



STAGE®

BEALLS  
GOODY'S  
PALAIS ROYAL  
Peebles  
STAGE  
*Gordmans*

March 8, 2018

## Forward-Looking Statements

This presentation contains forward-looking statements. Such statements are intended to qualify for the protection of the safe harbor provided by the Private Securities Litigation Reform Act of 1995. The words “anticipate,” “estimate,” “expect,” “objective,” “goal,” “project,” “intend,” “plan,” “believe,” “will,” “should,” “may,” “target,” “forecast,” “guidance,” “outlook” and similar expressions generally identify forward-looking statements. Similarly, descriptions of the Company’s objectives, strategies, plans, goals or targets are also forward-looking statements. Forward-looking statements relate to the expectations of management as to future occurrences and trends, including statements expressing optimism or pessimism about future operating results or events and projected sales, earnings, capital expenditures and business strategy.

Forward-looking statements are based upon a number of assumptions and factors concerning future conditions that may ultimately prove to be inaccurate. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those discussed in forward-looking statements as a result of various factors. Such factors include, but are not limited to, the ability of the Company to maintain normal trade terms with vendors, the ability of the Company to comply with the covenant requirements contained in its revolving credit facility agreement, the demand for the Company’s merchandise and other factors. The demand for merchandise and sales volume may be affected by significant changes in economic conditions, including an economic downturn, unemployment rates, consumer confidence, energy and gasoline prices and other factors influencing discretionary consumer spending. Other factors affecting the demand for merchandise and sales volume include unusual weather patterns, an increase in the level of competition, changes in fashion trends, changes in the average cost of merchandise, availability of merchandise on normal payment terms and the failure to achieve the expected results of the Company’s merchandising, marketing and store operating plans. Additional assumptions, factors and risks concerning future conditions are discussed in the Risk Factors section of the Company’s most recent Annual Report on Form 10-K as filed with the SEC (“Form 10-K”), and other factors discussed from time to time in the Company’s other SEC filings.

Forward-looking statements are based upon management’s then-current views and assumptions regarding future events and operating performance. Although management believes the expectations expressed in forward-looking statements are based on reasonable assumptions within the bounds of its knowledge, forward-looking statements involve risks, uncertainties and other factors which may materially affect the Company’s business, financial condition, results of operations or liquidity. Most of these factors are difficult to predict and are generally beyond the Company’s control.

This presentation should be considered in conjunction with the Form 10-K and the Company’s other SEC filings. You should consider all such risks, uncertainties and other factors carefully in evaluating forward-looking statements. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. This presentation was prepared as of March 8, 2018, and the Company undertakes no obligation to publicly update forward-looking statements whether as a result of new information, future events or otherwise.

## Non-GAAP Financial Measures

This presentation includes non-GAAP financial measures. Please refer to the appendices for a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures. Management believes this supplemental financial information enhances an investor’s understanding of the Company’s financial performance as it excludes those items which impact comparability of operating trends. The non-GAAP financial information should not be considered in isolation or viewed as a substitute for net income, cash flow from operations or other measures of performance as defined by GAAP. The inclusion of non-GAAP financial information as used in this presentation is not necessarily comparable to other similarly titled measures of other companies due to the potential inconsistencies in the method of presentation and items considered.

# Our Business Model



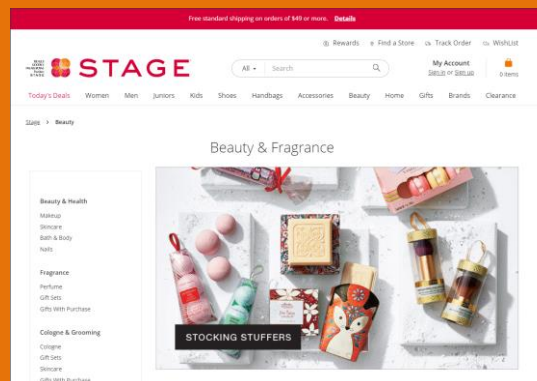
777 department stores with great brands in ~18,000 sq. ft.

