

CALERES

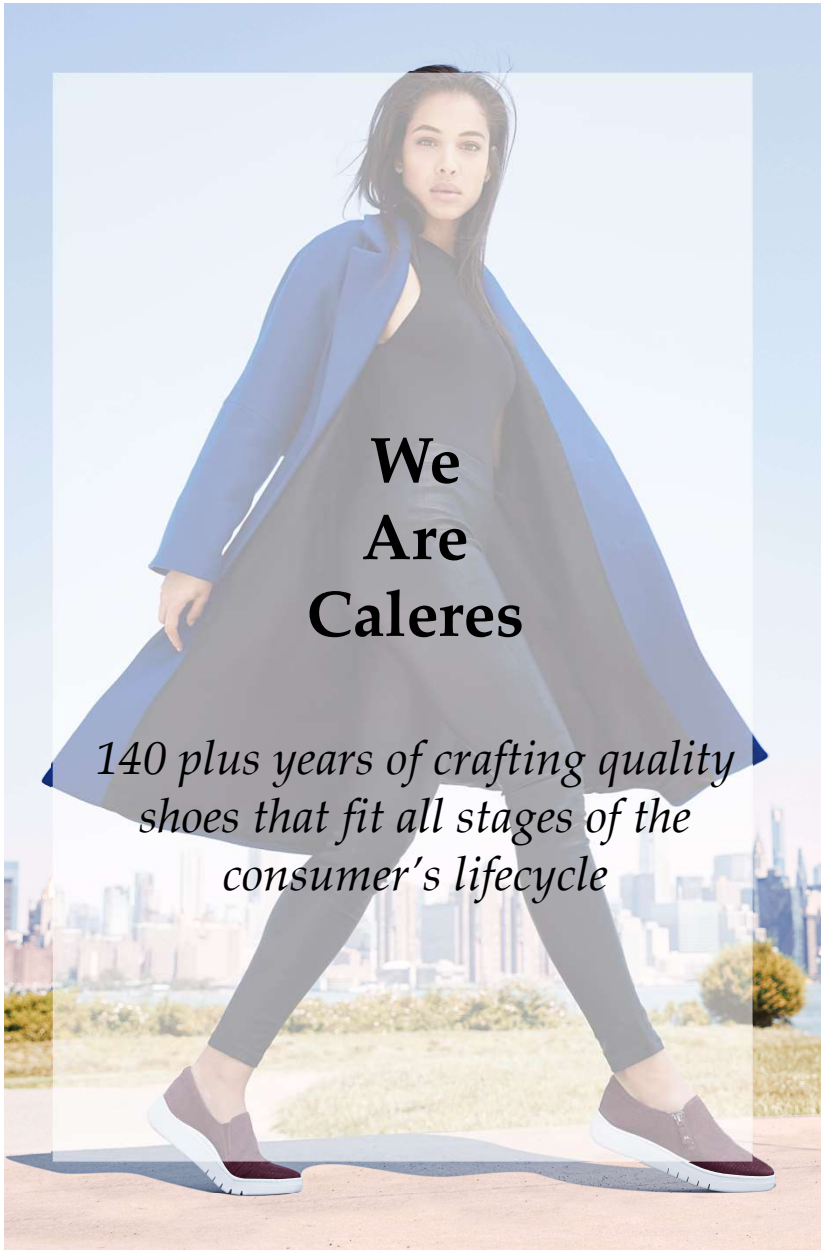
Investor Presentation

9.16.2020

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) the recent coronavirus outbreak and its adverse impact on our business operations, store traffic and financial condition (ii) changing consumer demands, which may be influenced by consumers' disposable income, which in turn can be influenced by general economic conditions and other factors; (iii) impairment charges resulting from a long-term decline in our stock price; (iv) rapidly changing fashion trends and consumer preferences and purchasing patterns; (v) intense competition within the footwear industry; (vi) 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; (vii) imposition of tariffs; (viii) the ability to accurately forecast sales and manage inventory levels; (ix) cybersecurity threats or other major disruption to the company's information technology systems; (x) customer concentration and increased consolidation in the retail industry; (xi) transitional challenges with acquisitions; (xii) a disruption in the company's distribution centers; (xiii) foreign currency fluctuations; (xiv) changes to tax laws, policies and treaties; (xv) the ability to recruit and retain senior management and other key associates; (xvi) compliance with applicable laws and standards with respect to labor, trade and product safety issues; (xvii) the ability to maintain relationships with current suppliers; (xviii) the ability to attract, retain, and maintain good relationships with licensors and protect our intellectual property rights; and (xix) the ability to secure/exit leases on favorable terms. 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 1, 2020, 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.



