ACE HARDWARE REPORTS FOURTH QUARTER AND FULL YEAR 2024 RESULTS

- *Record fourth quarter revenues of $2.3 billion, an increase of 7.6 percent*
- *Record full year revenues of $9.5 billion, an increase of 3.9 percent*
- *Record fourth quarter net income of $53.8 million*
- *Record patronage dividend to shareholders of $357.0 million*
- *Named one of the World's Best Employers and one of America's Best Employers by Forbes*

OAK BROOK, Ill. , Feb. 12, 2025 /PRNewswire/ -- Ace Hardware Corporation ("Ace" or the "Company") today reported fourth quarter 2024 revenues of $2.3 billion, an increase of $162.2 million, or 7.6 percent, from the fourth quarter of 2023. Full year revenues were $9.5 billion, an increase of $360.3 million, or 3.9 percent, from 2023 revenue.

"Strong comparable store sales during the fourth quarter from our hardware format stores, accelerated new store growth, and our continued digital advance fueled a very encouraging 7.6% increase in revenue for the quarter," said John Venhuizen, President and CEO. "With record revenue, record shareholder dividends, record contributions to the Ace Foundation, and nearly a 39% pre-tax return on shareholder equity, the Ace team is to be commended for the discipline, productivity, and stewardship with which they managed our resources and opportunities."

The approximately 3,700 Ace retailers who share daily retail sales data reported a 1.6 percent increase in U.S. retail same-store-sales during the fourth quarter of 2024, which was the result of a 1.9 percent increase in average ticket; partially offset by a 0.3 percent decrease in same-store transactions. For the full year, U.S. retail same-store-sales decreased 0.3 percent, which was the result of a 1.5 percent decrease in same-store transactions; partially offset by a 1.2 percent increase in average ticket.

Revenues

Fourth Quarter
Consolidated revenues for the three months ended December 28, 2024 totaled $2.3 billion. Total wholesale revenues were $2.1 billion, an increase of $142.4 million, or 7.3 percent, as compared to the prior year fourth quarter. Increases were seen across most departments with outdoor power equipment, grilling and generators showing the largest gains.

Wholesale merchandise revenues to new domestic Ace stores activated from January 2023 through December 2024 contributed $53.9 million of incremental revenues during the fourth quarter of 2024, while wholesale merchandise revenues decreased $6.3 million during the fourth quarter due to domestic Ace stores whose memberships were cancelled. Wholesale merchandise revenues to comparable domestic Ace stores increased $45.9 million for the quarter. The Company's Ace Hardware International Holdings, Ltd. ("AIH") subsidiary experienced a $2.5 million decrease in wholesale revenue from the fourth quarter of 2023. Ace Wholesale Holdings LLC ("AWH") reported a $23.6 million increase in wholesale revenues from the fourth quarter of 2023 primarily due to higher sales to hardware, e-commerce and pro lumber customers. The Company's Ace Services Holdings LLC ("ASH") subsidiary, which is reported as part of the Company's wholesale business, experienced a $5.5 million decrease in revenues from the fourth quarter of 2023.

Total retail revenues from Ace Retail Holdings LLC ("ARH") for the quarter were $202.4 million, an increase of $19.8 million, or 10.8 percent, as compared to the prior year fourth quarter. The Great Lakes Ace Hardware ("GLA") chain experienced a 3.1 percent increase in same-store-sales while the Westlake Ace Hardware ("Westlake") chain experienced a 0.1 percent decrease in same-store-sales in the quarter. The new stores opened by ARH in 2023 and 2024 contributed $18.9 million of incremental revenues during the fourth quarter of 2024. ARH operated 259 stores at the end of the fourth quarter of 2024 compared to 235 stores at the end of the fourth quarter of 2023.

Fiscal Year
Consolidated revenues for fiscal 2024 totaled $9.5 billion, an increase of $360.3 million, or 3.9 percent, as compared to the prior year. Total wholesale revenues were $8.7 billion, an increase of $321.3 million, or 3.9 percent, as compared to the prior year. Increases were seen across many departments with outdoor power equipment, grilling, power tools and generators showing the largest gains.

Wholesale merchandise revenues from new domestic Ace stores were $238.0 million in fiscal 2024. This increase was partially offset by a decrease in wholesale merchandise revenues of $32.9 million due to domestic Ace store cancellations. Wholesale merchandise revenues to comparable domestic Ace stores decreased $35.2 million in fiscal 2024 compared to fiscal 2023. AIH wholesale revenues decreased $1.0 million compared to the prior year. AWH wholesale revenues increased $22.0 million compared to the prior year primarily due to higher sales to e-commerce and pro lumber customers. ASH wholesale revenues increased $46.1 million due to the inclusion of a full year of revenues from Unique Indoor Comfort ("UIC") in 2024. UIC was acquired on April 12, 2023.