- Primarily in small towns with limited brick and mortar competition
- 82% name brand merchandise



A growing e-commerce website with expanded assortment

- Connects online and in store experience via web @ POS and buy online ship to store
- Focus on "mobile first" experience



58 off-price stores offer a treasure hunt experience in ~55,000 sq. ft.

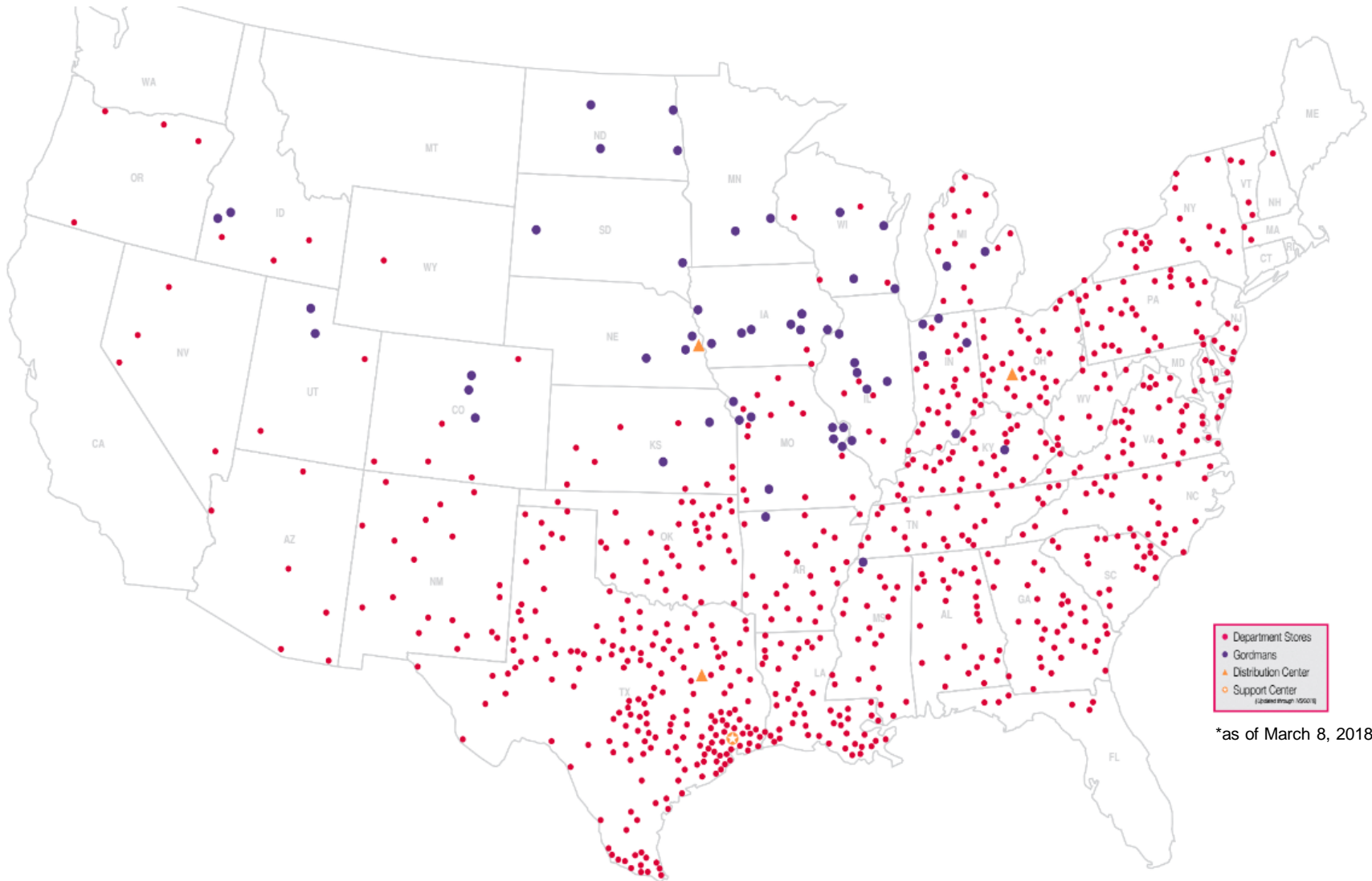
- Primarily Midwest locations in larger markets than our department stores
- Great brands at great everyday values



