

# STAGE STORES

BEALLS • GOODYS • PALAIS ROYAL • PEEBLES • STAGE  
• STEELE'S •



14<sup>th</sup> Annual ICR XChange Conference  
January 11, 2012

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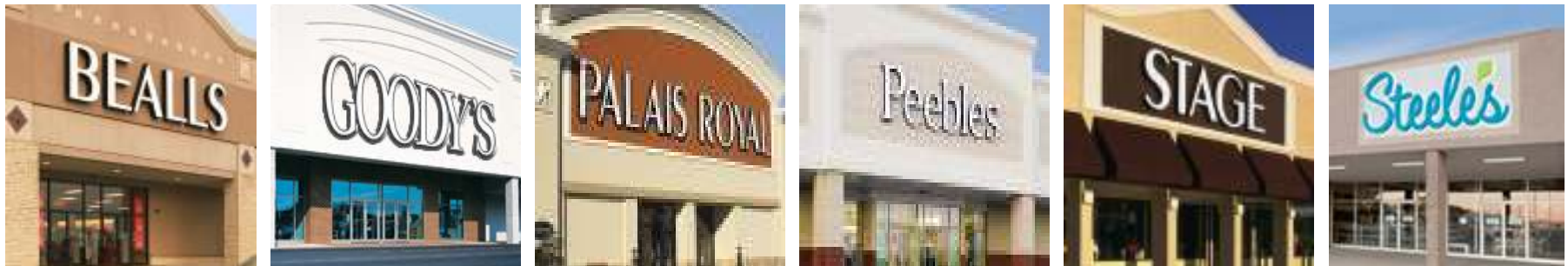
## Safe Harbor

This presentation contains “forward-looking statements”. These forward-looking statements are subject to a number of risks and uncertainties which could cause actual results to differ materially from those anticipated by these forward-looking statements. These risks and uncertainties include, but are not limited to, those described in the Company’s Annual Report on Form 10-K as filed with the SEC on March 30, 2011 and other factors as may periodically be described in other Company filings with the SEC.

This presentation was prepared as of January 4, 2012, and the Company assumes no obligation to update the information or the forward-looking statements contained herein.

# Today's Agenda

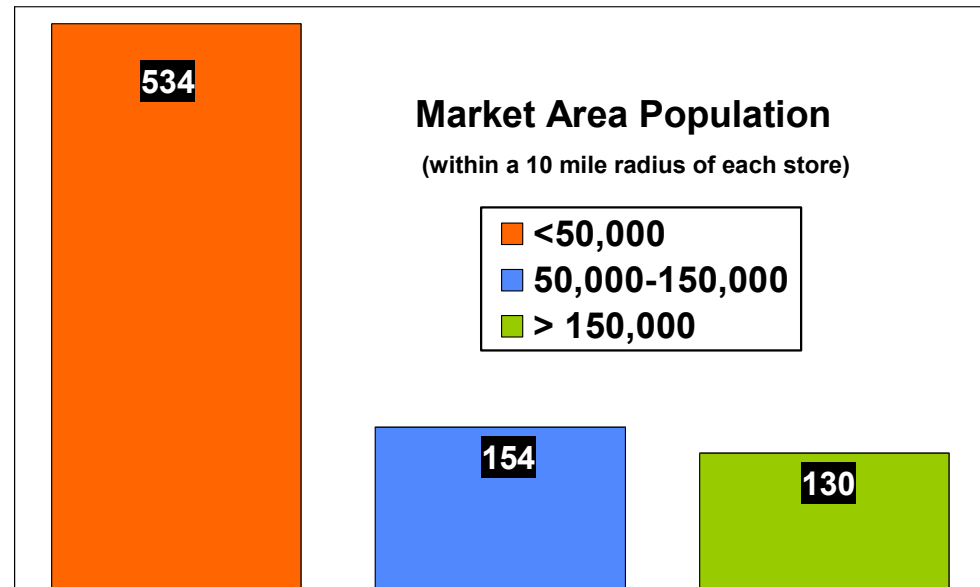
- Stage Stores: **America's Small Town Retailer**
- Investment Catalyst and Delivering Shareholder Value
- Financial Performance



