

CALERES

Second Quarter 2018 Earnings
September 4, 2018

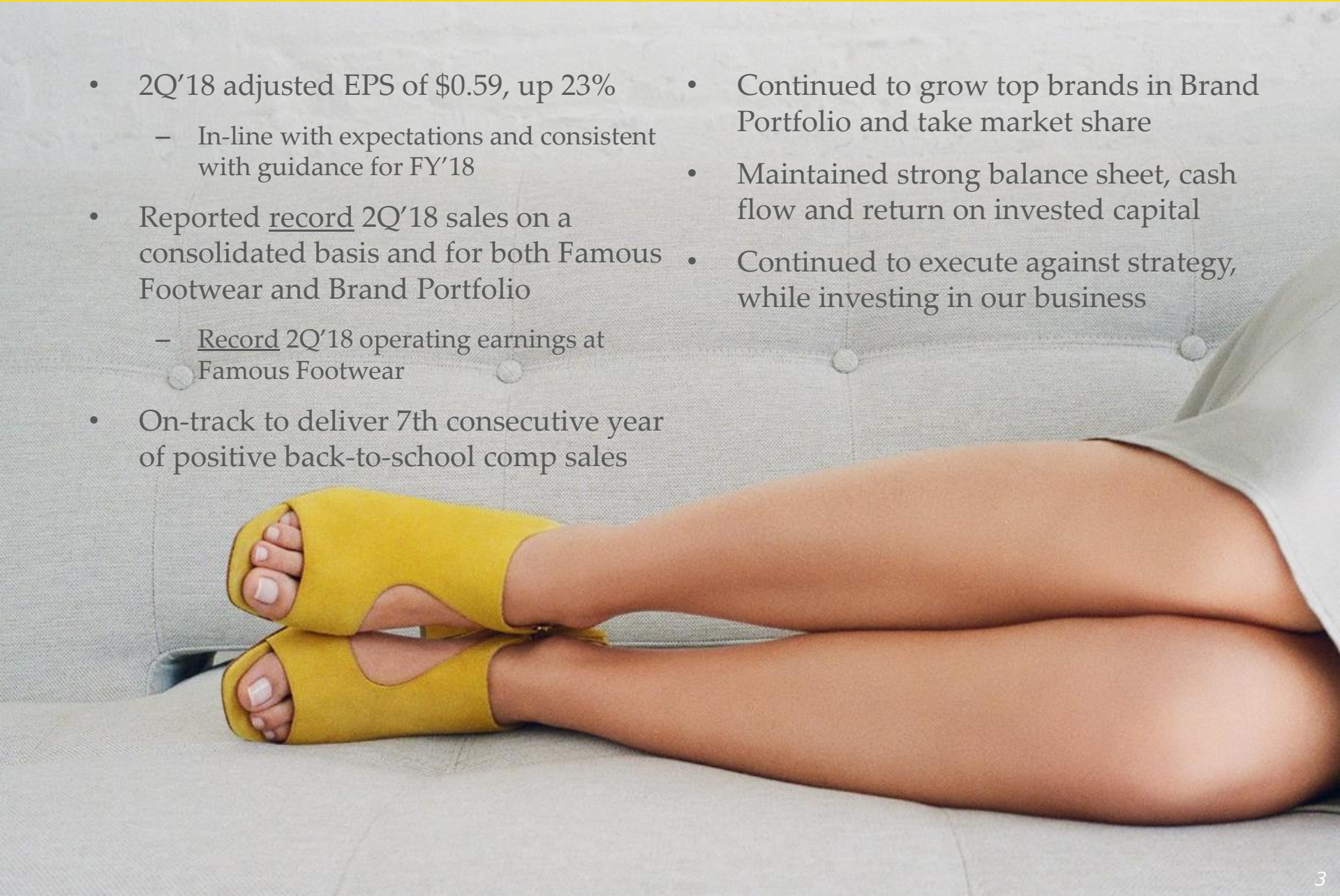
Safe harbor statement

Under the private securities litigation reform act of 1995

This presentation contains certain forward-looking statements and expectations regarding the company's future performance and the performance of its brands. Such statements are subject to various risks and uncertainties that could cause actual results to differ materially. These risks include (i) changing consumer demands, which may be influenced by consumers' disposable income, which in turn can be influenced by general economic conditions and other factors; (ii) rapidly changing fashion trends and consumer preferences and purchasing patterns; (iii) intense competition within the footwear industry; (iv) political and economic conditions or other threats to the continued and uninterrupted flow of inventory from China and other countries, where the Company relies heavily on third-party manufacturing facilities for a significant amount of its inventory; (v) foreign currency fluctuations; (vi) the ability to accurately forecast sales and manage inventory levels; (vii) cybersecurity threats or other major disruption to the Company's information technology systems; (viii) customer concentration and increased consolidation in the retail industry; (ix) transitional challenges with acquisitions; (x) a disruption in the Company's distribution centers; (xi) changes to tax laws, policies and treaties; (xii) the ability to recruit and retain senior management and other key associates; (xiii) compliance with applicable laws and standards with respect to labor, trade and product safety issues; (xiv) the ability to secure/exit leases on favorable terms; (xv) the ability to maintain relationships with current suppliers; and (xvi) the ability to attract, retain, and maintain good relationships with