# A National Footprint



Stage Stores operates in 42 states through 777 Bealls, Goody's, Palais Royal, Peebles and Stage department stores, [www.stage.com](http://www.stage.com), and 58 Gordmans off-price stores\*



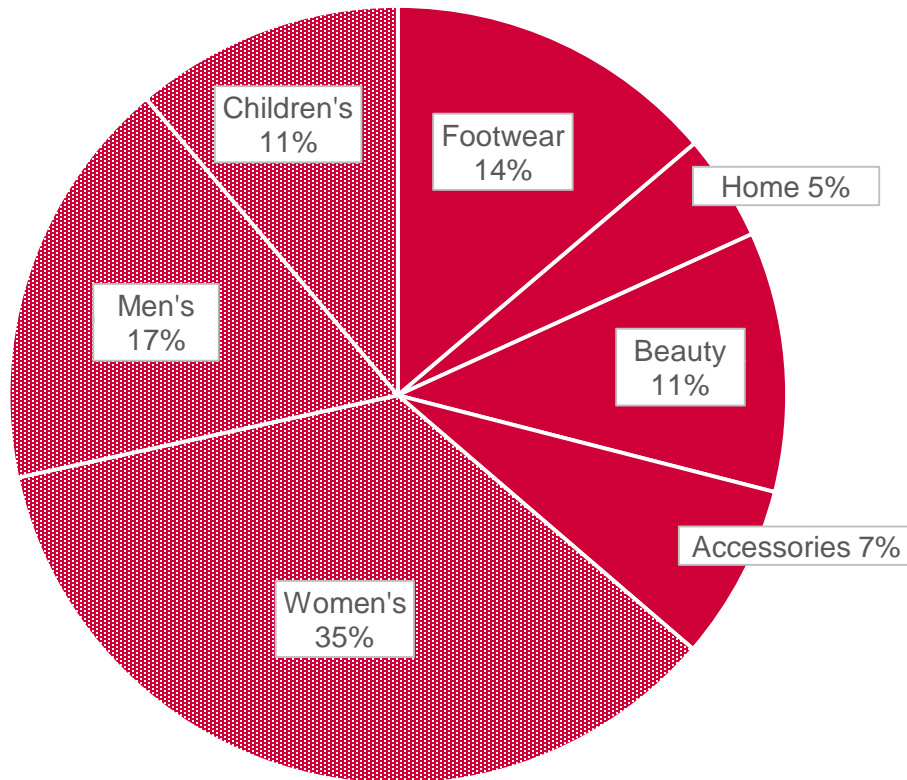
\*as of March 8, 2018

# A Department Store and Off-Price Retailer

Department stores over penetrate in apparel, footwear, and cosmetics

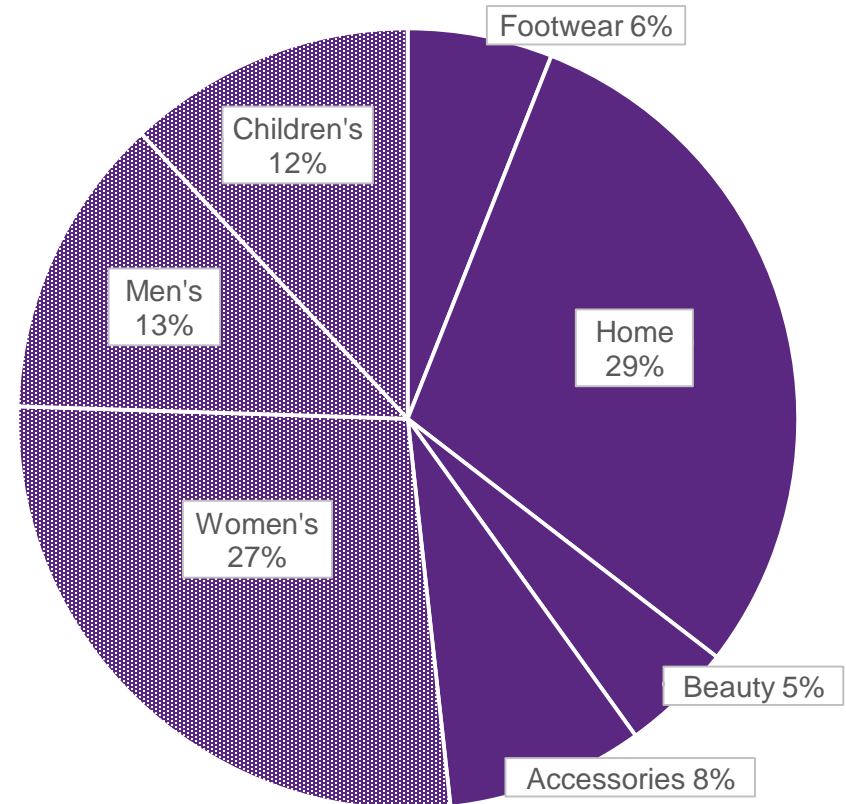
Gordmans over penetrates in home (décor and essentials)

Department Stores\*



■ Apparel  
■ Non-Apparel

Gordmans\*



■ Apparel  
■ Non-Apparel

\*FY17

# 2017 Highlights



## Department Stores Stabilization

- Q4 comp sales +1.1%
- Four consecutive months of positive comp sales (Oct - Jan)
- 2017 Merchandise margin +130 bp
- 2017 Department store AUR +3%
- Double digit ecommerce sales growth for 2017

## Gordmans

- Acquired in April 2017
- 58 stores in current fleet
- 59<sup>th</sup> store opening in March 2018
- Converted to off-price model, pricing competitive with off-price industry
- Built off-price merchandising team
- Positioned DC for enhanced automation

## PLCC & Loyalty

- 49% PLCC penetration in department stores
- Gordmans PLCC and loyalty programs relaunched
- 2m+ new credit cards issued to guests
- \$59m PLCC income

## Liquidity & Earnings

- Positive free cash flow, even after \$47m Gordmans acquisition
- \$112m excess availability at year end
- Adjusted EBIT improved \$5 million to last year
- Adjusted EPS in Q4 grew 125% to last year

