



## Citi Trends Announces Second Quarter 2006 Results

### **Second Quarter Net Income Increased to \$1.3 million, EPS of \$0.09; Second Quarter Comparable Store Sales Increased 7.3%; Fiscal 2006 EPS Guidance revised to a range of \$1.37 to \$1.41 per Share**

SAVANNAH, Ga., Aug 16, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Citi Trends, Inc. (Nasdaq: CTRN) today reported results for the second quarter ended July 29, 2006.

Financial Highlights -- 13 weeks ended July 29, 2006

Total net sales increased 28.4% to \$76.3 million compared with \$59.5 million for the 13-week period ended July 30, 2005. Comparable store sales increased 7.3% compared with a 11.5% increase in the prior-year quarter. Relocated and expanded stores are included in the comparable store sales results. Net income increased 235% to \$1.3 million compared with \$381,000 for the prior-year quarter. Earnings per diluted share increased 200% to \$0.09 compared with \$0.03 in the prior-year quarter. Last year second quarter results included a one-time fee of \$1.2 million pre-tax, or \$0.06 per diluted share, paid by the Company to Hampshire Equity Partners to terminate its management consulting agreement with the Company.

For the second quarter, the Company opened 3 stores, reaching a total store count of 253 at the end of the quarter. During the third and fourth quarters, the Company plans to open an additional 22 to 25 stores bringing the end of year store count to 275 to 278.

#### Fiscal 2006 Outlook

The Company is revising its fiscal 2006 earnings guidance to a range of \$1.37 to \$1.41 per diluted share. This guidance is based upon an anticipated fiscal 2006 comparable store sales increase of between 3% and 5%, the opening of 40 to 43 new stores, with no closings planned, and 14.1 million diluted shares outstanding. This store opening schedule in fiscal 2006 is expected to increase selling square footage by approximately 20%, consistent with the Company's previously issued guidance.

The Company reminds investors of the complexity of accurately assessing future growth given the difficulty in predicting fashion trends, consumer preferences and general economic conditions and the impact of other business variables.

#### Investor Conference Call and Webcast

Citi Trends will host a conference call on August 16, 2006, at 5:00 p.m. EDT. The number to call for the live interactive teleconference is (913) 981- 5519. A replay of the conference call will be available until August 23, 2006, by dialing (719) 457-0820 and entering the passcode, 4168286.

The live broadcast of Citi Trends' quarterly conference call will be available online at the Company's website, [www.cititrends.com](http://www.cititrends.com), as well as <http://ir.cititrends.com/medialist.cfm> on August 16, 2006, beginning at 5:00 p.m. EDT. The online replay will follow shortly after the call and continue for two weeks.

#### About Citi Trends

Citi Trends, Inc. is a value-priced retailer of urban fashion apparel and accessories for the entire family. The Company currently operates 256 stores located in 16 states in the South, Southeast, Midwest and Mid-Atlantic regions, and our website address is [www.cititrends.com](http://www.cititrends.com). CTRN-E

#### Forward-Looking Statements

All statements other than historical facts contained in this news release, including statements regarding our future financial position, business policy and plans and objectives of management for future operations, are forward- looking statements that are subject to material risks and uncertainties. The words "believe," "may," "could," "estimate," "continue," "anticipate," "intend," "expect," "plan" and similar expressions, as they relate to Citi Trends, are intended to identify forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance or results and are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, and that actual results or developments may differ materially from those in the forward-looking statements as a result of various factors which are

discussed in Citi Trends, Inc. filings with the Securities and Exchange Commission. These risks and uncertainties include, but are not limited to, uncertainties relating to economic conditions, growth and expansion risks, consumer spending patterns, competition within the industry, competition in our markets and the ability to anticipate and respond to fashion trends. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, Citi Trends does not undertake to publicly update any forward-looking statements in this news release or with respect to matters described herein, whether as a result of any new information, future events or otherwise.