# Department Stores - Overview

- America's leading small town retailer

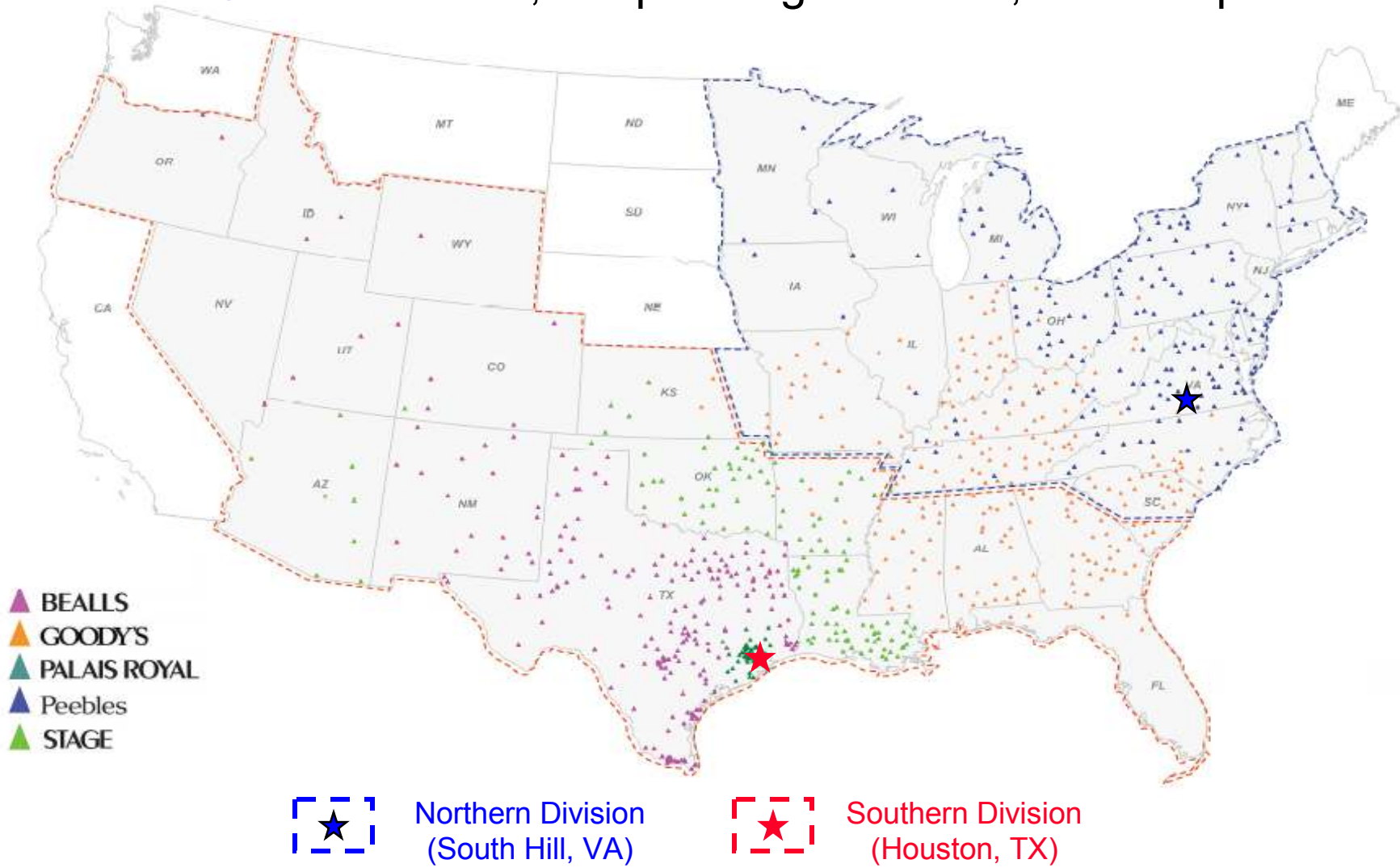
- Nameplates: Bealls, Goody's, Palais Royal, Peebles, Stage
- 65% of stores and 60% of sales are in towns with a market area population below 50,000
- Our small towns are under-served markets with limited competition



