



# STAGE

November 16, 2017

# Safe Harbor

## 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 November 16, 2017, 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

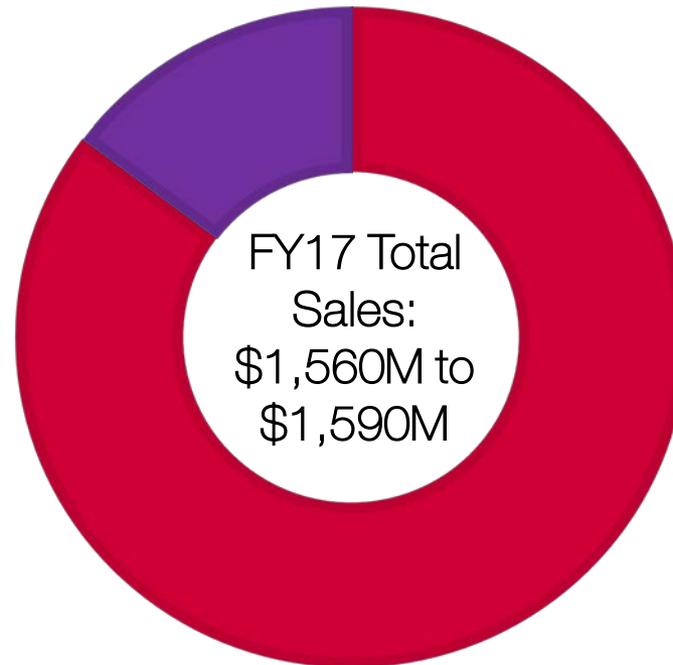
This presentation includes non-GAAP financial measures. Please refer to the appendices for a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measures. Management believes this supplemental financial information enhances an investor’s understanding of the 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.

# A Differentiated Business Model



Stage Stores is a leading retailer for trend-right, name-brand values on apparel, accessories, cosmetics, footwear and home goods; operating through specialty department stores, off-price stores, and an e-commerce website.

SSI REVENUE



FY17 Total  
Sales:  
\$1,560M to  
\$1,590M

■ Department Stores    ■ Off-price Stores

# Our Stores

- 789 department stores offer curated assortments in ~18,000 sq ft.
  - A growing online business with expanded assortments
  - Primarily in small and mid-sized communities, offering great brands

