Nordstrom shares jump after retailer projects strong full-year results

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Nordstrom forecast full-year revenue and profit above estimates on Tuesday, signaling strong demand for its upscale apparel and footwear as Americans resume normal life, and driving its shares up 38% in extended trading.

Wall Street analysts had criticized Nordstrom last year for the underwhelming performance of its off-price Rack division and its inability to ensure its stores were sufficiently stocked.

"Our primary focus is on three areas: improving Nordstrom Rack performance, increasing profitability and optimizing our supply chain and inventory flow," said Erik Nordstrom, the company's chief executive officer.

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The forecast helped quell investor worries that Nordstrom, beset by global supply chain disruptions due to shipping logjams, would underperform its rivals after the department store chain's shares fell 28% in 2021.

Nordstrom said inventory levels at the end of the fourth quarter were higher than planned, although it expects to reduce its stocks relative to sales during the current quarter.

The department store chain said it expects to be in a position to return cash to shareholders in the first quarter. It had suspended quarterly dividends and share repurchases in 2020 to weather the pandemic's impact.

Nordstrom forecast fiscal 2022 revenue to rise between 5% and 7%, while analysts on average forecast a 3.66% growth, according to Refinitiv IBES data.

It also estimated full-year earnings per share, excluding the impact of any potential share repurchase activity, to be between $3.15 and $3.50. Analysts on average were expecting $2.01 per share.

Larger rivals Kohl's Corp and Macy's Inc also predicted that their 2022 sales and profits would beat expectations.

Nordstrom's total revenue rose 23% to $4.49 billion in the fourth quarter, beating estimates of $4.35 billion. Net income surged six-fold to $200 million, or $1.23 per share.