

# TheStreet Quant Ratings

## FOOT LOCKER INC

BUY					HOLD			SELL						<b>HOLD</b>	RATING SINCE	06/07/2023	
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E		E-	F	
Annual Dividend Rate <b>\$1.60</b>				Annual Dividend Yield <b>6.98%</b>				Beta <b>1.43</b>			Market Capitalization <b>\$2.2 Billion</b>			52-Week Range <b>\$14.84-\$47.00</b>		Price as of 3/14/2024 <b>\$22.91</b>	

Sector: **Retail Trade** | Industry Group: **Shoe Retailers**

### FL BUSINESS DESCRIPTION

Foot Locker, Inc., through its subsidiaries, operates as a footwear and apparel retailer in North America, Europe, Australia, New Zealand, Asia, and the Middle East.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	-26.99	-44.05	-26.40

### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	2.01	-6.75	2.67
Net Income	-2,147.36	-196.49	NA
EPS	-1,820.83	-196.95	NA

### RETURN ON EQUITY (%)

	FL	Subsector Avg	S&P 500
Q4 2023	-11.42	49.38	17.66
Q4 2022	10.48	45.06	19.00
Q4 2021	27.57	47.05	18.28

### P/E COMPARISON



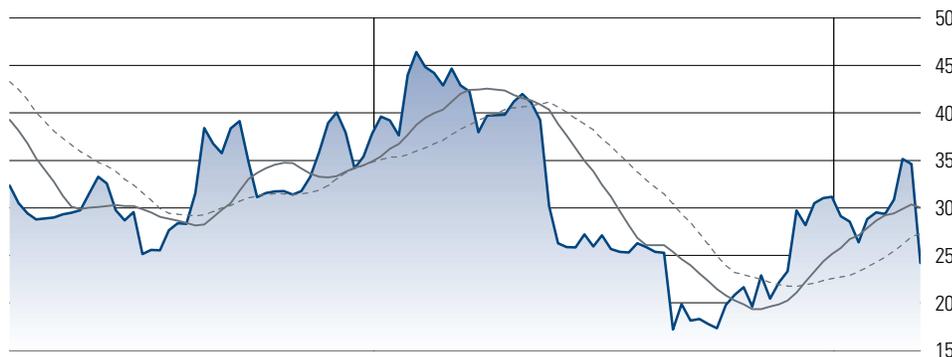
### EPS ANALYSIS' (\$)



NA = not available NM = not meaningful

1 CompuStat fiscal year convention is used for all fundamental data items.

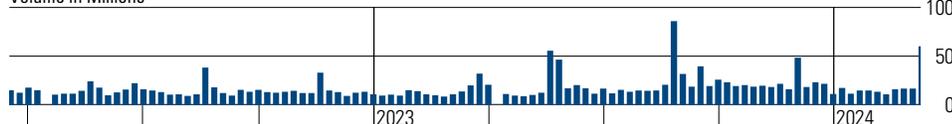
Weekly Price: (US\$) | SMA (50) — SMA (100) --- 1 Year | 2 Years



### Rating History



### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate FOOT LOCKER INC (FL) a HOLD. The primary factors that have impacted our rating are mixed - some indicating strength, some showing weaknesses, with little evidence to justify the expectation of either a positive or negative performance for this stock relative to most other stocks. The company's strengths can be seen in multiple areas, such as its revenue growth and largely solid financial position with reasonable debt levels by most measures. However, as a counter to these strengths, we also find weaknesses including deteriorating net income, disappointing return on equity and poor profit margins.

### HIGHLIGHTS

Despite its growing revenue, the company underperformed as compared with the subsector average of 11.1%. Since the same quarter one year prior, revenues slightly increased by 2.0%. This growth in revenue does not appear to have trickled down to the company's bottom line, displayed by a decline in earnings per share.

FOOT LOCKER INC has experienced a steep decline in earnings per share in the most recent quarter in comparison to its performance from the same quarter a year ago. The company has reported a trend of declining earnings per share over the past two years. However, the consensus estimate suggests that this trend should reverse in the coming year. During the past fiscal year, FOOT LOCKER INC swung to a loss, reporting -\$3.50 versus \$3.61 in the prior year. This year, the market expects an improvement in earnings (\$1.55 versus -\$3.50).

Return on equity has greatly decreased when compared to its ROE from the same quarter one year prior. This is a signal of major weakness within the corporation. Compared to other companies in the Clothing, Clothing Accessories, Shoe, and Jewelry subsector and the overall market, FOOT LOCKER INC's return on equity significantly trails that of both the subsector average and the S&P 500.

The gross profit margin for FOOT LOCKER INC is currently lower than what is desirable, coming in at 26.76%. It has decreased from the same quarter the previous year. Along with this, the net profit margin of -16.31% is significantly below that of the subsector average.