Total retail revenues from ARH were $825.4 million, an increase of $39.0 million, or 5.0 percent, as compared to the prior year. The GLA chain experienced a 0.7 percent increase in same-store-sales while the Westlake chain experienced a 0.7 percent decrease in same-store-sales in fiscal 2024. The new stores opened by ARH in 2023 and 2024 contributed $42.5 million of incremental revenues during fiscal 2024.

Ace added 215 new domestic stores in fiscal 2024 and cancelled 65 stores. This brought the Company's total domestic store count to 5,144 at the end of fiscal 2024, an increase of 150 stores from the end of fiscal 2023. On a worldwide basis, Ace added 230 stores in fiscal 2024 and cancelled 134, bringing the worldwide store count to 5,966 at the end of fiscal 2024.

Gross Profit

Fourth Quarter
Wholesale gross profit for the three months ended December 28, 2024 was $267.4 million, an increase of $40.9 million from the fourth quarter of 2023. The wholesale gross margin percentage was 12.8 percent of wholesale revenues in the fourth quarter of 2024, up from 11.7 percent in the fourth quarter of 2023. This increase was due to recording LIFO expense in 2023 compared to LIFO income in 2024 as inventory levels declined.

Retail gross profit for the three months ended December 28, 2024 was $92.4 million, an increase of $8.5 million from the fourth quarter of 2023. The retail gross margin percentage was 45.7 percent of retail revenues in the fourth quarter of 2024, down slightly from 45.9 percent in the fourth quarter of 2023. For ARH, retail gross profit is based on the Company's wholesale acquisition cost of product, not ARH's acquisition cost which includes a markup from the Company.

Fiscal Year
Wholesale gross profit for fiscal 2024 was $1.2 billion, an increase of $48.8 million from fiscal 2023. The wholesale gross margin percentage was 13.5 percent of wholesale revenues in fiscal 2024, up slightly from 13.4 percent in fiscal 2023.

Retail gross profit for fiscal 2024 was $374.7 million, an increase of $18.4 million from fiscal 2023. The retail gross margin percentage was 45.4 percent of retail revenues in fiscal 2024, up slightly from 45.3 percent in fiscal 2023. For ARH, retail gross profit is based on the Company's wholesale acquisition cost of product, not ARH's acquisition cost which includes a markup from the Company.

Expenses and Other

Fourth Quarter
Wholesale operating expenses increased $11.2 million, or 4.8 percent, from the fourth quarter of 2023. The increase is due to an increase in marketing and advertising spending and higher compensation benefit expense. As a percentage of wholesale revenues, wholesale operating expenses decreased to 11.7 percent of wholesale revenues in the fourth quarter of 2024 from 12.0 percent of wholesale revenues in the fourth quarter of 2023.

Retail operating expenses increased $7.7 million, or 11.1 percent, from the fourth quarter of 2023. The increase was driven by expenses incurred related to the new stores added since the end of the third quarter of 2023. Retail operating expenses as a percentage of retail revenue increased slightly to 37.9 percent in the fourth quarter of 2024 from 37.8 percent in the fourth quarter of 2023.

Other income increased $27.7 million from the fourth quarter of 2023. The increase is due to a $17.8 million gain on sale of the Company's RSC located in Little Rock, Arkansas, coupled with the absence of $8.6 million of expenses incurred during the fourth quarter of 2023 related to the cybersecurity incident.

Fiscal Year
Wholesale operating expenses increased $94.6 million, or 11.4 percent, in fiscal 2024 as compared to fiscal 2023. The increase is due to a $59.8 million increase in marketing and advertising spending, higher compensation benefit expense and a full year of operating expenses from UIC in 2024 compared to a partial year in 2023. As a percentage of wholesale revenues, wholesale operating expenses increased to 10.7 percent in fiscal 2024 from 10.0 percent in fiscal 2023.

Retail operating expenses increased $17.6 million, or 6.3 percent, in fiscal 2024 as compared to fiscal 2023. This increase is driven by expenses incurred related to new stores added in 2023 and 2024. Retail operating expenses as a percentage of retail revenue increased to 36.1 percent in fiscal 2024 from 35.6 percent in fiscal 2023.

Interest expense increased $10.5 million in fiscal 2024 due to higher average borrowings.

