Macy's (M)

Updated June 30th, 2026 by Jonathan Weber

Key Metrics

Current Price:	$23	**5 Year CAGR Estimate:**	-0.4%	**Market Cap:**	$6.1B
Fair Value Price:	$17	**5 Year Growth Estimate:**	2.0%	**Ex-Dividend Date:**	08/13/26[1]
% Fair Value:	137%	**5 Year Valuation Multiple Estimate:**	-6.1%	**Dividend Payment Date:**	09/01/26[2]
Dividend Yield:	3.3%	**5 Year Price Target**	$19	**Years Of Dividend Growth:**	6
Dividend Risk Score:	F	**Sector:**	Consumer Discretionary	**Rating:**	Hold

Overview & Current Events

Macy's is a department store company that operates brick and mortar stores, as well as online stores under the Macy's, Bloomingdale's, and Bluemercury brands. Macy's was founded in 1929 and is headquartered in Cincinnati, Ohio. The company owns highly valuable real estate, such as the Herald square building in New York City.

When Macy's reported its first quarter earnings results, it announced that its revenues totaled $4.9 billion during the quarter, which exceeded the analyst consensus estimate by $280 million. Macy's revenues were up by 1.7% versus the previous year's quarter. That was a little better compared to the previous trend, as Macy's had reported a small revenue decline during the previous quarter. While macro headwinds continue to linger, Macy's was able to generate solid same-store revenue growth of 3% during the period.

Macy's generated earnings-per-share of $0.13 during the first quarter, which represents a slightly weaker result compared to the previous year's period. Results faded in 2023, 2024, and 2025, relative to the two strong years we saw in 2021 and 2022. For 2026, management is guiding that EPS will be between $2.00 and $2.20. The company's earnings-per-share will continue to pull back this year, partially due to headwinds such as weak consumer sentiment. The company increased its dividend by around 5% this year, bringing the annual payout to $0.77 per share. According to Macy's current guidance, the dividend will remain well-covered, despite the expected high single digits EPS decline.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$3.13	$3.77	$4.18	$2.91	-12.70	$5.31	$4.48	$2.76	$2.64	$2.32	***$2.10***	***$2.32***
DPS	$1.48	$1.51	$1.51	$1.51	$0.38	$0.60	$0.63	$0.66	$0.70	$0.73	***$0.77***	***$0.81***
Shares[3]	304	305	307	309	311	307	275	274	278	271	***265***	***250***

Over the last decade, Macy's earnings-per-share declined considerably, which is primarily due to ongoing industry headwinds, although there were ups and downs on a year-over-year basis. Online competition from companies such as Amazon has pressured sales and margins. While Macy's hit a new record profit in 2021, that was largely due to one-time elevated consumer spending driven by COVID-related stimulus measures.

Macy's has been making a range of strategic moves to stabilize its business, which includes expanding its own online business and moving towards an omni-channel approach, coupling online and brick-and-mortar sales. Macy's has stated that it will continue to close the least profitable stores to focus on the most profitable locations, which should help offset some of the margin declines that have been a problem for Macy's in the past. Under the Bold New Chapter strategic plan, Macy's accelerated store closures in under-performing areas further. Due to adverse macro trends for the entire industry, such as rising store expenses and online competition, we nevertheless believe that earnings will likely not grow a lot going forward.

[1] Estimated date
[2] Estimated date
[3] 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	11.9	6.6	7.2	5.8	NMF	4.9	4.7	7.3	6.1	9.5	***11.0***	***8.0***
Avg. Yld.	4.0%	6.1%	5.0%	8.9%	3.2%	2.3%	3.0%	3.3%	4.4%	3.3%	***3.3%***	***4.4%***

Macy's trades at around eleven times this year's forecasted earnings right now, based on its current earnings-per-share guidance for this year. Relative to how Macy's was valued over the last decade, that is rather pricy -- we believe that shares trade above fair value today. Shares thus have some downside potential from where they trade today, according to our estimates. Investors get a solid dividend yield of a little more than 3% at current prices.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	47%	40%	36%	52%	NMF	11%	14%	24%	27%	31%	***37%***	***35%***

