CALERES

Third Quarter
2018 Earnings
November 20, 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, earnings per diluted share and return on invested capital 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 November 20, 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.

Corporate overview



- 7th consecutive year of positive back-to-school comp sales
- Brand Portfolio sales up 8.5%
  - Continued to grow top brands and take consumer market share
- Added Vionic: growing brand with strong consumer loyalty and great cultural fit
- Leveraged balance sheet and invested for continued success

Famous Footwear

3Q'18 sales of $448.8M

- Comp sales at Famous up 2.8%
- Ecommerce-related sales up 25%

Trends

- Women's comp sales up mid-single digits
  - Sandals and boots up low-double digits
- Adult athletic comps up low-single digits
  - Lifestyle-athletic up high-single digits
- Kids comps up low-single digits



Brand Portfolio



Sales of $327.1M, up 8.5%

- Posted significant market share gains
  - Sam Edelman sales up strong double-digits
  - Naturalizer performed well, as did LifeStride, Franco Sarto and Dr. Scholl's
- Outstanding quarter for boots – up nearly 30%
- Ecommerce-related sales up nearly 20%

Adjusted diluted EPS

3Q'18 adj. EPS of $0.81, includes $0.02 of dilution related to Vionic interest and trademark amortization expense

- Reported EPS of $0.67, including **$0.14** related to 2018 acquisitions
  - Allen Edmonds: **$0.02** for transition of consumer facing activities to St. Louis
  - Blowfish Malibu: **$0.02** for inventory adjustment amortization
  - Vionic: **$0.10** initial estimates for transaction-related expense and inventory adjustment amortization

YTD'18 adj. EPS of $1.83, includes $0.02 of dilution related to Vionic interest and trademark amortization expense

- Reported EPS of $1.62, including **$0.21** related to 2018 acquisitions
  - Allen Edmonds: **$0.08** for transition of consumer facing activities to St. Louis
  - Blowfish Malibu: **$0.03** for transaction-related expense and inventory adjustment amortization
  - Vionic: **$0.10** initial estimates for transaction-related expense and inventory adjustment amortization



Key financial callouts



- Famous Footwear 3Q'18 sales of $448.8M
  - Down 5.1%, as expected, with shift of one week of BTS sales into 2Q of 2018 vs. 3Q of 2017
  - Operated 35 fewer doors YoY
- Brand Portfolio 3Q'18 sales of $327.1M, up 8.5%
  - Up 6.5%, excluding Vionic
- Gross profit for 3Q'18 down 2% YoY
  - Nearly $2M of Blowfish and Vionic inventory adjustment amortization costs
- SG&A for YTD'18 included increased Brand Portfolio distribution expense of ~$10M
- D&A for 3Q'18 included additional $0.5M of trademark amortization for Vionic acquisition
  - Expect to see ~$10M of Vionic trademark amortization annually
- Net interest expense for 3Q'18 up ~4% YoY, due to Vionic acquisition
  - Expect to pay down revolver over next two years with cash from operations
  - Will see incremental interest expense YoY going forward
- TTM adjusted ROIC of 18.4%, up ~250 bps
  - Increase in adjusted EBITDA and decrease in invested capital

Reminder: New pension accounting standard required shift of retirement plan income from SG&A expense to other income; No impact to 3Q'17 net earnings or EPS but does impact income statement geography by $2.5M, including op profit and margin

Other metrics

US$M except per share	3Q'18	3Q'17	3Q Chg	YTD'18	YTD'17	YTD Chg
Gross profit	$310.6	$316.9	-2.0%	$878.6	$875.3	0.4%
Margin	40.0%	40.9%	-87 bps	41.6%	42.0%	-47 bps
Adj. gross profit	$312.5	$316.9	-1.4%	$881.0	$880.2	0.1%
Adjusted margin	40.3%	40.9%	-63 bps	41.7%	42.3%	-59 bps
SG&A	$265.5	$266.5	-0.4%	$774.6	$769.2	0.7%
Percent of sales	34.2%	34.4%	-18 bps	36.6%	36.9%	-30 bps
Op earnings	$39.8	$50.4	-21.1%	$94.8	$102.1	-7.1%
Margin	5.1%	6.5%	-138 bps	4.5%	4.9%	-42 bps
Adj. op earnings	$46.9	$50.4	-6.8%	$106.5	$111.0	-4.1%
Adjusted margin	6.0%	6.5%	-45 bps	5.0%	5.3%	-29 bps
Net earnings	$29.2	$34.4	-15.2%	$70.0	$66.9	4.7%
Per share, diluted	$0.67	$0.80	-16.3%	$1.62	$1.55	4.5%
Adj. net earnings	$34.9	$34.4	1.6%	$79.1	$72.5	9.1%
Per share, diluted	$0.81	$0.80	1.3%	$1.83	$1.68	8.9%



FY'18 guidance



FY'18 Metric
Consolidated net sales of ~$2.85B
Famous Footwear same-store-sales up low-single digits
Brand Portfolio sales up high-single digits, including Vionic acquisition
Interest expense of ~$18M
Effective tax rate of ~24%
Adjusted EPS of $2.25 to $2.35
Closing 50 Famous Footwear stores and opening 17 new doors
Closing 10 Naturalizer stores and opening four new locations
Closing three stores for Allen Edmonds and opening one new door
Depreciation and amortization of ~$63M
CAPEX of ~$60M


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