Other income increased $40.2 million in fiscal 2024 compared to fiscal 2023. The increase is due to a $17.8 million gain on sale of the Company's RSC located in Little Rock, Arkansas and an insurance recovery of approximately $8.0 million of the $8.6 million of expenses the Company recorded in 2023 related to the cybersecurity incident.

Balance Sheet and Cash Flow

Receivables increased $53.4 million from the prior year due to higher sales volumes.

Inventories decreased $37.2 million from the prior year as a result of efforts to reduce overstock inventory.

Long-term debt, including current maturities, decreased $81.2 million from 2023. At the end of 2024, long-term debt consisted of $216.5 million outstanding on the revolving credit facility, $60.1 million outstanding on the Westlake credit facility and $50.5 million owed to former retailers.

About Ace Hardware

Ace Hardware is the largest hardware cooperative in the world, serving more than 8,900 locally owned and operated stores and providing the best products, services, and operating methods to over 5,900 Ace retail stores in approximately 60 countries. Ace Hardware's family of brands includes Ace Hardware, Emery Jensen Distribution (EJD), and independent retailers worldwide. Headquartered in Oak Brook, Ill., Ace operates an expansive network of U.S. distribution centers, along with international capabilities in Ningbo, China, and Cuautitlán Izcalli, Mexico. Since 1924, Ace has been a part of local communities, known as the place with the helpful hardware folks. For more information, visit acehardware.com or newsroom.acehardware.com.

Contacts:

Shareholders'/Investors' Inquiries:
William Guzik, Executive Vice President, Chief Financial Officer & Chief Risk Officer
630-990-3325, guzik@acehardware.com

Media Inquiries:
Jeff Gooding, Vice President, Consumer Marketing
630-990-3600, media@acehardware.com

ACE HARDWARE CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In millions)

	Three Months Ended		Twelve Months Ended	
	December 28, 2024 (13 Weeks)	December 30, 2023 (13 Weeks)	December 28, 2024 (52 Weeks)	December 30, 2023 (52 Weeks)
Revenues:				
Wholesale revenues	$ 2,084.5	$ 1,942.1	$ 8,666.0	$ 8,344.7
Retail revenues	202.4	182.6	825.4	786.4
Total revenues	2,286.9	2,124.7	9,491.4	9,131.1
Cost of revenues:				
Wholesale cost of revenues	1,817.1	1,715.6	7,495.6	7,223.1
Retail cost of revenues	110.0	98.7	450.7	430.1
Total cost of revenues	1,927.1	1,814.3	7,946.3	7,653.2
Gross profit:				
Wholesale gross profit	267.4	226.5	1,170.4	1,121.6
Retail gross profit	92.4	83.9	374.7	356.3
Total gross profit	359.8	310.4	1,545.1	1,477.9
Wholesale operating expenses:				
Distribution operations expenses	76.4	75.4	288.6	281.5
Selling, general and administrative expenses	90.0	96.5	342.4	314.7
Retailer success and development expenses	77.0	60.3	294.3	234.5
Retail operating expenses	76.8	69.1	297.7	280.1

Retail pre-opening expenses	1.0	2.1	4.8	6.0
Total operating expenses	321.2	303.4	1,227.8	1,116.8
Operating income	38.6	7.0	317.3	361.1
Interest expense	(12.8)	(11.4)	(48.9)	(38.4)
Interest income	1.9	1.8	6.9	5.4
Other income (expense), net	25.4	(2.3)	36.5	(3.7)
Income tax benefit (expense)	0.7	5.4	2.3	(1.0)
Net income	53.8	0.5	314.1	323.4
Less: net loss attributable to noncontrolling interests	-	(1.6)	(0.9)	(2.7)
Net income attributable to Ace Hardware Corporation	$ 53.8	$ 2.1	$ 315.0	$ 326.1
Patronage distributions accrued	$ 65.8	$ 18.3	$ 357.0	$ 356.5
Patronage distributions accrued for third party Retailers	$ 59.6	$ 12.3	$ 335.6	$ 335.7

ACE HARDWARE CORPORATION
CONSOLIDATED BALANCE SHEETS
(In millions, except share data)