Strong business model with a unique set of advantages

- Power portfolio of diverse lifestyle brands – rooted in casual, athletic and sport-inspired styles sold across multiple distribution channels
- A robust direct-to-consumer brand – Famous Footwear – that is perfectly aligned with consumer trends
- A structure that not only benefits from insights of trend and customer purchase behavior but also benefits from the diversity of our customer base and distribution channels

A long history of shrewd portfolio management

- Exited businesses and brands not aligned with strategic framework
- Acquired and incubated new brands to drive growth
- Entered into new partnerships
- Closed underperforming retail stores – across Famous Footwear store and specialty retail fleet

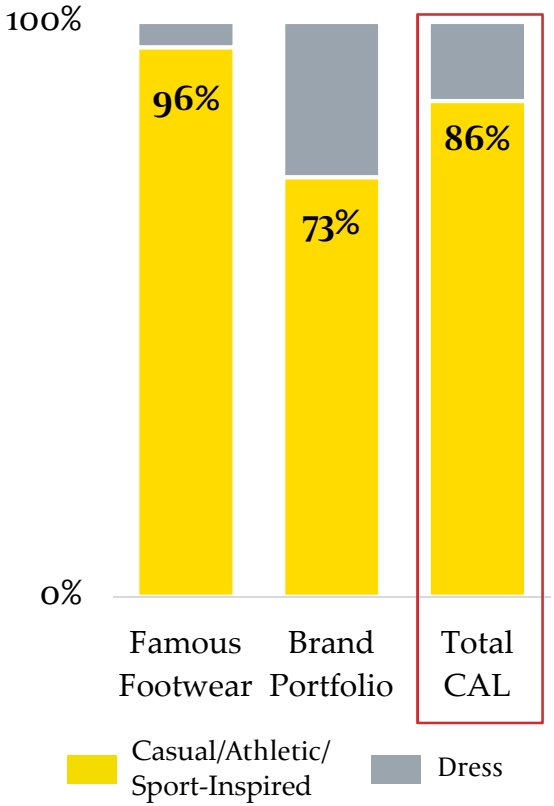
Building upon and leveraging enhanced capabilities

Intent focus on executing on our long-term strategic objectives, driving profitable growth and creating shareholder value

Caleres in brief – trailing 12-month view

Segment by Style

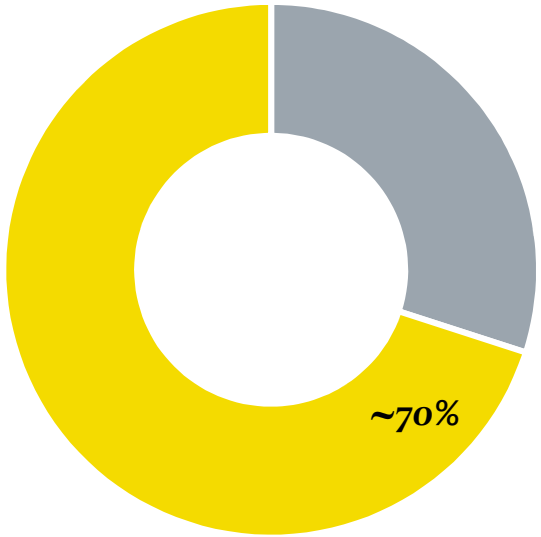
TTM, as a percentage of total net sales



Casual, athletic and sport-inspired styles represented 86 of total CAL sales over the last 12 months

Direct-to-Consumer Penetration

TTM, as a percentage of total sales

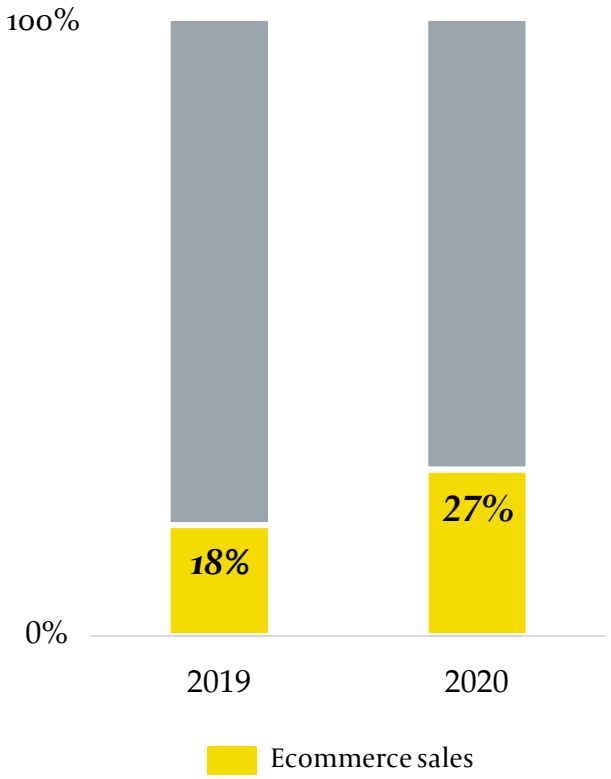


~70% of total sales are direct-to-consumer

DTC sales included: Brick-and-mortar retail, owned websites and external drop ship sales

