00	***$1.20***	***$1.93***
Shares[1]	36	32	28	27	25	22	19	17	16	16	***16***	***14***

Dillard's growth over time has been incredibly volatile. After posting an operating loss in 2020 during the COVID shutdown, earnings exploded to the upside for 2021 and 2022. Since then, we've seen two years of lower profits, and we believe that will be the case in 2025 as well. Inventory levels are very high and do not support higher profit margins, while sales have been fairly weak as well. We are looking for -5% earnings-per-share contraction going forward from here due to these factors, and lack of upside catalysts to earnings.

Dillard's has returned a massive amount of cash to its owners via share repurchases in the past. The company's share count declined by more than half over the last decade, which has increased each share's portion of the company's earnings by more than double. We like the company's ability to return cash to shareholders, but note there are meaningful headwinds for profits for the foreseeable future.

We also note the company paid a $25 per share special dividend in January 2025, and a $30 per share special dividend for January 2026, clearly indicating management feels there is nowhere to invest this extra cash.

[1] In Millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	14.7	13.4	11.6	9.6	16.7	N/A	6.0	6.4	9.0	12.7	***21.0***	***9.0***
Avg. Yld.	0.3%	0.4%	0.6%	0.7%	0.7%	1.0%	0.3%	0.2%	0.2%	0.2%	***0.2%***	***0.9%***

Dillard’s valuation has been quite volatile over the past decade as earnings have moved around enormously in both directions. Given the company’s weak 2024 and weak outlook for this year, we’re placing fair value at 9X earnings. At 21X profits today, we believe Dillard’s is very overvalued. The yield is also quite unattractive at the moment, but we do see it rising over time if the valuation headwind comes to fruition, and as earnings are still expected to decline.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	3.8%	5.7%	7.0%	6.4%	11.4%	N/A	2.0%	1.6%	2.2%	2.7%	***4%***	***8%***

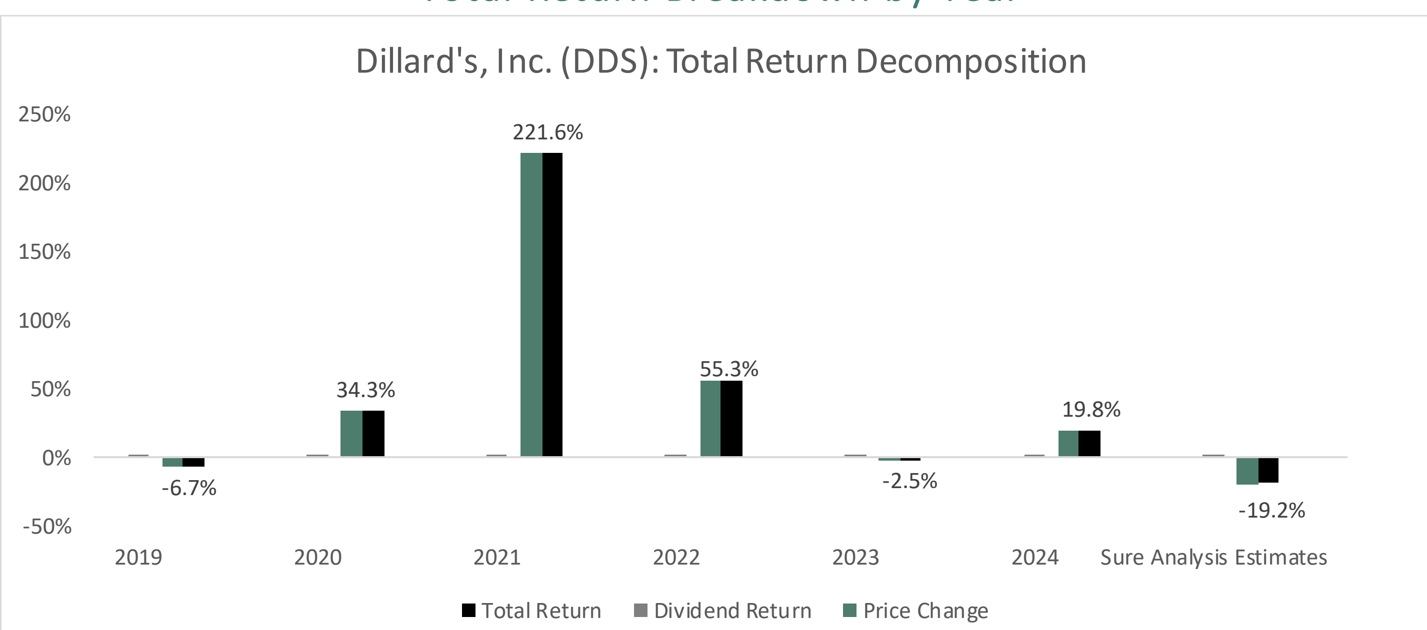
Dillard’s pays out only a marginal amount of its net profits in the form of dividends to shareholders. Management is much more focused on reducing the share count, which the company has done very successfully in the past. It is very likely that management will continue to prioritize buybacks over dividends going forward. We note the $25 special dividend in January 2025, and the further $30 declared for January 2026.