licensors and protect our intellectual property rights. The company's reports to the Securities and Exchange Commission contain detailed information relating to such factors, including, without limitation, the information under the caption Risk Factors in Item 1A of the company's Annual Report on Form 10-K for the year ended February 3, 2018, which information is incorporated by reference herein and updated by the company's Quarterly Reports on Form 10-Q. The company does not undertake any obligation or plan to update these forward-looking statements, even though its situation may change. In this presentation, the company's financial results are provided both in accordance with generally accepted accounting principles (GAAP) and using certain non-GAAP financial measures. In particular, the company provides historic and estimated future gross profit, operating earnings, net earnings and earnings per diluted share adjusted to exclude certain gains, charges and recoveries, which are non-GAAP financial measures. These results are included as a complement to results provided in accordance with GAAP because management believes these non-GAAP financial measures help identify underlying trends in the company's business and provide useful information to both management and investors by excluding certain items that may not be indicative of the company's core operating results. These measures should not be considered a substitute for or superior to GAAP results. Reconciliations to the applicable GAAP financial measures have been included in the schedules attached to the September 4, 2018, earnings release. All references in this document, unless otherwise noted, related to net earnings attributable to Caleres, Inc. and diluted earnings per common share attributable to Caleres, Inc. shareholders, are presented as net earnings and earnings per diluted share, respectively.