Total Ecommerce Penetration

TTM, as a percentage of total net sales



Previous investments in our ecommerce platform and capabilities supported ecommerce growth and increased ecommerce penetration

Caleres Second Quarter 2020 highlights



$501.4
million in sales

$66.8
million in cash generated from operating activities

$88.5
million of debt repaid

+30%
growth in ecommerce related sales

+80%
growth in direct ecommerce sales*

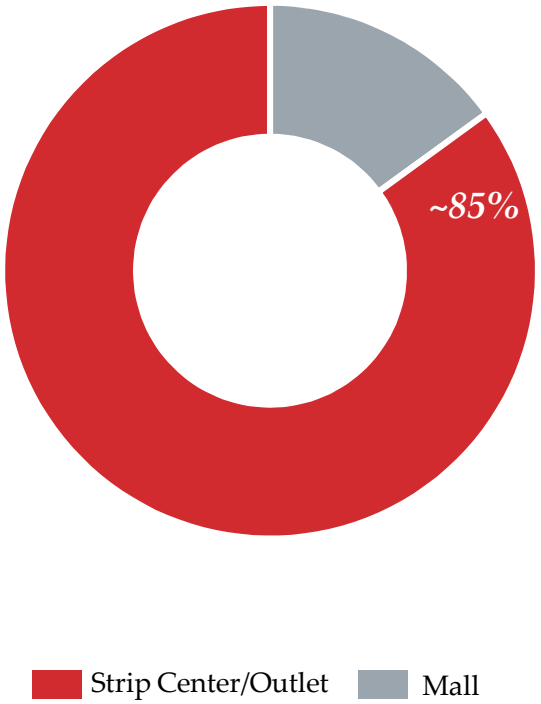
$13.1
million returned to shareholders

~27%
decline in inventory

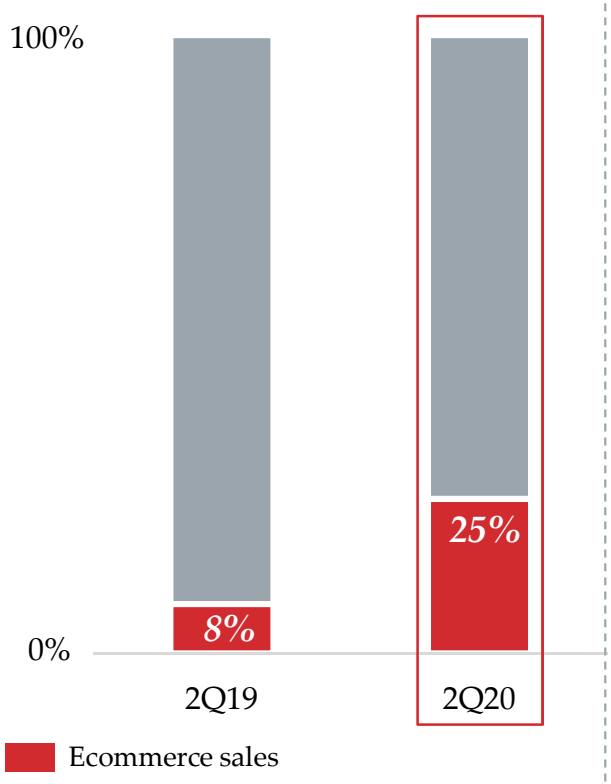
**Direct ecommerce sales includes sales from our owned ecommerce sites and drop ship business*

Famous Footwear – CAL's largest brand

Retail Store Mix
as a percentage of total stores



Total Ecommerce Penetration
as a percentage of total net sales



New famousfootwear.com customers increased 80% during the second quarter of 2020

- Famous Footwear is a leading destination for family footwear and is perfectly aligned with consumer trends
- Strong assortment of in-demand, national brands with a significant concentrated in styles resonating with consumers during the prevailing work-from-home/stay-at-home environment
- Robust ecommerce sales even with brick-and-mortar stores reopening
- At a time of heightened consumer health sensitivity, Famous Footwear is exceptionally well positioned with strategic, well sited locations – concentrated in strip centers and outlets



Famous Footwear

Back-to-School Update

Dramatically different year

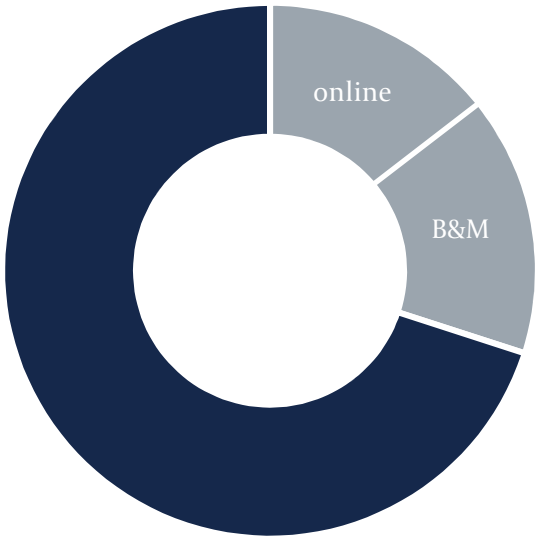
Back-to-school sales peak much lower than last year

