



macy's inc

March 28, 2019



Safe Harbor Statement

All forward-looking statements are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from the expectations and assumptions mentioned today. A detailed discussion of these factors and uncertainties is contained in the company's filings with the Securities and Exchange Commission.

Adjusted earnings before interest, taxes, depreciation and amortization and diluted earnings per share amounts exclude the impact of restructuring and other costs, settlement charges associated with our defined benefit plans and losses on the early retirement of debt. For full financial data, reconciliation of non-GAAP financial measures and cautionary language regarding forward-looking statements, please refer to Macy's fourth quarter 2018 earnings release issued on February 26, 2019 and other financial information available on the investor relations page at www.macysinc.com.

Macy's, Inc. is a company of iconic brands with a strong balance sheet, significant cash flow and solid dividend. We will continue to enhance shareholder value by investing in our business to drive sustainable, profitable growth.

We operate approximately 680 department stores and nearly 190 specialty stores under the Macy's, Bloomingdale's and Bluemercury brands. With a national stores footprint, robust e-commerce business and rich mobile experience, our customers can shop the way they live - anytime and through any channel.

 macy's

bloomingdale's

bluemercury

2018

★ Full year of comparable sales growth

★ Five strategic initiatives grew sales

★ Flexible, durable balance sheet

Path to deliver sustainable, profitable growth

2019
and beyond

- ★ **STEP 1:**
Comparable sales growth
- ★ **STEP 2:**
Take market share
- ★ **STEP 3:**
Healthy customer base
- ★ **STEP 4:**
Future profitability growth

Balanced Investment to Support Our Winning Formula



- Improved health across fleet
- Backstage
- Flagships
- Growth/magnet stores
- Neighborhood stores



- 38 consecutive quarters of double-digit growth
- Enhanced pickup and delivery options
- Vendor direct expansion



- Fastest growing channel
More than \$1B sales on apps
- My Wallet, My Store, My Stylist

2019 Strategic Initiatives

1

GROWTH 150

Add 100 doors and keep the original 50 growing ahead of the total stores fleet

2

BACKSTAGE

Expand to 50 Macy's stores and deliver positive comps for locations previously opened

3

VENDOR DIRECT

Continued aggressive expansion of vendors and SKUs

4

MOBILE

Continue "mobile first" strategy and deliver outsized growth in mobile sales

5

DESTINATION BUSINESSES

Taking market share in:
Dresses
Fine Jewelry
Big Ticket
Men's Tailored
Women's Shoes
Beauty

FUNDING OUR FUTURE

A comprehensive end-to-end review focused on growing our profitability rate by improving productivity across the enterprise