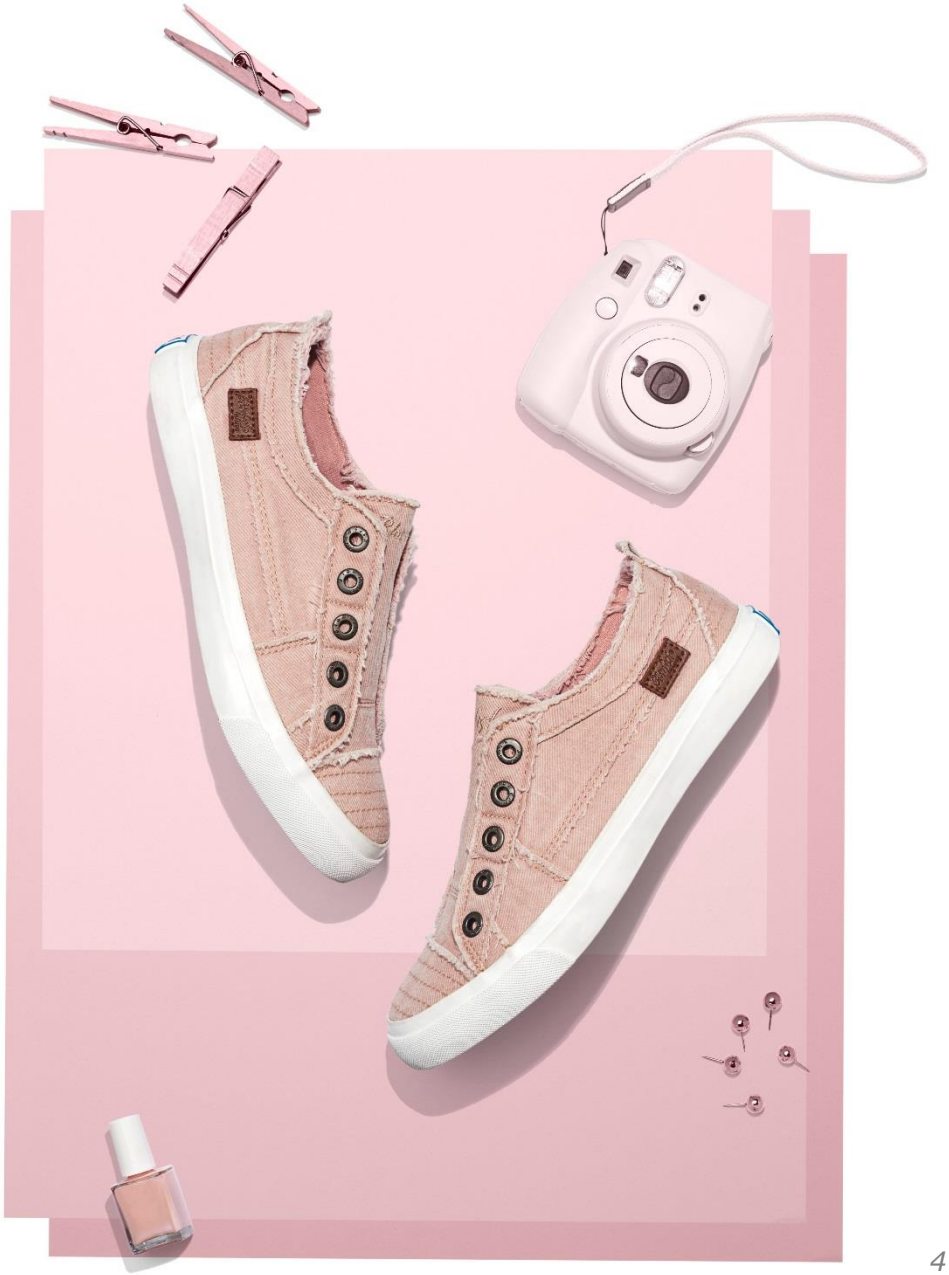
Overview

- 2Q'18 adjusted EPS of $0.59, up 23%
  - In-line with expectations and consistent with guidance for FY'18
- Reported record 2Q'18 sales on a consolidated basis and for both Famous Footwear and Brand Portfolio
  - Record 2Q'18 operating earnings at Famous Footwear
- On-track to deliver 7th consecutive year of positive back-to-school comp sales
- Continued to grow top brands in Brand Portfolio and take market share
- Maintained strong balance sheet, cash flow and return on invested capital
- Continued to execute against strategy, while investing in our business



Famous Footwear

- Record 2Q'18 sales of $430M
  - Up 6.1%, driven by lifestyle-athletic and sandals
  - Same-store-sales at Famous up 2.6%
    - Driven by improvements in traffic, conversion and pairs per transaction
  - Ecommerce represented 10% of sales, up 15%
- Women's comp sales up mid-single digits
  - Women's sandals comped up mid-single digits
    - Strong consumer interest in footbed styles
  - Women's lifestyle-athletic comp sales up +20%
- Good growth in men's and women's lifestyle-athletic styles, up +10%
  - Couldn't keep pace with consumer demand for retro styles
  - Performance-athletic styles down mid-single digits
- Kids down low-single digits
  - Growth in athletic couldn't offset declines in non-athletic styles
- Record 2Q operating profit, up 32.4%
  - Operating margin of 7.7%, up more than 150 bps