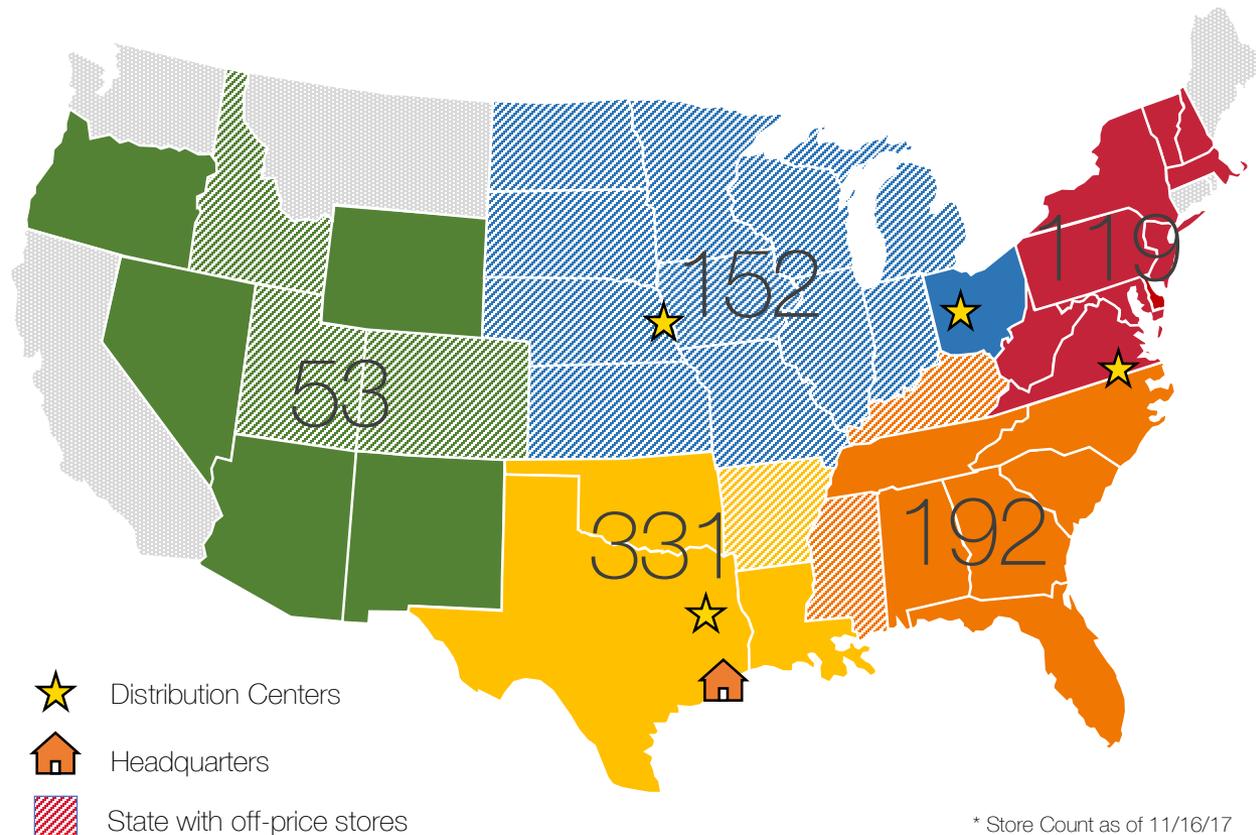


- 58 off-price Gordmans stores offer fun finds and exciting deals in larger format ~55,000 sq. ft.
  - Midwest concentration
  - Consistent flow of new and exciting deals on great brands and fashion
  - Product strengths in Juniors, Young Mens, Plus Sizes and Home



# A national footprint

- Operate in 42 states through 789 Bealls, Goody's, Palais Royal, Peebles and Stage department stores, [www.stage.com](http://www.stage.com), and 58 Gordmans off-price stores



# Strategic Initiatives

# Grow Gordmans

We are operating Gordmans as an off-price model

## FOCUS ON VALUE



- Implement pricing competitive with off-price industry
- Increase vendor network
- Enhance supply chain to be flexible and speed driven

## DRIVE LOYALTY AND CREDIT



- Relaunch the loyalty program with new value proposition
- Grow credit penetration and gRewards loyalty program

## STAND FOR KEY CATEGORIES



- Maintain strengths: Home, Juniors, Young Mens, and Plus
- Expand: Footwear and Beauty

## ADAPT VISUAL STANDARDS



- Emphasize value and scarcity
- Organize by category and size on new H-rack fixtures



**Designer**  
without the debt.

**Spree** without  
the splurge.

Where frugal  
meets **fierce.**

All **treasure.**  
No hunt.

# Jump Start Initiatives



Our 2017 initiatives focus on bringing our guests the style and value they love, in their hometown



## CONNECT STORES & ONLINE

- Continue to build our online business and mobile
- Connect to the store experience
- Expand online assortments



## RECOVER MERCHANDISE MARGIN

- Increase AUR
- Streamline promotions
- Improve seasonal transitions
- Add off-price buys



## INVIGORATE MERCHANDISE

- Increase newness
- Elevate style
- Build plus size
- Drive impulse and gifts



## IMPROVE MARKETING EFFICIENCY

- Showcase newness
- Shift media mix
- Grow loyalty and PLCC



## BUILD ON BEAUTY

- Add smaller format Clinique and Estee Lauder counters to 32 doors
- Launch a self-service concept in 150 doors



## ENHANCE STORE EXPERIENCE

- Focus on service and execution
- Reduce inventory levels
- Close underperforming stores

# Financial Outlook

## Revised FY2017 Guidance

- Adjusted loss per diluted share expected to be between \$0.90 and \$1.25
  - Assumes comparable sales in a range of -4% to -6%
  - Excludes after-tax charges associated with Gordmans acquisition, store closures and other
- Capital expenditures, inclusive of our investments in Gordmans stores, is expected to be \$40 million

## Financial Outlook

- Capital allocation plans reflect our focus on operating efficiently and returning value to shareholders
- Free cash flow for 2017, excluding the initial Gordmans investment, is expected to be positive
- Cash dividend is currently \$0.05 per quarter (\$0.20 annualized)
- Financial flexibility and liquidity are a priority, with total capacity under our credit facility of \$450 million

# Appendix

Stage Stores, Inc.  
Reconciliation of Non-GAAP Financial Measures  
 (in thousands, except earnings per share)  
 (Unaudited)

	2017 Guidance Range	
	Low	High
Diluted loss per share (GAAP)	\$ (1.48)	\$ (1.13)
Business acquisition costs (pretax)	0.33	0.33
Store closures, impairments and other (pretax)	0.05	0.05
Income tax impact	(0.15)	(0.15)
Adjusted diluted loss per share (non-GAAP)	\$ (1.25)	\$ (0.90)