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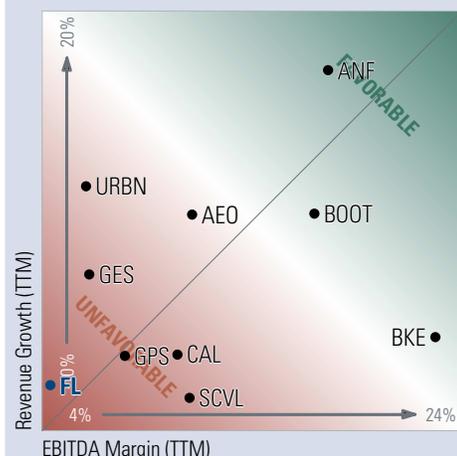
## FOOT LOCKER INC

### Sector: Retail Trade | Shoe Retailers

Annual Dividend Rate <b>\$1.60</b>	Annual Dividend Yield <b>6.98%</b>	Beta <b>1.43</b>	Market Capitalization <b>\$2.2 Billion</b>	52-Week Range <b>\$14.84-\$47.00</b>	Price as of 3/14/2024 <b>\$22.91</b>
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#### PEER GROUP ANALYSIS

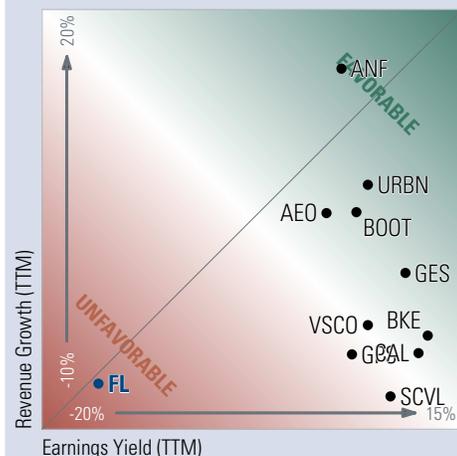
##### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$868.5 Million and \$8.5 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

##### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between -7.7% and 15.8%. Companies with NA or NM values do not appear.

#### SUBSECTOR ANALYSIS

FOOT LOCKER INC falls within the Retail Trade sector and the Shoe Retailers industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 189 companies in the Retail Trade sector that total around \$4,309 billion in market capitalization as well as \$3,320 billion in annual sales.

The Clothing, Clothing Accessories, Shoe, Jewelry Retailers subsector accounts for 5.4% of those revenues.

Industries in the Clothing, Clothing Accessories, Shoe, and Jewelry Retailers subsector retail new clothing, clothing accessories, shoes, jewelry, luggage, and leather goods.

#### PEER GROUP: Clothing, Clothing Accessories, Shoe, and Jewelry Retailers

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>FL</b>	<b>FOOT LOCKER INC</b>	<b>22.91</b>	<b>2,157</b>	<b>NM</b>	<b>8,168.00</b>	<b>-330.00</b>
SCVL	SHOE CARNIVAL INC	32.01	869	11.04	1,186.49	79.44
GPS	GAP INC	23.00	8,529	17.16	14,889.00	502.00
ANF	ABERCROMBIE & FITCH	125.36	6,319	20.15	4,280.68	328.12
AEO	AMERN EAGLE OUTFITTERS INC	23.08	4,559	26.84	5,261.77	170.04
URBN	URBAN OUTFITTERS INC	42.40	3,934	13.95	5,153.24	287.67
BOOT	BOOT BARN HOLDINGS INC	86.50	2,621	16.11	1,704.21	163.97
BKE	BUCKLE INC	37.66	1,900	8.22	1,280.53	228.18
VSCO	VICTORIAS SECRET AND CO	18.95	1,467	13.93	6,181.45	109.09
GES	GUESS INC	25.37	1,362	9.72	2,593.80	178.77
CAL	CALERES INC	38.34	1,361	8.77	2,816.61	156.39

The peer group comparison is based on Major Clothing, Clothing Accessories, Shoe, Jewelry Retailers companies of comparable size.

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### COMPANY DESCRIPTION

Foot Locker, Inc., through its subsidiaries, operates as a footwear and apparel retailer in North America, Europe, Australia, New Zealand, Asia, and the Middle East. Its brand portfolio includes Foot Locker, a youth culture brand comprising sneakers and apparel; Kids Foot Locker, which offers athletic footwear, apparel, and accessories for children; and Champs Sports that operates as a mall-based specialty athletic footwear and apparel retailer. The company also provides its products under the WSS brand, an athletic-inspired retailer; and atmos brand, a digitally led culturally connected brand featuring sneakers and apparel. It offers its products through various e-commerce sites and mobile apps. The company was formerly known as Venator Group, Inc. and changed its name to Foot Locker, Inc. in November 2001. The company was founded in 1879 and is headquartered in New York, New York.