One advantage that Dillard’s has over some of its competitors is that it is not only active in apparel and cosmetics, but also in home furnishings, which provides some diversification and makes it less reliant on the performance of apparel sales – which are more easily done online compared to furniture. Dillard’s is not a recession-resilient stock, and we note that competitive advantages are difficult to come by for retailers like Dillard’s.

Final Thoughts & Recommendation

Dillard’s is a small department store chain that has a somewhat unique product portfolio, due to selling furniture and related items on top of the usual soft-line categories sold by most department store chains. The company rebounded massively in 2021 to 2023, but profits will likely decline this year for the third consecutive year. We see total projected returns at -19.2% annually, but rate Dillard’s a hold on its robust dividend increase streak.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	6,755	6,418	6,423	6,503	6,343	4,433	6,624	6,996	6,874	6,590
Gross Profit	2,404	2,252	2,223	2,212	2,107	1,364	2,877	3,013	2,843	2,671
Gross Margin	35.6%	35.1%	34.6%	34.0%	33.2%	30.8%	43.4%	43.1%	41.4%	40.5%
SG&A Exp.	1,697	1,673	1,713	1,720	1,717	1,234	1,559	1,697	1,739	1,753
D&A Exp.	252	246	234	226	224	216	201	190	181	180
Operating Profit	457	335	278	268	167	(83)	1,118	1,127	925	740
Operating Margin	6.8%	5.2%	4.3%	4.1%	2.6%	-1.9%	16.9%	16.1%	13.5%	11.2%
Net Profit	269	169	221	170	111	(72)	862	892	739	594
Net Margin	4.0%	2.6%	3.4%	2.6%	1.8%	-1.6%	13.0%	12.7%	10.7%	9.0%
Free Cash Flow	284	407	144	230	262	192	1,176	828	751	610
Income Tax	141	89	(8)	38	23	(82)	226	218	178	136

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	3,864	3,888	3,683	3,431	3,430	3,093	3,246	3,329	3,449	3,531
Cash & Equivalents	203	347	187	124	277	360	717	650	808	718
Accounts Receivable	47	48	38	50	46	37	40	57	61	56
Inventories	1,375	1,406	1,464	1,528	1,465	1,088	1,080	1,120	1,094	1,172
Total Liabilities	2,069	2,171	1,975	1,753	1,807	1,652	1,794	1,731	1,752	1,735
Accounts Payable	494	636	658	743	713	565	629	590	783	795
Long-Term Debt	813	813	726	566	566	566	566	521	521	522
Shareholder's Equity	1,795	1,717	1,708	1,678	1,623	1,441	1,451	1,599	1,697	1,796
LTD/E Ratio	0.45	0.47	0.43	0.34	0.35	0.39	0.39	0.33	0.31	0.29

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.7%	4.4%	5.8%	4.8%	3.2%	-2.2%	27.2%	27.1%	21.8%	17.0%
Return on Equity	14.1%	9.6%	12.9%	10.1%	6.7%	-4.7%	59.6%	58.5%	44.8%	34.0%
ROIC	9.9%	6.6%	8.9%	7.3%	5.0%	-3.4%	42.9%	43.1%	34.1%	26.2%
Shares Out.	36	32	28	27	25	22	19	17	16	16
Revenue/Share	173.17	187.07	217.81	238.11	250.09	195.32	321.69	398.67	416.63	409.33
FCF/Share	7.29	11.87	4.88	8.43	10.32	8.48	57.09	47.20	45.50	37.86

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.