# 2018 Objectives

1

OFF-PRICE GROWTH



2

DIFFERENTIATION



3

GUEST ACQUISITION



4

GUEST EXPERIENCE



# 1

## OFF-PRICE GROWTH



Merchandise to scarcity-driven “treasure hunt” with sharp, competitive pricing

**Gordmans**  
bigger deals, smaller prices

Convert all Gordmans stores to off-price shopping environment



Establish the foundation for new store openings





## 2

## DIFFERENTIATION



## Beauty

- Differentiate in department stores
- Grow in Gordmans



## Home

- Differentiate in Gordmans
- Grow in department stores



## Drive

disproportionate growth in both department stores and Gordmans for

- Athletic
- Outdoor
- Gifts



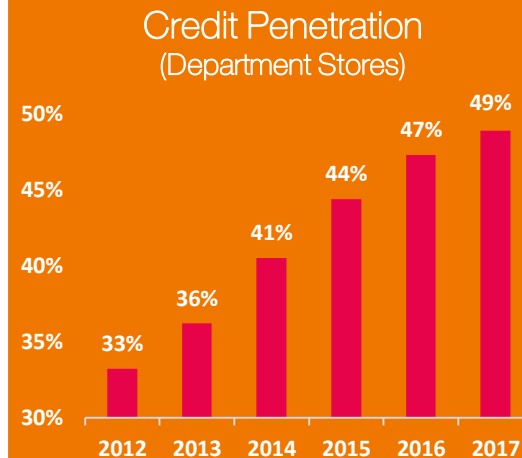
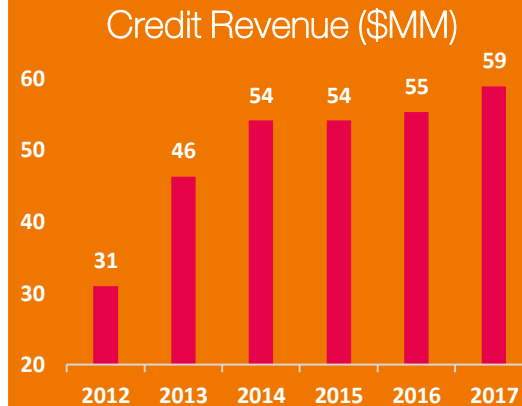
# 3

## GUEST ACQUISITION



### PLCC Penetration

- 50% department stores penetration in 2018
- 15% Gordmans penetration in 2018 and 25% long term



Accelerate shift of marketing spend to digital



# 4

## GUEST EXPERIENCE

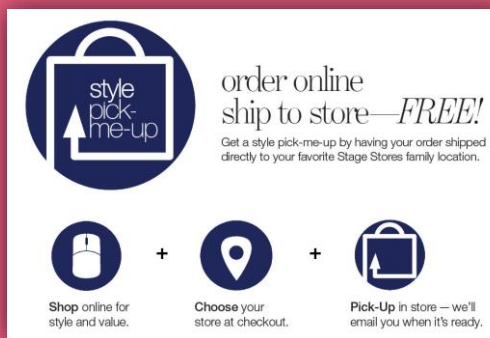


Continue to deliver merchandise newness

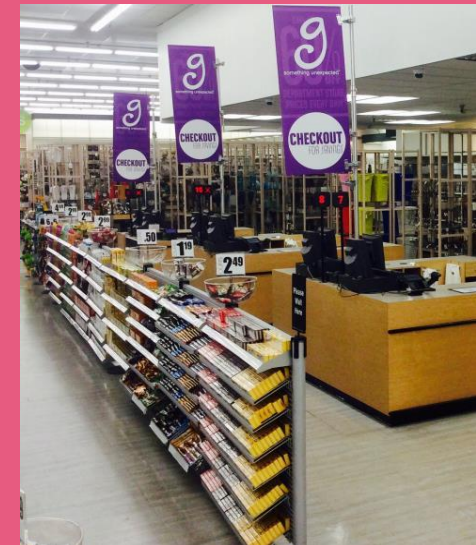


Connect online and stores

- Web @ POS offers expanded assortment to in-store Guests
- Buy online ship to store