	December 28, 2024	December 30, 2023
Assets		
Cash and cash equivalents	$ 36.3	$ 31.9
Marketable securities	42.7	49.4
Receivables, net of allowance for doubtful accounts of $10.9 and $12.1, respectively	727.8	674.4
Inventories	1,197.9	1,235.1
Prepaid expenses and other current assets	87.3	69.9
Total current assets	2,092.0	2,060.7
Property and equipment, net	594.6	541.0
Operating lease right-of-use assets, net	798.2	668.0
Finance lease right-of-use assets, net	185.7	123.9
Goodwill and other intangible assets	455.6	410.9
Other assets	166.7	153.1
Total assets	$ 4,292.8	$ 3,957.6
Liabilities and Equity		
Current maturities of long-term debt	$ 80.6	$ 49.1
Accounts payable	1,215.2	1,081.5
Patronage distributions payable in cash	137.2	137.1
Patronage refund certificates payable	15.0	29.1
Current operating lease liabilities	94.4	88.5
Current finance lease liabilities	37.9	25.6
Accrued expenses	313.1	292.0
Total current liabilities	1,893.4	1,702.9
Long-term debt	246.5	359.2
Patronage refund certificates payable	205.8	149.6
Long-term operating lease liabilities	728.4	603.2
Long-term finance lease liabilities	145.0	100.4
Other long-term liabilities	151.8	120.9
Total liabilities	3,370.9	3,036.2
Member Retailers' Equity:		
Class A voting common stock, $1,000 par value, 10,000 shares authorized, 2,586 and 2,615 issued and outstanding, respectively	2.6	2.6
Class C nonvoting common stock, $100 par value, 20,000,000 shares authorized 7,528,693 and 7,226,176 issued and outstanding, respectively	752.9	722.6

Class C nonvoting common stock, $100 par value, issuable to Retailers for patronage distributions, 825,206 and 897,317 shares issuable, respectively	82.5	89.7
Contributed capital	19.3	19.2
Retained earnings	58.5	78.2
Accumulated other comprehensive (loss) income	(1.9)	0.3
Equity attributable to Ace member Retailers	913.9	912.6
Equity attributable to noncontrolling interests	8.0	8.8
Total equity	921.9	921.4
Total liabilities and equity	$ 4,292.8	$ 3,957.6

ACE HARDWARE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Twelve Months Ended	
	December 28, 2024 (52 Weeks)	**December 30 2023 (52 Weeks)**
Operating Activities		
Net income	$ 314.1	$ 323.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	99.7	92.2
Non cash lease expense	32.2	26.9
Amortization of deferred financing costs	0.9	1.3
(Gain) loss on disposal of assets, net	(16.0)	5.5
Provision for doubtful accounts	2.0	6.9
Other, net	0.6	1.2
Changes in operating assets and liabilities, exclusive of effect of acquisitions:		
Receivables	(78.5)	(55.4)
Inventories	54.9	74.7
Other current assets	(17.4)	(9.1)
Other long-term assets	(18.6)	(13.5)
Accounts payable and accrued expenses	149.7	(104.7)
Other long-term liabilities	26.1	14.5
Deferred taxes	(1.6)	(0.1)
Net cash provided by operating activities	548.1	363.8
Investing Activities		
Purchases of investment securities	(24.6)	(39.9)
Proceeds from sale of investment securities	30.0	43.2
Purchases of property and equipment	(155.4)	(164.6)
Cash paid for acquired businesses, net of cash acquired	(58.6)	(309.7)
Increase in notes receivable, net	(37.3)	(31.8)
Proceeds from sale of assets	22.7	1.3
Other, net	0.4	(0.8)
Net cash used in investing activities	(222.8)	(502.3)
Financing Activities		
Net (payments) borrowings under revolving lines of credit	(85.3)	362.0
Principal payments on long-term debt	(21.1)	(17.8)
Principal portion of finance lease payment	(40.3)	(28.3)
Payments of debt issuance costs	-	(4.4)
Payments of cash portion of patronage distribution	(137.1)	(133.1)
Payments of patronage refund certificates	(22.9)	(26.7)
Repurchase of stock	(15.1)	(10.8)
Purchase of noncontrolling interests	(0.9)	(0.4)
Other, net	1.8	1.4
Net cash (used in) provided by financing activities	(320.9)	141.9

Increase in cash and cash equivalents	4.4	3.4
Cash and cash equivalents at beginning of period	31.9	28.5
Cash and cash equivalents at end of period	$ 36.3	$ 31.9
Supplemental disclosure of cash flow information:		
Interest paid	$ 39.4	$ 29.7
Income taxes paid	$ 7.9	$ 5.6

Additional assets available online: Photos (1)

https://newsroom.acehardware.com/2025-02-12-ACE-HARDWARE-REPORTS-FOURTH-QUARTER-AND-FULL-YEAR-2024-RESULTS