Mixed regional demand, heavily dependent on school decisions

Expect BTS purchasing activity to be more evenly spread over an extended period of time

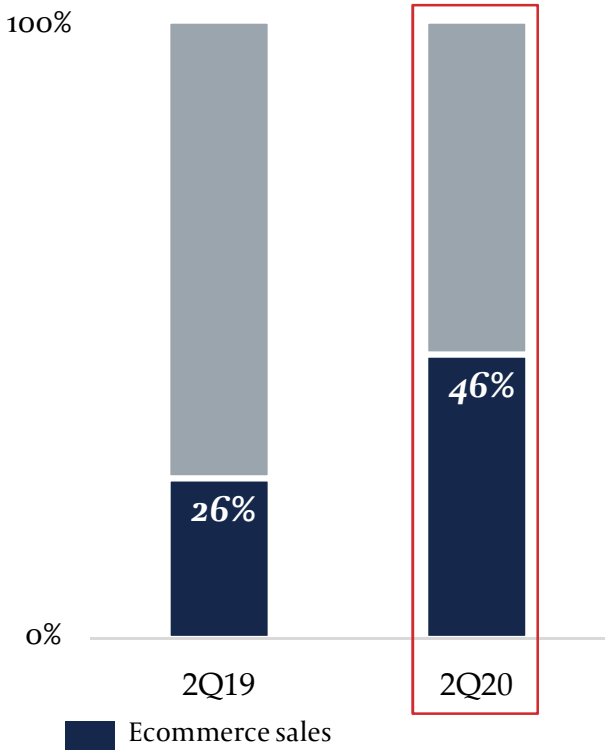
Brand Portfolio – 15 consumer-driven brands

Sales by Channel
as a percentage of total sales

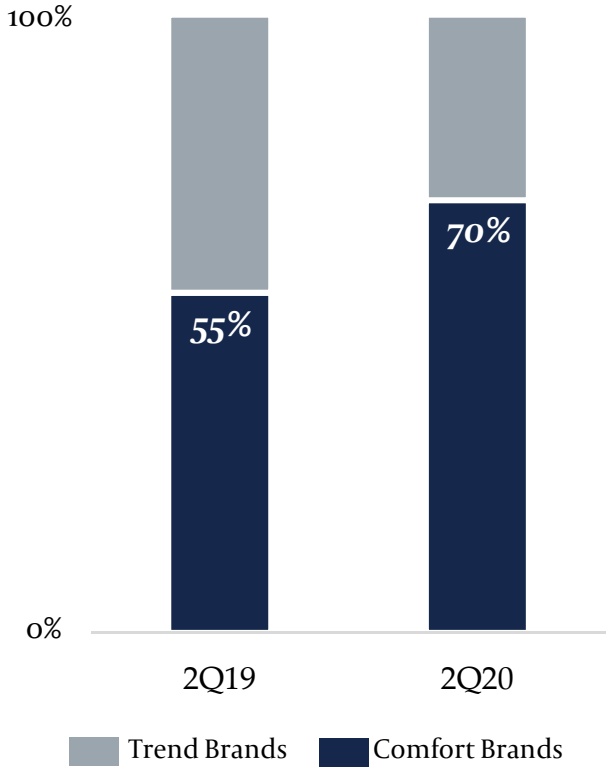


70 percent of Brand Portfolio sales are sold through strategic, non-department store channels

Total Ecommerce Penetration
as a percentage of total net sales



Brand Mix
as a percentage of 2Q20 total net sales



While consumer demand for dress styles remains under pressure – CAL's mix across casual, athletic and sport-inspired styles provides an important offset



Brand Portfolio

Ecommerce Acceleration

Owned eCommerce sites expanded new customer base by 115% in 2Q20

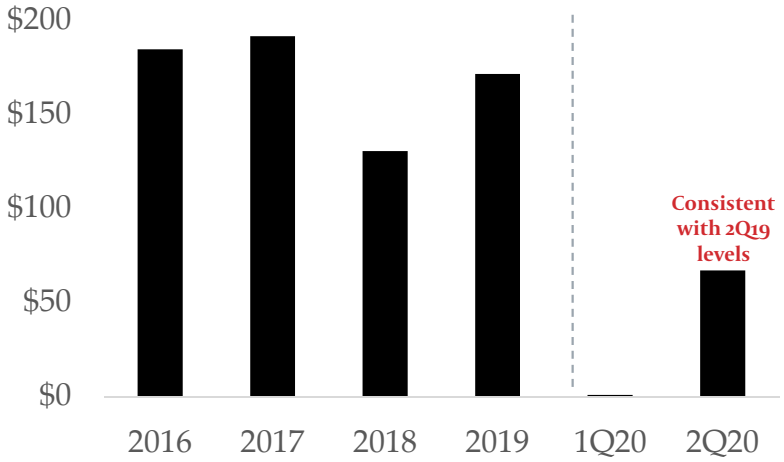
Owned eCommerce site sales increased 35% in 2Q20 driven by strong growth from Vionic, Dr. Scholl's, and Ryka, among others