CITI TRENDS INC.  
CONDENSED STATEMENT OF INCOME  
(unaudited)  
(in \$000's, except share and per share data)

|  | Thirteen Weeks Ended   |               |
|--|------------------------|---------------|
|  | Jul. 29, 2006          | Jul. 30, 2005 |
| Net sales  | \$76,330               | \$59,449      |
| Cost of sales  | 48,112                 | 37,682        |
| Gross profit   | 28,218                 | 21,767        |
| Selling, general and administrative expenses                             | 26,681                 | 21,271        |
| Income from operations   | 1,537                  | 496           |
| Interest income  | 457                    | 136           |
| Interest expense   | (38)                   | (81)          |
| Income before provision for income taxes                                 | 1,956                  | 551           |
| Provision for income taxes   | 680                    | 170           |
| Net income   | \$1,276                | \$381         |
| Net income per share, basic  | \$0.09                 | \$0.03        |
| Net income per share, diluted  | \$0.09                 | \$0.03        |
| Weighted average shares used to<br>compute net income per share, basic   | 13,516,060             | 11,925,307    |
| Weighted average shares used to<br>compute net income per share, diluted | 14,099,565             | 13,587,400    |
|  | Twenty-six Weeks Ended |               |
|  | Jul. 29, 2006          | Jul. 30, 2005 |
| Net sales  | \$168,011              | \$123,066     |
| Cost of sales  | 103,484                | 76,166        |
| Gross profit   | 64,527                 | 46,900        |
| Selling, general and administrative expenses                             | 52,922                 | 41,029        |
| Income from operations   | 11,605                 | 5,871         |
| Interest income  | 954                    | 187           |
| Interest expense   | (79)                   | (242)         |
| Income before provision for income taxes                                 | 12,480                 | 5,816         |
| Provision for income taxes   | 4,310                  | 2,170         |
| Net income   | \$8,170                | \$3,646       |
| Net income per share, basic  | \$0.61                 | \$0.34        |
| Net income per share, diluted  | \$0.58                 | \$0.30        |
| Weighted average shares used to<br>compute net income per share, basic   | 13,481,836             | 10,610,154    |
| Weighted average shares used to<br>compute net income per share, diluted | 14,068,831             | 12,230,180    |

CITI TRENDS, INC.  
CONDENSED BALANCE SHEETS  
(in \$000's)

|   | Jul. 29, 2006<br>(unaudited) | Jan. 28, 2006    |
|---|------------------------------|------------------|
| <b>Assets</b>                                     |                              |                  |
| Cash and cash equivalents                         | \$8,294                      | \$9,079          |
| Marketable securities                             | 45,375                       | 54,458           |
| Inventory   | 67,076                       | 54,021           |
| Other assets                                      | 10,834                       | 6,306            |
| Property and equipment, net                       | 26,287                       | 23,426           |
| <b>Total assets</b>                               | <b>\$157,866</b>             | <b>\$147,290</b> |
| <b>Liabilities and Stockholders' Equity</b>       |                              |                  |
| Borrowings under line of credit                   | \$-                          | \$-              |
| Accounts payable and accrued liabilities          | 50,872                       | 57,667           |
| Other liabilities                                 | 6,575                        | 5,874            |
| Total stockholders' equity                        | 100,419                      | 83,749           |
| <b>Total liabilities and stockholders' equity</b> | <b>\$157,866</b>             | <b>\$147,290</b> |

Citi Trends Inc.  
Regulation G Reconciliation

|  | Quarter ended<br>July 30, 2005 | % to Sales |
|--|--------------------------------|------------|
| Selling, general and administrative expenses, as reported                              | \$21,270,958                   | 35.8%      |
| Items to Reconcile to GAAP   |                                |            |
| Termination fee paid to Hampshire Equity Partners                                      | 1,200,000                      | 2.0%       |
| Selling, general and administrative expenses, as adjusted                              | \$20,070,958                   | 33.8%      |
|  |                                |            |
| Quarter ended<br>July 30, 2005   |                                |            |
| Diluted earnings per share, as reported  | \$0.03                         |            |
| Items to Reconcile to GAAP   |                                |            |
| Diluted earnings per share impact of termination fee paid to Hampshire Equity Partners | 0.06                           |            |
| Diluted earnings per share, as adjusted  | \$0.09                         |            |

SOURCE Citi Trends, Inc.

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