# Dillard's Inc. (DDS)

*Updated March 8th, 2026 by Josh Arnold*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $590 | **5 Year CAGR Estimate:** | -11.1% | **Market Cap:** | $9.2 B |
| **Fair Value Price:** | $320 | **5 Year Growth Estimate:** | 0.0% | **Ex-Dividend Date:** | 03/31/26 |
| **% Fair Value:** | 184% | **5 Year Valuation Multiple Estimate:** | -11.5% | **Dividend Payment Date:** | 05/04/26 |
| **Dividend Yield:** | 0.2% | **5 Year Price Target** | $320 | **Years Of Dividend Growth:** | 15 |
| **Dividend Risk Score:** | C | **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 $9.2 billion.

Dillard's posted fourth quarter and full-year earnings on February 24th, 2026, and results were mixed. The company posted adjusted earnings-per-share of $13.05, which was $1.56 ahead of estimates. Revenue, however, was off 3% year-over-year to $1.99 billion, missing estimates by $40 million.

Total retail sales were down 1% year-over-year as comparable sales declined 1%. Management attributed weakness to a winter storm that took place in much of its operating area in January. Sales were up in ladies' accessories but declined in most other categories.

Consolidated gross margin was 50 basis points higher to 35.4% of revenue, while retail gross margin was unchanged at 36.1%. Net income was down 3% year-over-year to $204 million.

We start the year at $32 in adjusted earnings-per-share, which would mark the fourth consecutive year of earnings declines, should that come to fruition.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $4.93 | $4.89 | $6.23 | $4.38 | ($2.80) | $40.67 | $50.81 | $44.73 | $36.84 | $35.25 | ***$32.00*** | ***$32.00*** |
| **DPS** | $0.28 | $0.34 | $0.40 | $0.50 | $0.60 | $0.70 | $0.80 | $0.90 | $1.00 | $1.10 | ***$1.20*** | ***$1.93*** |
| **Shares[1]** | 32 | 28 | 27 | 25 | 22 | 19 | 17 | 16 | 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 three years of lower profits, and we believe that will be the case in 2026 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 0% earnings-per-share growth 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.

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[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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 13.4 | 11.6 | 9.6 | 16.7 | N/A | 6.0 | 6.4 | 9.0 | 12.7 | 12.7 | ***18.4*** | ***10.0*** |
| **Avg. Yld.** | 0.4% | 0.6% | 0.7% | 0.7% | 1.0% | 0.3% | 0.2% | 0.2% | 0.2% | 0.2% | ***0.2%*** | ***0.6%*** |

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 2024/2025 and weak outlook for this year, we’re placing fair value at 10X earnings. At 18X 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 expected to be weak.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 6% | 7% | 6% | 11% | -21% | 2% | 2% | 2% | 3% | 3% | ***4%*** | ***6%*** |