Leveraging resources to ensure optimal web design, effective marketing and appropriate inventory levels in order to drive improvement across the business

Caleres Historical Cash Generation and Debt Repayment

Historical Operating Cash Flow

in millions of dollars



Caleres continued to generate cash from operations consistent with historical periods, despite challenging market conditions

CAL FCF Yield

30.6%

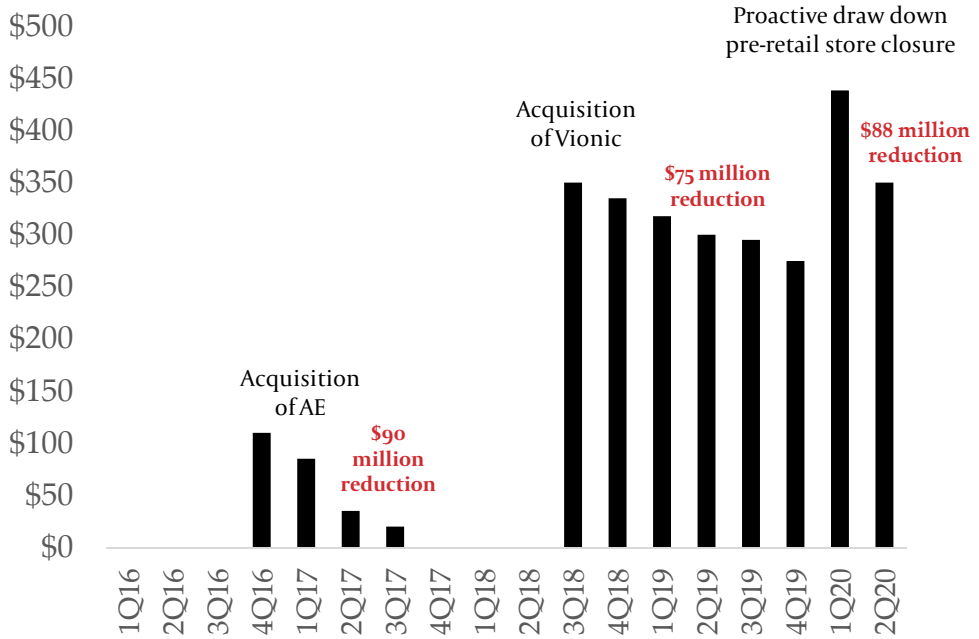
vs.