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<http://www.footlocker-inc.com>

### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of FL shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>1.0 out of 5 stars</b>	★	☆	☆	☆	☆
Measures the growth of both the company's income statement and cash flow. On this factor, FL has a growth score better than 10% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>1.5 out of 5 stars</b>	★	★	☆	☆	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 20% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>2.5 out of 5 stars</b>	★	★	★	☆	☆
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 40% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>2.0 out of 5 stars</b>	★	★	☆	☆	☆
Measures the volatility of the company's stock price historically. The stock is less volatile than 30% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>3.5 out of 5 stars</b>	★	★	★	★	☆
Measures the solvency of the company based on several ratios. The company is more solvent than 60% of the companies we analyze.		weak				strong
<b>Income</b>	<b>5.0 out of 5 stars</b>	★	★	★	★	★
Measures dividend yield and payouts to shareholders. The company's dividend is higher than 90% of the companies we track.		weak				strong

### THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### FINANCIAL ANALYSIS

FOOT LOCKER INC's gross profit margin for the fourth quarter of its fiscal year 2023 has decreased when compared to the same period a year ago. Even though sales increased, the net income has decreased, representing a decrease to the bottom line.

During the same period, stockholders' equity ("net worth") has decreased by 12.23% from the same quarter last year.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

### INCOME STATEMENT

	Q4 FY23	Q4 FY22
Net Sales (\$mil)	2,384.00	2,337.00
EBITDA (\$mil)	105.00	184.00
EBIT (\$mil)	54.00	133.00
Net Income (\$mil)	-389.00	19.00

### BALANCE SHEET

	Q4 FY23	Q4 FY22
Cash & Equiv. (\$mil)	297.00	549.00
Total Assets (\$mil)	6,868.00	7,907.00
Total Debt (\$mil)	2,943.00	3,226.00
Equity (\$mil)	2,890.00	3,293.00

### PROFITABILITY

	Q4 FY23	Q4 FY22
Gross Profit Margin	26.76%	30.17%
EBITDA Margin	4.40%	7.87%
Operating Margin	2.27%	5.69%
Sales Turnover	1.19	1.11
Return on Assets	-4.80%	4.32%
Return on Equity	-11.42%	10.48%

### DEBT

	Q4 FY23	Q4 FY22
Current Ratio	1.72	1.57
Debt/Capital	0.50	0.49
Interest Expense	NA	6.00
Interest Coverage	NA	22.17

### SHARE DATA

	Q4 FY23	Q4 FY22
Shares outstanding (mil)	94	93
Div / share	0.00	0.40
EPS	-4.13	0.24
Book value / share	30.69	35.26
Institutional Own %	NA	NA
Avg Daily Volume	3,693,964	4,244,137

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

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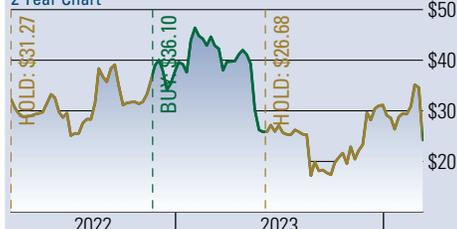
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### RATINGS HISTORY

Our rating for FOOT LOCKER INC has not changed since 6/7/2023. As of 3/14/2024, the stock was trading at a price of \$22.91 which is 51.3% below its 52-week high of \$47.00 and 54.4% above its 52-week low of \$14.84.

#### 2 Year Chart



### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
6/7/23	\$26.68	Downgrade	Buy	Hold
11/22/22	\$36.10	Upgrade	Hold	Buy
3/15/22	\$31.27	Downgrade	Buy	Hold
3/14/22	\$29.94	Initiated	--	Buy

Price reflects the closing price as of the date listed, if available

### RATINGS DEFINITIONS & DISTRIBUTION OF THESTREET RATINGS

(as of 3/14/2024)

**31.74% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.61% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**37.64% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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### VALUATION

HOLD. This stock's P/E ratio is negative, making its value useless in the assessment of premium or discount valuation, only displaying that the company has negative earnings per share. For additional comparison, its price-to-book ratio of 0.75 indicates a significant discount versus the S&P 500 average of 4.68 and a significant discount versus the subsector average of 11.33. The price-to-sales ratio is well below both the S&P 500 average and the subsector average, indicating a discount. After reviewing these and other key valuation criteria, FOOT LOCKER INC proves to trade at a discount to investment alternatives.

Price/Earnings	1	2	3	4	5

**FL NM** Peers 23.55

- Neutral. The absence of a valid P/E ratio happens when a stock can not be valued on the basis of a negative stream of earnings.
- FL's P/E is negative making this valuation measure meaningless.

Price/Projected Earnings	1	2	3	4	5

**FL 10.18** Peers 19.84

- Discount. A lower price-to-projected earnings ratio than its peers can signify a less expensive stock or lower future growth expectations.
- FL is trading at a significant discount to its peers.

Price/Book	1	2	3	4	5

**FL 0.75** Peers 11.33

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- FL is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5

**FL 0.26** Peers 1.84

- Discount. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- FL is trading at a significant discount to its subsector on this measurement.

Price/CashFlow	1	2	3	4	5

**FL 23.71** Peers 16.96

- Premium. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- FL is trading at a significant premium to its peers.

Price to Earnings/Growth	1	2	3	4	5

**FL NA** Peers 1.61

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- Ratio not available.

Earnings Growth	1	2	3	4	5

**FL -196.95** Peers 329.94

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, FL is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5

**FL -6.75** Peers 6.34

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- FL significantly trails its peers on the basis of sales growth.

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