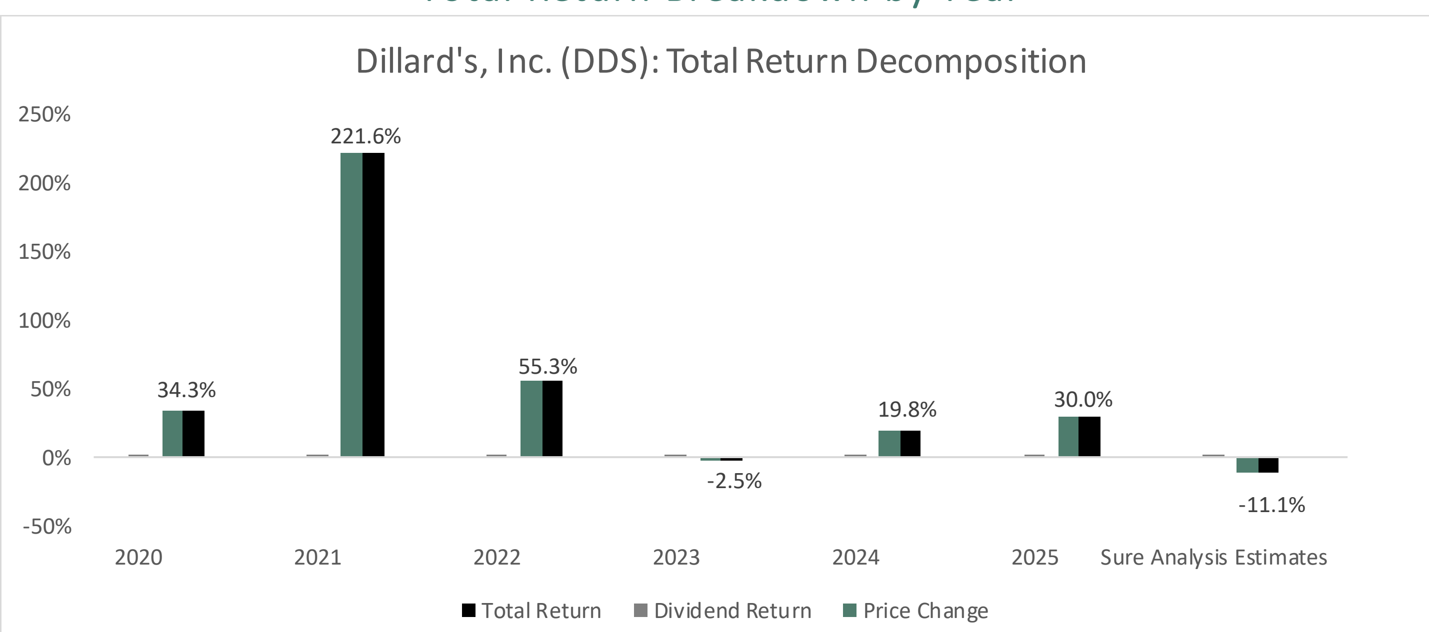
Dillard’s pays out only a marginal amount of its net profits in the form of dividends to shareholders. Management is much more focused on reducing the share count, which the company has done very successfully in the past. It is very likely that management will continue to prioritize buybacks over dividends 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 fourth consecutive year. We see total projected returns at -11.1% 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 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 6,418 | 6,423 | 6,503 | 6,343 | 4,433 | 6,624 | 6,996 | 6,874 | 6,590 | 6,563 |
| Gross Profit | 2,252 | 2,223 | 2,212 | 2,107 | 1,364 | 2,877 | 3,013 | 2,843 | 2,671 | 2,467 |
| Gross Margin | 35.1% | 34.6% | 34.0% | 33.2% | 30.8% | 43.4% | 43.1% | 41.4% | 40.5% | 37.6% |
| SG&A Exp. | 1,673 | 1,713 | 1,720 | 1,717 | 1,234 | 1,559 | 1,697 | 1,739 | 1,753 | 1,778 |
| D&A Exp. | 246 | 234 | 226 | 224 | 216 | 201 | 190 | 181 | 180 | 181 |
| Operating Profit | 335 | 278 | 268 | 167 | (83) | 1,118 | 1,127 | 925 | 740 | 689 |
| Operating Margin | 5.2% | 4.3% | 4.1% | 2.6% | -1.9% | 16.9% | 16.1% | 13.5% | 11.2% | 10.5% |
| Net Profit | 169 | 221 | 170 | 111 | (72) | 862 | 892 | 739 | 594 | 571 |
| Net Margin | 2.6% | 3.4% | 2.6% | 1.8% | -1.6% | 13.0% | 12.7% | 10.7% | 9.0% | 8.7% |
| Free Cash Flow | 407 | 144 | 230 | 262 | 192 | 1,176 | 828 | 751 | 610 | 620 |
| Income Tax | 89 | (8) | 38 | 23 | (82) | 226 | 218 | 178 | 136 | 125 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 3,888 | 3,683 | 3,431 | 3,430 | 3,093 | 3,246 | 3,329 | 3,449 | 3,531 | 3,505 |
| Cash & Equivalents | 347 | 187 | 124 | 277 | 360 | 717 | 650 | 808 | 718 | 1,073 |
| Accounts Receivable | 48 | 38 | 50 | 46 | 37 | 40 | 57 | 61 | 56 | 40 |
| Inventories | 1,406 | 1,464 | 1,528 | 1,465 | 1,088 | 1,080 | 1,120 | 1,094 | 1,172 | 1,201 |
| Total Liabilities | 2,171 | 1,975 | 1,753 | 1,807 | 1,652 | 1,794 | 1,731 | 1,752 | 1,735 | 1,726 |
| Accounts Payable | 636 | 658 | 743 | 713 | 565 | 629 | 590 | 783 | 795 | 772 |
| Long-Term Debt | 813 | 726 | 566 | 566 | 566 | 566 | 521 | 521 | 522 | 548 |
| Shareholder's Equity | 1,717 | 1,708 | 1,678 | 1,623 | 1,441 | 1,451 | 1,599 | 1,697 | 1,796 | 1,779 |
| LTD/E Ratio | 0.47 | 0.43 | 0.34 | 0.35 | 0.39 | 0.39 | 0.33 | 0.31 | 0.29 | 0.31 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 4.4% | 5.8% | 4.8% | 3.2% | -2.2% | 27.2% | 27.1% | 21.8% | 17.0% | 16.2% |
| Return on Equity | 9.6% | 12.9% | 10.1% | 6.7% | -4.7% | 59.6% | 58.5% | 44.8% | 34.0% | 31.9% |
| ROIC | 6.6% | 8.9% | 7.3% | 5.0% | -3.4% | 42.9% | 43.1% | 34.1% | 26.2% | 24.3% |
| Shares Out. | 32 | 28 | 27 | 25 | 22 | 19 | 17 | 16 | 16 | 16 |
| Revenue/Share | 187.07 | 217.81 | 238.11 | 250.09 | 195.32 | 321.69 | 398.67 | 416.63 | 409.33 | 418.04 |
| FCF/Share | 11.87 | 4.88 | 8.43 | 10.32 | 8.48 | 57.09 | 47.20 | 45.50 | 37.86 | 39.51 |

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