Peer Average FCF Yield

11.7%

Historical Credit Facility Borrowings

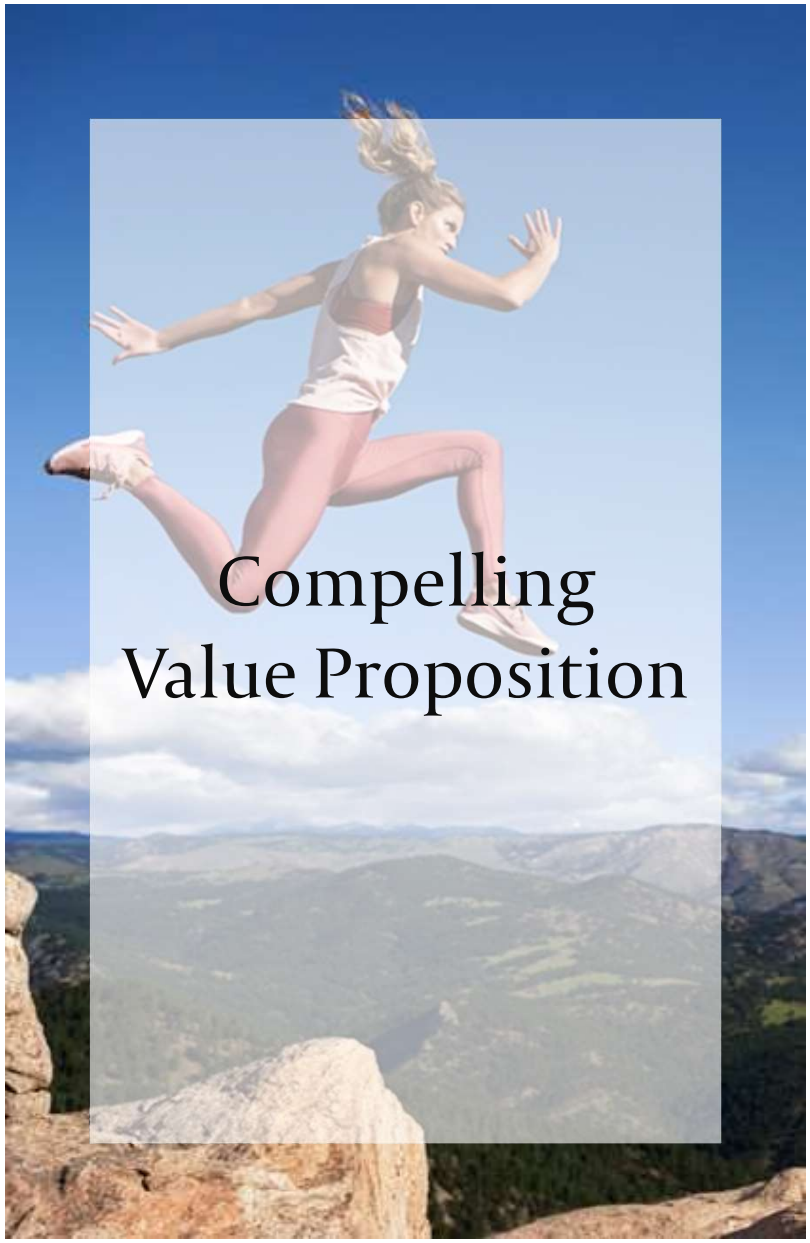
in millions of dollars



Caleres has a proven track record of paying down its revolving credit facility in a rapid manner

The company has no significant debt maturities until 2023

FCF Yield is on a trailing 12 month basis and peer average includes: CROX, DBI, DECK,FL,GCO,NKE,SCVL,SHOO, SKX and WWW



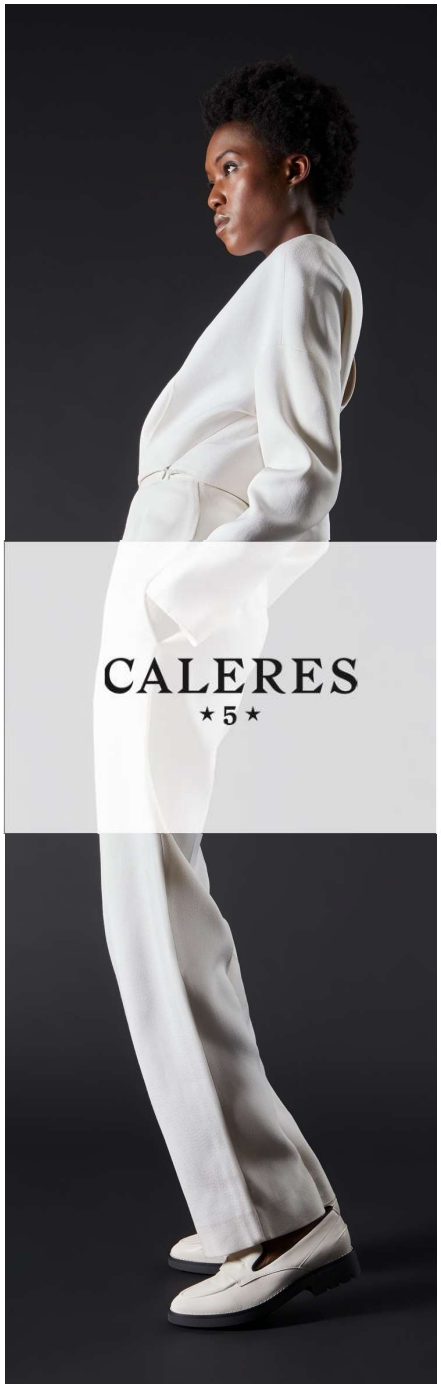
Compelling Value Proposition

We have the capabilities to meet consumers increasing preference to transact digitally having made critical investments in our digital and fulfillment capabilities platform;

We are known for Iconic brands that consumers trust. Consumers now more than ever before are searching for brands that they know and trust to give them the style, fit and value they desire and we are capitalizing on this across our portfolio and at Famous Footwear;

We possess a diversified offering of lifestyle brands deeply rooted in casual, athletic and sport-inspired – This is very much aligned with the categories desired most by our customers and provides strategic and comprehensive access to a large and growing component of the footwear market

Strong cash generation allows CAL to reduce debt levels and drive our long term strategy while returning value to shareholders through dividends and share repurchases