- Competitive advantages: brand-focused merchandise, unique real estate strategy and a cost-effective business model

# Department Stores - Expanding Footprint in Small Town America

5 Name Plates, 2 Operating Divisions, 1 Concept



# Department Stores - Merchandise Strategy

- ❑ 87% name brand merchandise
- ❑ Branded merchandise for the entire family (*% of FY '10 sales*)
  - ❑ Women's/Junior's (40%)
  - ❑ Men's/Young Men's (17%)
  - ❑ Children's (12%)
  - ❑ Footwear (12%)
  - ❑ Accessories (8%)
  - ❑ Cosmetics (8%)
  - ❑ Gifts and Other (3%)
- ❑ Estee Lauder and Clinique treatment products in more than 200 stores



# We Bring Name Brands To Small Markets



ESTÉE LAUDER

*easyspirit.*

NINE WEST



VAN HEUSEN



GLORIA VANDERBILT

nautica

CHAUS

carter's



Lee



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• GEAR •



# The Growth Story Continues

CONTINUED GROWTH

- + Shareholder Returns
- + Cash Flow
- + EBITDA \$ and Rate
- + Comparable Store Sales
- + New Stores
- + Off-Price Concept



# Off-Price Concept

- ❑ Fills off-price void in small markets
- ❑ Headquartered in NYC
- ❑ Stand-alone team of buyers
- ❑ Led by Lisa Seigies, Steele's CMO
  - A seasoned off-price executive
- ❑ First three stores opened November 1, 2011
  - Beeville, TX; Bastrop, LA; Minden, LA
- ❑ Typical store is strip center based with 10,000 – 12,000 square feet



## Off-Price Concept (continued)

- ❑ Our off-price stores and our department stores can be located in same markets because each targets a different customer
- ❑ Target customer has median household income <\$35,000
- ❑ Offers brand name fashions for the family, accessories, shoes and home décor at 30% to 60% off department store prices
- ❑ Wide, fast turning assortment drives treasure hunt mentality
- ❑ Steele's leverages our small market expertise with a complementary format to our department store model

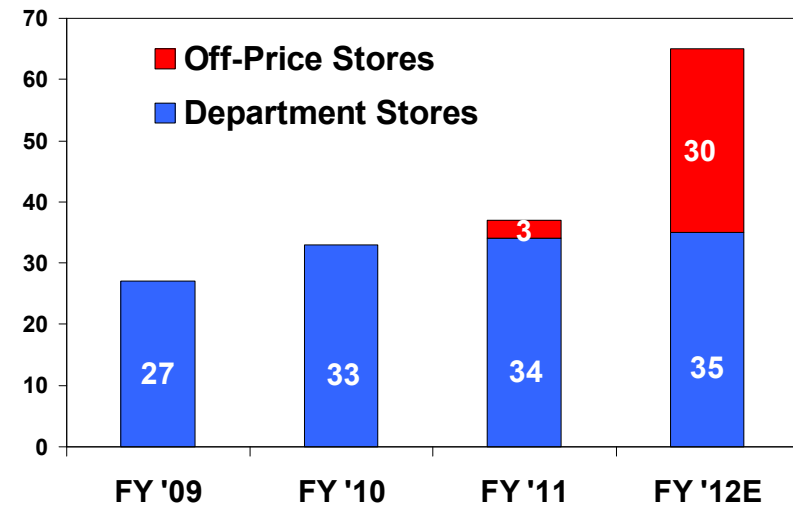
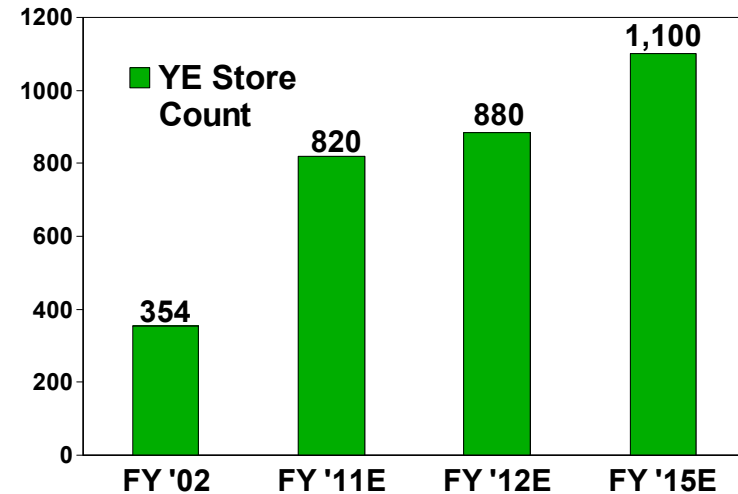
## Off-Price Concept – Expected Single Store Metrics