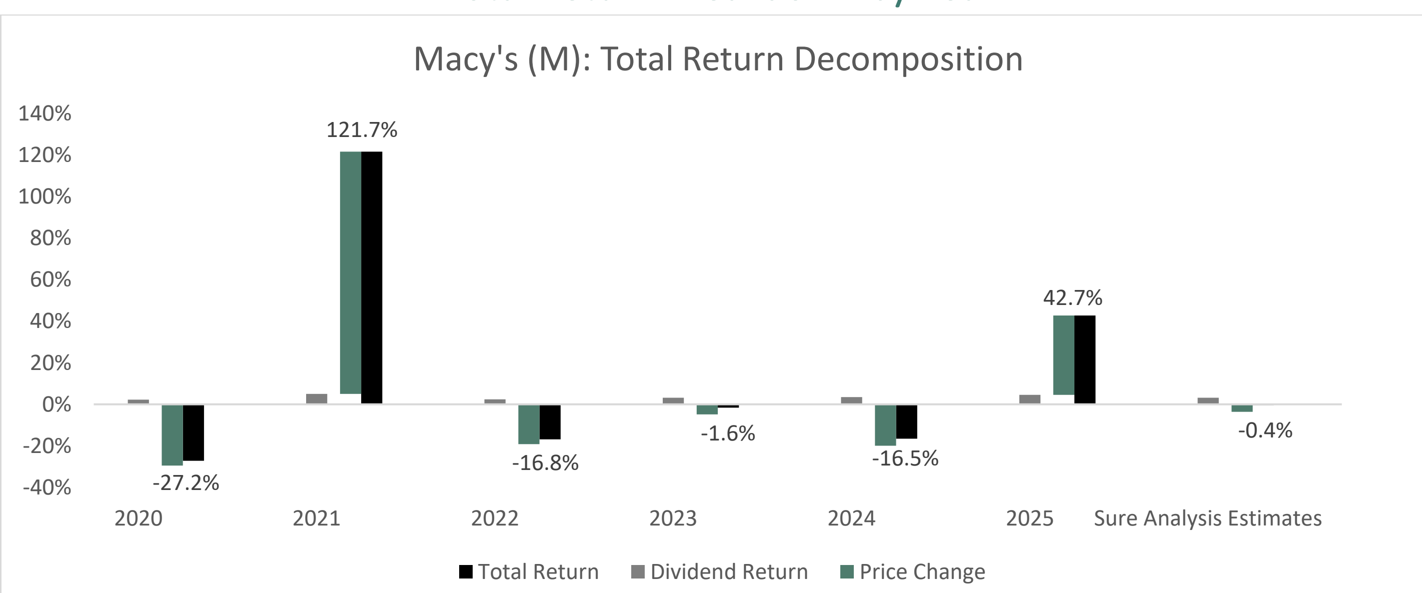
In 2020, Macy's decided to suspend its dividend in order to preserve cash during the pandemic. The company then initiated a new dividend, but at a reduced level, with some dividend increases since then. While the payout ratio is not overly high, it has been rising recently, and due to the weak business outlook, there is considerable dividend cut risk.

Macy's is a renowned brand; around half of Americans shop at Macy's at least once a year. There is a Macy's store in many grade A malls, and its ecommerce business platform has enjoyed solid growth in recent years. Online competition remains a big issue, however, although Macy's own e-commerce presence and omni-channel strategy are a bit of a relief. Macy's business is vulnerable to economic downturns, with the past pandemic being an especially hurtful scenario for the company due to forced store closures and consumers moving towards online shopping. In future recessions, Macy's will most likely experience earnings declines as well.

Final Thoughts & Recommendation

Macy's is a department store company that has struggled to generate reliable long-term business growth in the past. Margin initiatives should be beneficial for the company's earnings, but due to ongoing headwinds for the industry, we nevertheless believe that earnings growth will not be strong in the long run. Shares do not promise compelling returns from the current level. We rate Macy's a hold right here.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	26,564	25,641	25,739	25,331	18,097	25,399	25,449	23,866	23,006	22,621
Gross Profit	10,898	10,460	10,524	10,160	5,811	10,443	10,143	9,723	9,266	9,124
Gross Margin	41.0%	40.8%	40.9%	40.1%	32.1%	41.1%	39.9%	40.7%	40.3%	40.3%
SG&A Exp.	9,257	8,954	9,039	8,998	6,767	8,154	8,461	8,375	8,330	8,240
D&A Exp.	1,058	991	962	981	959	874	857	897	881	894
Operating Profit	1,641	1,506	1,485	1,162	(956)	2,289	1,682	1,348	936	884
Op. Margin	6.2%	5.9%	5.8%	4.6%	-5.3%	9.0%	6.6%	5.6%	4.1%	3.9%
Net Profit	627	1,566	1,108	564	(3,944)	1,430	1,177	105	582	642
Net Margin	2.4%	6.1%	4.3%	2.2%	-21.8%	5.6%	4.6%	0.4%	2.5%	2.8%
Free Cash Flow	889	1,216	803	451	183	2,115	320	312	396	690
Income Tax	346	(39)	322	164	(846)	436	341	19	181	207

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	19,851	19,583	19,194	21,172	17,706	17,590	16,866	16,246	16,402	16,238
Cash & Equivalents	1,297	1,455	1,162	685	1,679	1,712	862	1,034	1,306	1,246
Acc. Receivable	522	363	400	409	276	297	300	293	303	628
Inventories	5,399	5,178	5,263	5,188	3,774	4,383	4,267	4,361	4,468	4,412
Goodwill & Int.	4,395	4,385	5,056	4,347	1,265	1,263	1,260	1,258	1,253	1,248
Total Liabilities	15,529	13,850	12,758	14,795	15,153	13,969	12,784	12,109	11,850	11,378
Accounts Payable	2,177	2,325	2,638	2,659	2,856	3,280	2,874	2,523	4,518	3,763
Long-Term Debt	6,835	5,835	4,719	4,160	4,859	3,295	2,996	2,998	2,779	2,432
Total Equity	4,323	5,745	6,436	6,377	2,553	3,621	4,082	4,137	4,552	4,860
LTD/E Ratio	1.58	1.02	0.73	0.65	1.90	0.91	0.73	0.72	0.61	0.50

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	3.1%	7.9%	5.7%	2.8%	-20.3%	8.1%	6.8%	0.6%	3.6%	3.9%
Return on Equity	14.6%	31.1%	18.2%	8.8%	-88.3%	46.3%	30.6%	2.6%	13.4%	13.6%
ROIC	5.4%	13.8%	9.8%	5.2%	-43.9%	20.0%	16.8%	1.5%	8.0%	5.9%
Shares Out.	304	305	307	309	311	307	275	274	278	276
Revenue/Share	85.47	83.58	82.66	81.35	58.17	80.89	90.53	85.79	81.70	81.81
FCF/Share	2.86	3.96	2.58	1.45	0.59	6.74	1.14	1.12	1.41	2.50

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