

State Street

SAVING is a beautiful thing

**SECOND QUARTER 2018
INVESTOR PRESENTATION**



Forward-looking statement

In the course of this presentation and in response to your questions, statements may be made as to certain matters that constitute forward-looking information that is subject to certain risk and uncertainties. Additional information concerning those factors that could cause actual results to differ from those in the forward-looking statements can be found in the company's fiscal Annual Report on Form 10-K for the year ended February 3, 2018 and other filings with the SEC.

COMPANY OVERVIEW

Stein Mart is a national specialty off-price retailer

About Stein Mart

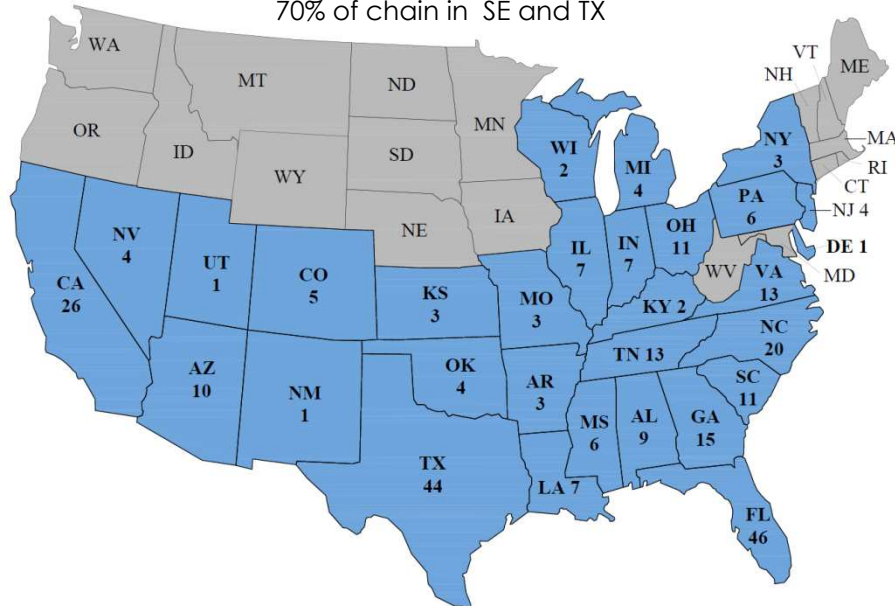
<p>Offerings</p> <p>Fashion apparel for women and men, home décor, accessories and shoes</p>	<p>Customers</p> <p>Loyal, ageless customer, household income of nearly \$100,000</p>	<p>Footprint</p> <p>289 stores in 30 states and steinmart.com</p>
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We differentiate from the competition

<p>Vs. Department Stores</p>	<p>PRICING</p> <p>Every day low prices competitive with off-price</p> <p>LOCATION</p> <p>Convenient off-mall locations</p> <p>OFFERINGS</p> <p>Assortment edited for our customer</p>
	<p>SHIFTING</p> <p>Vs. Off-Price Retailers</p> <p>ATMOSPHERE</p> <p>Attractive store appearance</p> <p>ORGANIZATION</p> <p>Merchandise displayed by category, brand</p> <p>SERVICE</p> <p>Customer service</p>

National Store Footprint

70% of chain in SE and TX



Stein Mart stores characteristics

Location

Off-mall in better neighborhood, regional and community shopping centers

Co-Tenants

Optimal co-tenants are higher-end grocers, apparel and cosmetic retailers, better restaurants

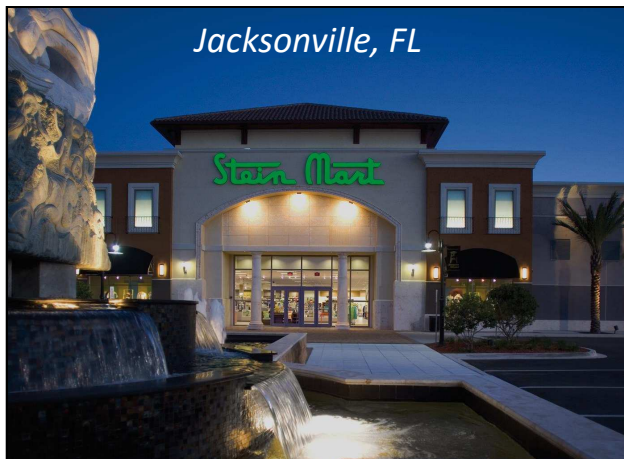
Size

New stores average
32,000 sq. ft. gross
28,000 sq. ft. selling

35,000 sq. ft.
overall average

Lease Terms

Store leases generally for 10-year term with options to extend for two or more 5-year periods



