

First Quarter 2020 Earnings

Jeff Gennette, Chairman & CEO | Felicia Williams, Interim CFO

July 1, 2020





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. A detailed discussion of these factors and uncertainties is contained in the company's filings with the Securities and Exchange Commission.

All statements in this presentation that are not statements of historical fact are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are based upon the current beliefs and expectations of Macy's management and are subject to significant risks and uncertainties. Actual results could differ materially from those expressed in or implied by the forward-looking statements contained in this release because of a variety of factors, including the effects of the novel coronavirus (COVID-19) on customer demand, its supply chain as well as its consolidated results of operation, financial position and cash flows, Macy's ability to successfully implement its Polaris strategy and restructuring, including the ability to realize the anticipated benefits within the expected time frame or at all, conditions to, or changes in the timing of proposed real estate and other transactions, prevailing interest rates and non-recurring charges, the effect of potential changes to trade policies, store closings, competitive pressures from specialty stores, general merchandise stores, off-price and discount stores, manufacturers' outlets, the Internet, catalogs and television shopping and general consumer spending levels, including the impact of the availability and level of consumer debt, possible systems failures and/or security breaches, the potential for the incurrence of charges in connection with the impairment of intangible assets, including goodwill, Macy's reliance on foreign sources of production, including risks related to the disruption of imports by labor disputes, regional or global health pandemics, and regional political and economic conditions, the effect of weather and other factors identified in documents filed by the company with the Securities and Exchange Commission, including under the captions "Forward-Looking Statements" and "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended February 1, 2020 and "COVID-19 Risk Factor" in the Company's Current Report on Form 8-K filed on May 26, 2020. Macy's disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation includes non-GAAP financial measures that exclude the impact of certain financial statement items. Additional important information regarding these non-GAAP financial measures as well as others used in the earnings release can be found on the Investors section of our website.



First Quarter Snapshot

<i>in millions except per share figures and percentages</i>	1Q20
Net Sales	\$3,017
Credit card revenues, net	\$131
Gross margin <i>Gross margin rate</i>	\$516 17.1%
SG&A <i>SG&A rate</i>	\$(1,598) (52.9%)
Impairment, restructuring and other costs	\$(3,184)
Gains on sale of real estate (ASG)	\$16
GAAP diluted loss per share	\$(11.53)
Adjusted diluted loss per share	\$(2.03)



Nearly All Stores Reopened by End of June



- Reopened stores have performed better than anticipated
- Large urban and flagship stores are opening more slowly than the earlier stores; expect gradual recovery in regions hardest hit by pandemic
- Don't anticipate another full shutdown, but remaining flexible and prepared to address increases in cases on a regional level

Week 1 is May 4, 2020



Digital Performance Exceeding Expectations

- Encouraging to see that, as stores reopened, the digital business in that market continued to be strong
- Pleased with digital metrics including: sales, traffic, conversion, mobile engagement, and new customer acquisition
- New customers coming into our sites skew younger and more diverse
- Quickly tested, iterated and scaled curbside with positive early feedback





Actions Taken to Maintain Financial Flexibility

- Temporarily extended payment terms to 120 days and cancelled orders where possible
- Suspended the shareholder dividend
- Furloughed majority of colleagues and temporarily reduced pay for senior management
- Reduced planned 2020 capital expenditures and discretionary operating expenses
- Drew down \$1.5 billion of outstanding availability under unsecured credit facility

Q1

- Closed on approximately \$4.5 billion of new financing to ensure sufficient flexibility and liquidity to fund the business for the foreseeable future
- Repaid \$1.5 billion of outstanding unsecured credit facility borrowings
- Reduced corporate headcount by ~3,900 colleagues, with additional reductions across the stores, customer service and supply chain networks