Focus on service and selling culture



# 2018 Financial Outlook



## Sales

- Net sales between \$1,610m and \$1,640m
- Comparable sales between 0% and 2%

## Margin & expense

### Margin

- Expand department store margin
- Normalize Gordmans margin

### Expense

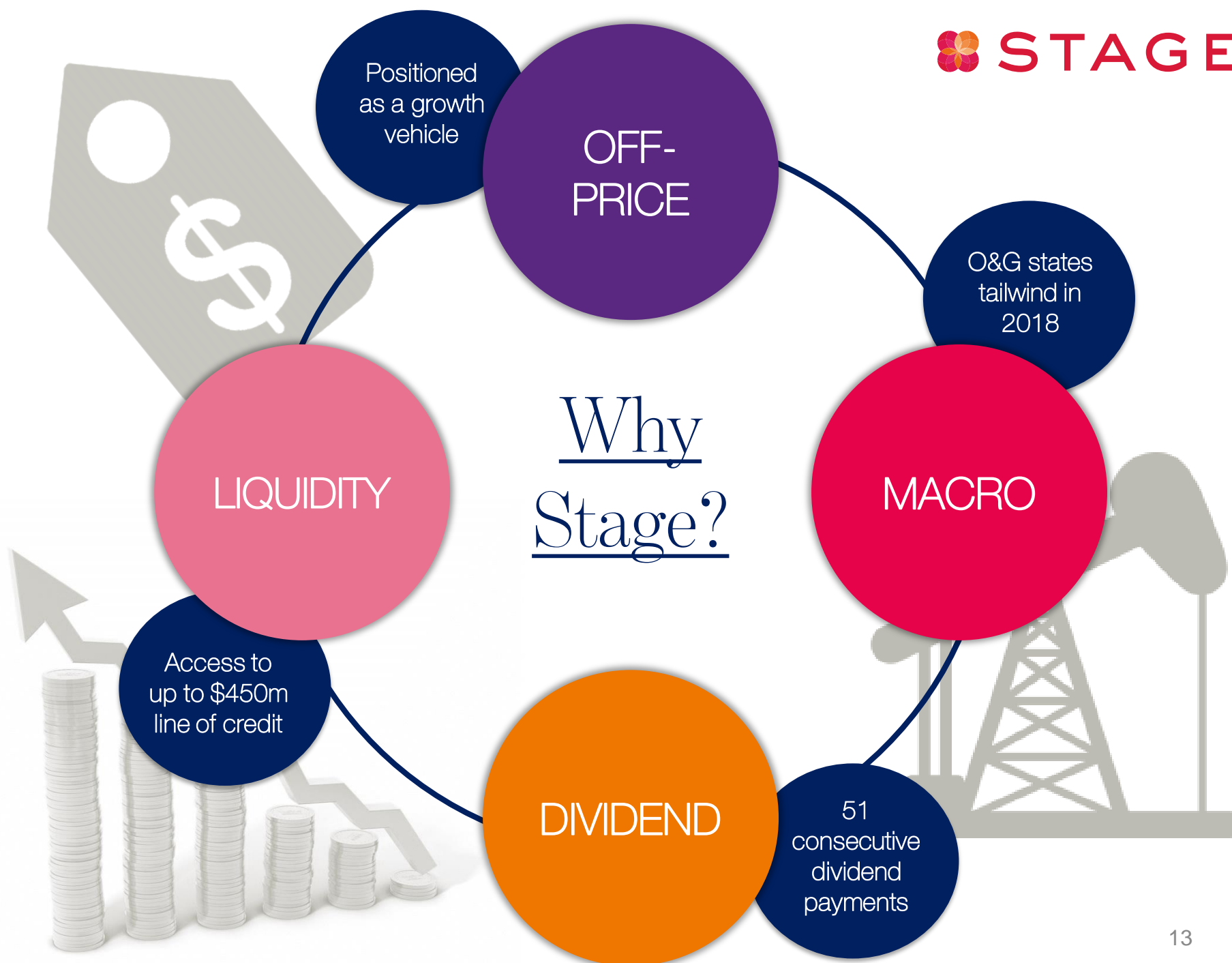
- Leverage expense on comparable sales growth

## EBIT & Depreciation

- EBIT between (\$29)m and (\$18)m
- Depreciation and Amortization between \$55m and \$60m

## Liquidity

- Positive free cash flow
- Capital expenditures of \$30m



# Appendix

Stage Stores, Inc.

Reconciliation of Non-GAAP Financial Measures

(Unaudited)

As of March 8, 2018

	2018 Guidance	
(\$ in millions)	Low	High
Net (loss) (GAAP)	\$(38)	\$(27)
Interest expense	9	9
Income tax	-	-
EBIT	\$(29)	\$(18)