Brand Portfolio

- Posted significant market share gains
  - Sam Edelman delivered largest 2Q in its history
  - Naturalizer reported 4th consecutive quarter of wholesale growth in North America
    - Same-store-sales up 4%
- E-commerce sales up 24%
  - Dropship up +40% YoY
- Speed-to-market program contributed to growth in retail selling rate
  - Up 10% in 2Q'18
- Speed-to-consumer program driving strategic shift to in-house fulfillment
  - Investment will help drive productivity and provide increased capacity
- Continued diversification of portfolio
  - Allen Edmonds comp sales up 2.6%
    - E-commerce comp sales up +20%
    - Investing in rebranding effort, designed to make Allen Edmonds a better American luxury brand
  - Acquired Blowfish Malibu
  - Remain excited to expand overall business and continue to look for consumer exposure beyond current portfolio



Operating highlights

Famous Footwear

2Q'18 sales of $429.5M, up 6.1%

- Included ~$20M of shifted sales

Gross margin down 170 bps

- Due – in part – to additional week of BOGO sales

Op margin up +150 bps to 7.7%

Brand Portfolio

2Q'8 sales of $277.1M, up 1.9%

- Up 4.4%, excluding mass channel

Gross margin down slightly

- Impacted by sales & channel mix at Vince

Operating earnings impacted by +$3M investment in in-house fulfillment





Other metrics

US$M, except per share (unaudited)	2Q'18	2Q'17	2Q Chg	1H'18	1H'17	1H Chg
Gross profit	$293.1	$287.5	2.0%	$568.0	$558.4	1.7%
Margin	41.5%	42.5%	-98 bps	42.4%	42.7%	-24 bps
Adj. gross profit	$293.6	$289.4	1.5%	$568.6	$563.3	0.9%
Adjusted margin	41.6%	42.7%	-119 bps	42.5%	43.1%	-58 bps
SG&A	$258.8	$256.2	1.0%	$509.0	$502.7	1.3%
Percent of sales	36.6%	37.8%	-121 bps	38.0%	38.4%	-39 bps
Op earnings	$32.1	$28.4	13.1%	$55.1	$51.7	6.5%
Margin	4.5%	4.2%	35 bps	4.1%	4.0%	16 bps
Adj. op earnings	$34.8	$33.2	4.8%	$59.5	$60.6	-1.8%
Adjusted margin	4.9%	4.9%	2 bps	4.4%	4.6%	-19 bps
Net earnings	$23.6	$17.6	34.4%	$40.9	$32.5	25.7%
Per share, diluted	$0.55	$0.41	34.1%	$0.94	$0.75	25.3%
Adj. net earnings	$25.6	$20.6	24.1%	$44.1	$38.1	16.0%
Per share, diluted	$0.59	$0.48	22.9%	$1.02	$0.88	15.9%



FY'18 guidance

FY'18 Metric
Consolidated net sales of ~$2.8B
Famous Footwear same-store-sales up low-single digits
Brand Portfolio sales up low-single digits
Gross margin up ~5 to 10 bps
SG&A down ~5 to 10 bps, as a percent of revenue
Interest expense of ~$16M
Effective tax rate of 25% to 26%
Adjusted EPS of $2.40 to $2.50
Closing 70 Famous Footwear stores and opening 25 new doors
Closing 13 Naturalizer stores and opening four new locations
Closing three stores for Allen Edmonds and opening one new door
Depreciation and amortization of ~$60M
CAPEX of ~$50M





For more information about CAL, contact ptharp@caleres.com