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Appendix

9.16.2020

Sequential improvements in second quarter 2020

Sequential Financial Improvements in Q2 vs. Q1

Net Sales	$397M *Q1*	→	$501M *Q2*	**+26%** *improvement*
Gross Profit	$157M *Q1*	→	$183M *Q2*	**+16%** *improvement*
SG&A *(as % of sales)*	56.7% *Q1*	→	40.2% *Q2*	**-1,655 bps** *improvement*
Adj. EPS	($1.30) *Q1*	→	($0.57) *Q2*	**+$0.73** *improvement*

Strategic Actions Driving Improvements

Store Fleet Utilization

- Phased and efficient reopening (majority open by mid-June)
- Contactless curbside pick-up at 60 percent of store locations
- Utilization of store network as distribution points

Acceleration of Direct E-Commerce Business

- Up 80 percent year-over-year and up 37 percent versus Q1
- Both Famous Footwear and Brand Portfolio capitalized on growing ecommerce trend
- Ecommerce sales continued momentum even as stores reopened

Management of Expense and Working Capital

- Generated $67 million of cash from operations
- Reduced borrowings under credit facility by $88.5 million versus first quarter 2020 levels
- Managed inventory aggressively resulting in a 27 percent reduction versus last year
- Ended Q2 with $150 million of cash on hand



Famous Footwear 2Q20

Net sales of $333.9 million, down 20.5 percent vs. 2Q19, up ~75 percent sequentially

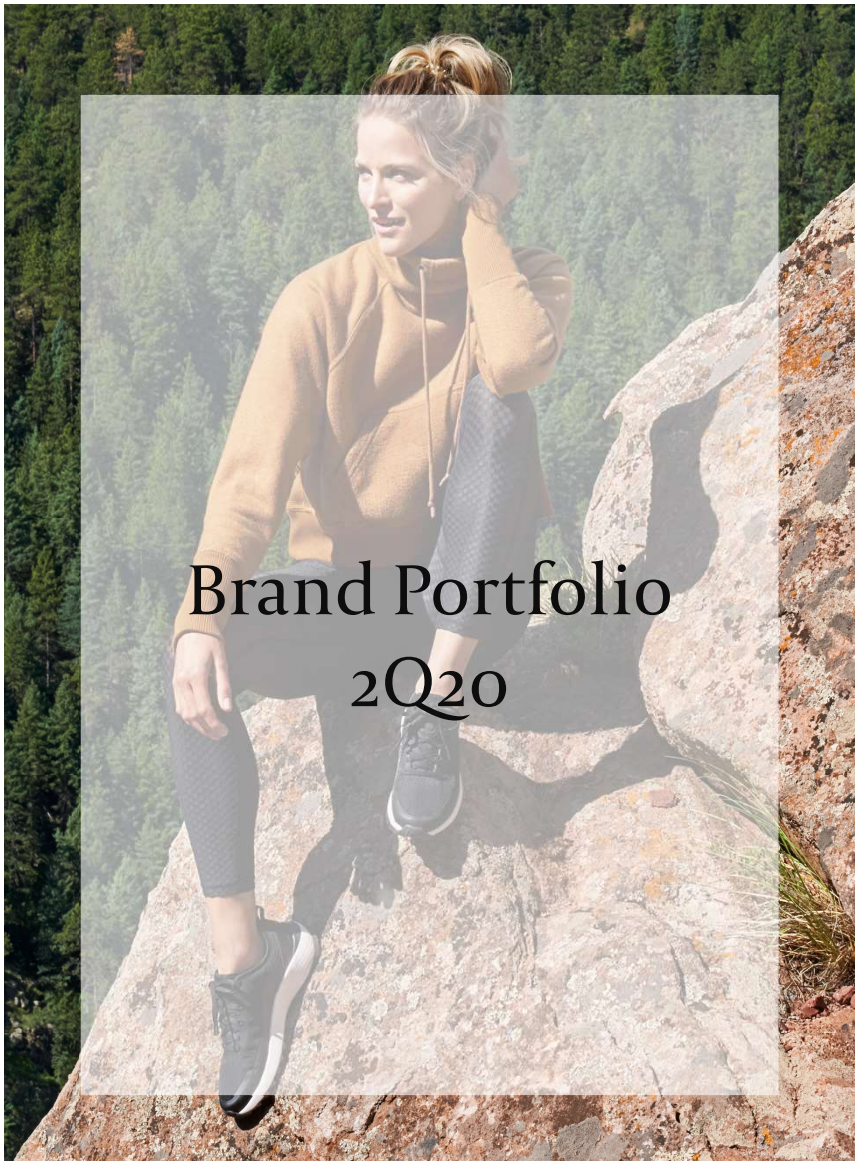
- Excluding stores that were permanently closed during the period, Famous Footwear sales would have been down 17.5%.
- Traditional comparable sales were up 14.7%

Ongoing robust ecommerce sales, up ~150 percent year-over-year

Exited the second quarter with inventory down 23 percent year-over-year

Strong performance in top brands with top 10 brands representing 70 percent of sales