FUNDING OUR FUTURE



**Supply
Chain**



**Merchandising
Mix & Pricing**



Marketing



**Store
Labor**

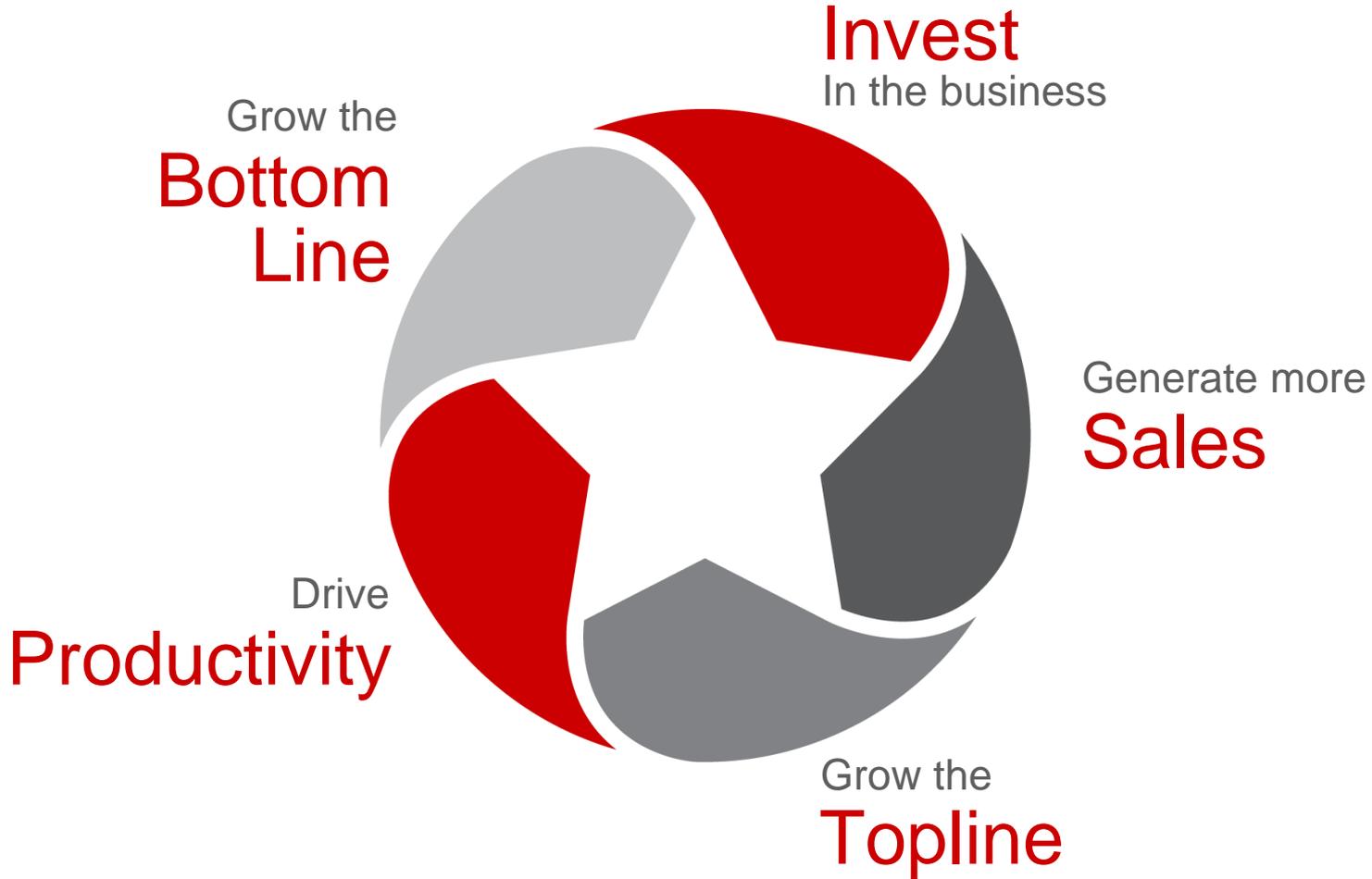


**Private
Label
Sourcing**



**Indirect Spend
Procurement**

- Disciplined, multi-year productivity program
- End-to-end review of our cost structure
- Validation of 3-5 year financial plan underway
- Offset rising costs and fund investments we're making in the business



Healthy Balance Sheet

- Repurchased \$1.1 billion of debt in fiscal 2018
 - \$750 million tender in 4Q 2018
- Leverage ratio of 2.5x, including asset sale gains
- Leverage ratio of 2.9x, excluding asset sale gains
 - Will use excess cash to further reduce debt to within target ratio, excluding asset sale gains

COMMITTED TO MAINTAINING A FLEXIBLE, DURABLE BALANCE SHEET

FY 2019 Guidance

Adjusted Diluted EPS	\$3.05 - \$3.25
Asset Sale Gains	~\$100 Million
Adjusted Diluted EPS Ex Asset Sale Gains	\$2.80 - \$3.00
Comp Sales - Owned	Flat To +1%
Comp Sales - Owned + Licensed	Flat To +1%
Net Sales	~Flat
Credit Card Revenue	\$740-765 Million
Gross Margin	Rate Down Moderately in 1H, Down Slightly in 2H
SG&A	Rate Up Slightly
Interest Expense	~\$190 Million
Tax Rate	~23%
Capital Expenditures	~\$1.0 Billion