- ❑ First 12 months sales of \$1.0 - \$1.5 million
- ❑ 4-wall cash contribution at maturity of 15% - 20%
- ❑ Initial net inventory investment of \$75,000 (at cost)
- ❑ Capital expenditures of approximately \$200,000
- ❑ Expect Steele's to be modestly dilutive to EPS in 2012 due to associated start-up and expansion costs



# New Stores – Both Concepts

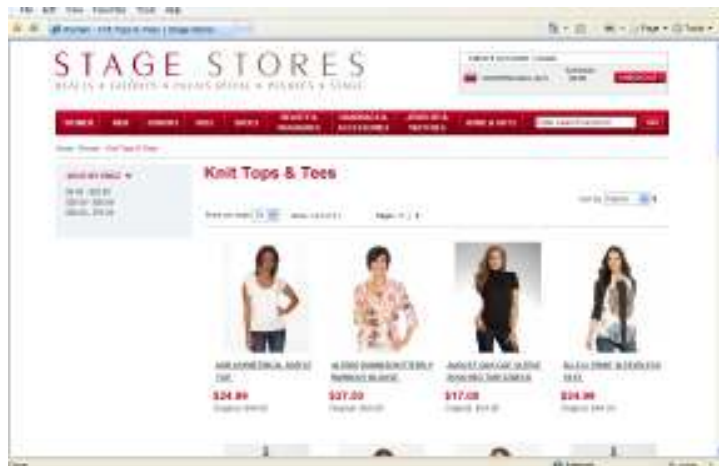
- ❑ Goal of 1,100+ stores by the end of FY '15
  - ❑ 950 Department stores
  - ❑ 150 - 200 Off-Price stores
  
- ❑ 37 new stores in FY '11
  - ❑ 34 Department stores
  - ❑ 3 Off-Price stores
  
- ❑ 55 – 65 new stores in FY '12
  - ❑ 30 – 35 Department Stores
  - ❑ 25 – 30 Off-Price stores



# eCommerce

## □ eCommerce

- Successful launch December 2010
- \$8.5 million in sales projected for FY '11
- Number of visitors has grown from approximately 60,000 per week in February to over 700,000 per week in December



# Delivering Shareholder Value

## □ Stock Repurchase Program

- \$200 million Stock Repurchase Program (March 2011)
  - \$100 million repurchased under Program in FY '11
  - Completion of Program targeted by end of FY '13
  - Represented 33% of market value at time of announcement
  - Expect to end FY '11 with 30.5 million shares outstanding

## □ Dividend History

	<b>Annualized Dividend <sup>(1)</sup></b>	<b>% Increase</b>
September 2011	\$0.36	20%
September 2010	\$0.30	50%
March 2007 (3:2 stock split)	\$0.20	50%
June 2006	\$0.13	100%
September 2005	\$0.07	---

*(1) Adjusted for March 2007 stock split.*

# Financial Strength

- ❑ Stage Stores has the financial strength to fund its growth and return capital to its shareholders
- ❑ Strong Balance Sheet
  - ❑ Expect net debt of approximately \$20 million at year end
- ❑ Generating Free Cash Flow while investing in our growth<sup>(1)</sup>
  - ❑ \$41 million in FY '10
  - ❑ Approximately \$50 million expected in FY '11
  - ❑ \$50+ million projected in FY '12 and FY '13
- ❑ Extended \$250 million revolving credit facility for 5 years in June 2011

*<sup>(1)</sup>Free Cash Flow = Net cash provided by operating activities less capital expenditures.*

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# QUESTIONS & ANSWERS