Assortment concentrated in styles resonating with consumers during the prevailing work-from-home/stay-at-home environment



Brand Portfolio 2Q20

Sales of $183.6 million, down ~49 percent year-over-year, reflecting store closures and fewer wholesale order as retailers continued to mange inventory post the retail shutdown

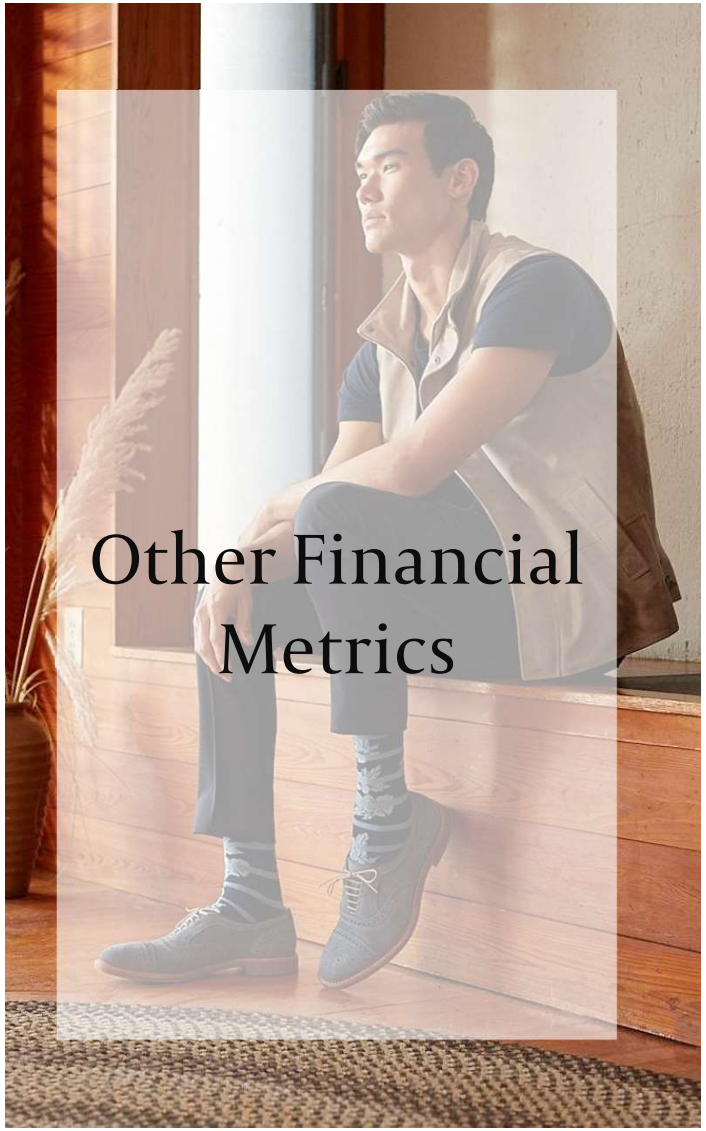
Aggressively cut inventory levels to position the business for fall – exiting the quarter down 33 percent year-over-year

Assortment concentrated in casual, athletic and sport-inspired styles –representing 75 of the portfolio…up from 70 percent last year

Ecommerce sales for internal brands increased 35% year-over-year, with Vionic posting a significant year-over-year improvement

Ecommerce penetration reached 46 percent up from 26 percent last year

Developed virtual market capability for Spring 2021 offering



Other Financial Metrics

US$M except per share	2Q'20	2Q'19	YOY Chg
Gross profit	$182.6	$305.9	(40.3%)
Margin	36.4%	40.7%	(424 bps)
SG&A	$201.3	$267.5	(24.7%)
Percent of sales	40.1%	35.6%	460 bps
Op earnings	($24.1)	$37.8	N/A
Margin	(4.8%)	5.0%	(984 bps)
Adj. op earnings	($18.7)	$38.4	N/A
Percent of Sales	(3.7%)	5.1%	(884 bps)
Net earnings	($30.7)	$25.3	N/A
Per share, diluted	($0.83)	$0.61	N/A
Adj. net earnings	($21.1)	$25.8	N/A
Per share, diluted	($0.57)	$0.62	N/A
Diluted shares	37.1	40.0	N/A

Reconciliation of Non-GAAP net earnings

Second Quarter 2020

	Pretax Earnings	Net Earnings	EPS
Adjusted Results	$(21,837)	$(21,115)	$(0.57)
Special Charges:			
Covid-19 related expenses [1]	(5,429)	(4,709)	(0.13)
Fair value adjustment to Blowfish purchase obligation	(6,589)	(4,893)	(0.13)
GAAP Results	$(33,855)	$(30,717)	$(0.83)

(1) Represents costs associated with the economic impact of the COVID-19 pandemic, primarily consisting of severance and the cost of supplies and deep cleaning of our facilities.