Appendix

FY2018 Earnings Snapshot

<i>(in millions)</i>	FY2018
Net Sales	\$24,971
Comp Sales - Owned	1.7%
Comp Sales - Owned + Licensed	2.0%
Gross Margin	39.1%
Credit Card Revenue	\$768
Asset Sale Gains	\$389
Adjusted EBITDA	\$2,877
Net income attributable to Macy's, Inc. shareholders	\$1,108
Diluted EPS	\$3.56
Adjusted Diluted EPS	\$4.18
Adjusted Diluted EPS Ex Asset Sale Gains	\$3.26

Other Earnings Drivers

Credit Program: A Competitive Advantage

- Integrated role in customer offering
- Drives sales – roughly half of our sales occur on our proprietary credit card
- Enhanced by Loyalty program; the resulting credit card revenue helps offset associated loyalty expenses such as free delivery

Asset Sales: Help Drive Growth and Strengthen Balance Sheet

- Asset sales have generated more than \$1.7 billion in cash proceeds over the past 4 years
- Redeploy cash to:
 - Fund investments to drive profitable sales growth
 - Pay down debt: \$2.5 billion in past 4 years
- We will moderate asset sale gains, as we anticipate our greatest value will come from how we operate as a retailer.

★ 2018 Strategic Initiative Scorecard

Loyalty	Store Pickup	Backstage Store within a Store	Vendor Direct	Growth 50
<ul style="list-style-type: none">✓ Platinum customer spend +~10%✓ More than 3 million Bronze members	<ul style="list-style-type: none">✓ ~7% of online sales✓ ~25% associated sales	<ul style="list-style-type: none">✓ Opened 120+ locations✓ +5% average lift to total box	<ul style="list-style-type: none">✓ Nearly doubled online SKUs✓ ~10% of online sales	<ul style="list-style-type: none">✓ Outperformed fleet✓ Higher customer retention rates & satisfaction scores



FY2018 Highlights

bloomingdale's



- Double digit sales growth online
- Renovated 59th Street flagship
- Flagship's best year since 2013
- Enhanced customer experience

bluemercury

- Total sales up double digits
- 26 new standalone stores
- Online sales increased >50%
- Private brands >10% total sales





America's Store For Life

The largest retail brand of Macy's, Inc., Macy's delivers quality fashion at affordable prices to customers at approximately 640 locations, online at macys.com and through the Macy's shopping app for mobile devices. Macy's inspires fashion exploration and discovery through the most desired family of exclusive brands for her, for him, for the home, and via our dynamic mobile and social platforms. We know the power of celebration, demonstrated through decades of memorable experiences created during Macy's 4th of July Fireworks® and Macy's Thanksgiving Day Parade®, as well as spectacular fashion shows, culinary events, flower shows, and celebrity appearances. For more than 160 years, Macy's has, and continues to, make life shine brighter for our customers, colleagues, and communities.



Like No Other Store in the World

Bloomingdale's is America's only nationwide, full-line, upscale department store and is widely recognized for its originality, innovation and fashion leadership. It is a contemporary and "of the moment" brand with an omnichannel approach focused on providing a seamless customer experience from in-store to online. Bloomingdale's is truly "Like no other store in the world" and is a leading attraction for domestic and international tourists. The brand operates 38 stores, bloomingdales.com and 17 Bloomingdale's The Outlet locations. Bloomingdale's stores in Dubai and Kuwait are operated under license agreements with Al Tayer Insignia, a company of Al Tayer Group LLC.



Your Neighborhood Beauty Destination

Bluemercury is a luxury beauty retailer, which joined Macy's, Inc. through acquisition in 2015. Through 163 specialty stores, 20 stores within Macy's, and online at bluemercury.com, Bluemercury is widely recognized as the nation's largest and fastest growing luxury beauty products and spa retail chain. Bluemercury offers a unique shopping experience where clients receive unparalleled technical product knowledge, expert advice and friendly service. In addition to skincare, makeup, haircare and fragrance products, clients can be pampered by skincare experts in Bluemercury spas. The spas are home to the ultimate results-oriented treatments, including world-renowned oxygen facials, glycolic peels, waxing and microdermabrasion. In addition to growing its footprint, Bluemercury has created two fast-growing private brands: M-61 Powerful Skincare and Lune+Aster Cosmetics.