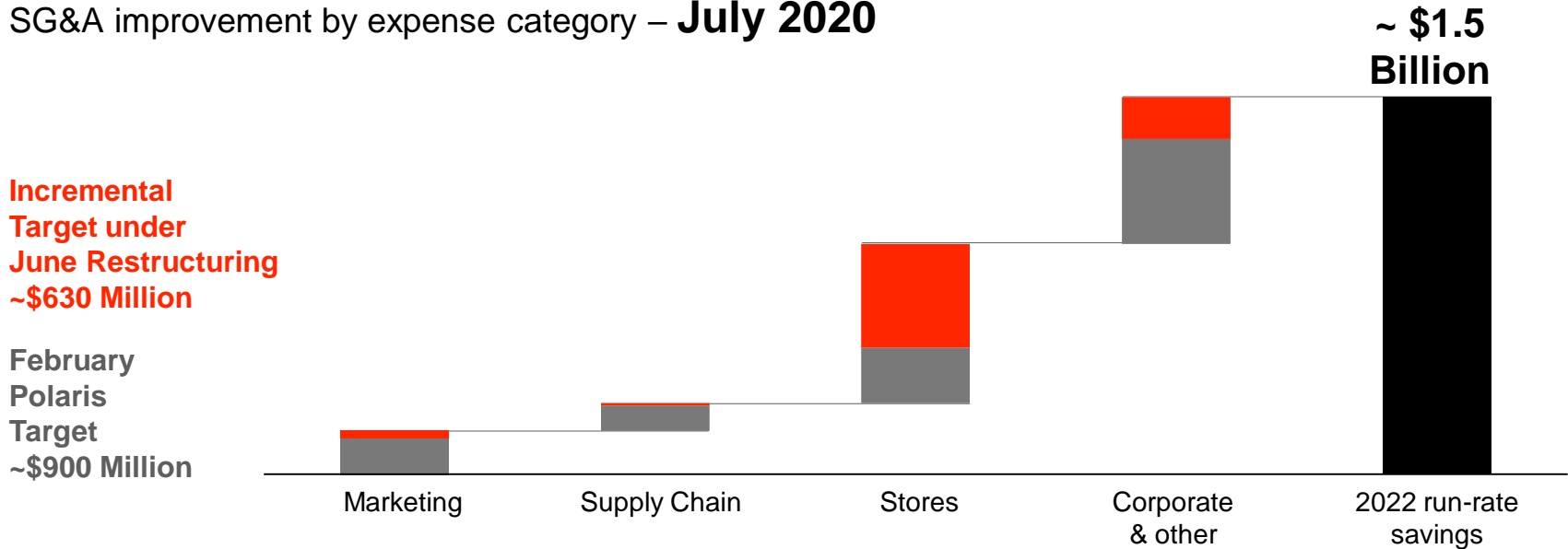
Q2

To date



Managing Cost Base to Align with Adjusted Sales Expectations

SG&A improvement by expense category – July 2020

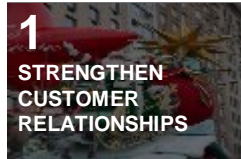


Note: The allocation of the ~\$900 million in February Polaris SG&A targets is expected to be updated and revised on the company's second quarter earnings call.



Refocused Polaris Strategy Post-COVID

✓ Continue ↻ Refocus
|| Pause → Accelerate



↻ Build profitable customer lifetime value

✓ Expand loyalty program

✓ Accelerate personalization & monetization



↻ Drive Category roles

↻ Best brand destination

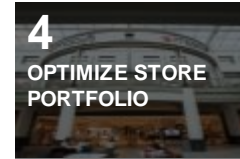
↻ Balance sales and margin



→ Enhance digital experience

↻ Grow omni-channel customer base

→ Improve profitability



|| Invest in best stores

↻ Expand off-mall profitably

|| Test and prove market ecosystem



→ Right-size organization & expense base

✓ Balance sales and profit

→ Improve productivity of working capital



The Health & Safety of Our Colleagues & Customers is Our Priority



Health Guidelines
for our customers when entering this store

 <p>Cover your mouth and nose when coughing or sneezing.</p>	 <p>Keep 6-ft distance from colleagues and other customers at all times.</p>	 <p>Don't shake hands or engage in unnecessary physical contact with others.</p>	 <p>Stay home if you've had a cough or fever in the last 72 hours.</p>
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It is Macy's priority to create a safe and convenient shopping environment for everyone in our stores.

Macy's health and safety standards align with The Centers for Disease Control and Prevention (CDC) guidelines and local orders for all locations. Practices are adjusted to reflect any updates issued by the CDC or local governments as stores reopen.