Stein Mart®

STRATEGIC INITIATIVES

Strategic priorities are clear and working

Stein Mart **Strategic Priorities**

GROWTH



Return to comparable sales growth

Product Mix

Evolve product mix focusing on brands and trends

Ecommerce

Aggressively grow Ecommerce

Advertising

Launched new advertising (fall 2017) to build brand awareness

INVENTORY



Maintain strong inventory management

Turnover

Higher inventory turns with fresher fashion

Margins

Increase margins through lower markdowns, focus on regular-priced selling

STRENGTH



Strengthen financial position

Inventory & Capital

Lower inventories and reduced capital spending

Expense Control

Tight expense control and cost savings initiatives

Liquidity

Expand borrowing availability

Our product mix is evolving

New buying model implemented in 2017

Balancing classic offerings while growing modern & contemporary brands

Restructured apparel buying teams

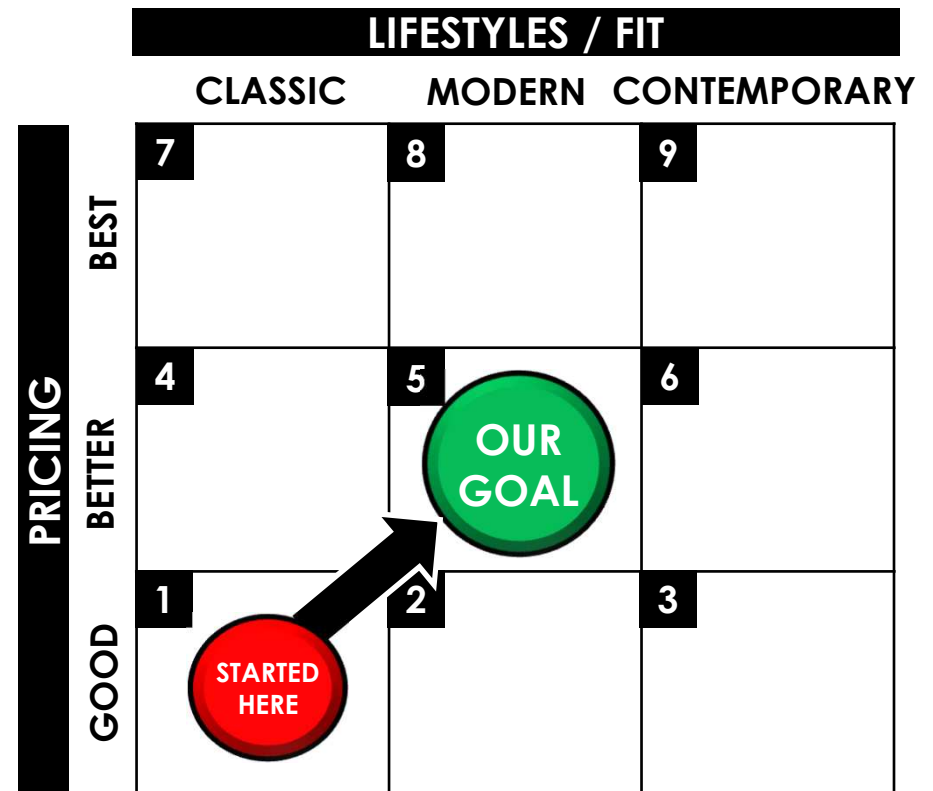
Reduced duplication to increase productivity

Optimizing off-price characteristics

Increasing in-season & opportunistic buying
Keeping receipts open to buy into trends

Re-inventing underperforming categories

Adding brands, trends and newness
Reduced slow-moving inventories



Better merchandise presentation

Reset most of selling floor

New Ladies' apparel flow in Fall 2017

Brands grouped by lifestyle

Signage upgraded for greater brand recognition

Reduced fixtures to improve shoppability



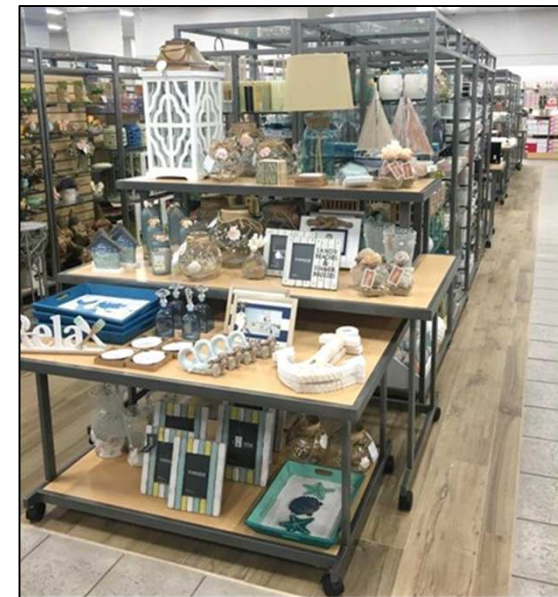
Migrating to open selling concept for Jewelry

Removed jewelry cases in 35% of stores through

Q2-2018; 75% by end of year

Replaced with tables to improve access to merchandise

Opens sightlines to Accessories



New Home area in all stores Q1-2018

Reduced inventories and right-sized space

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Increasing inventory profitability/productivity

Key Actions

- Edited assortments, SKUs & brands
- Receipt flow consistent with sales
- Continual product flow, more in-season buying
- Focus on regular-price selling
- Improved markdown practices



Q2-2018 Accomplishments

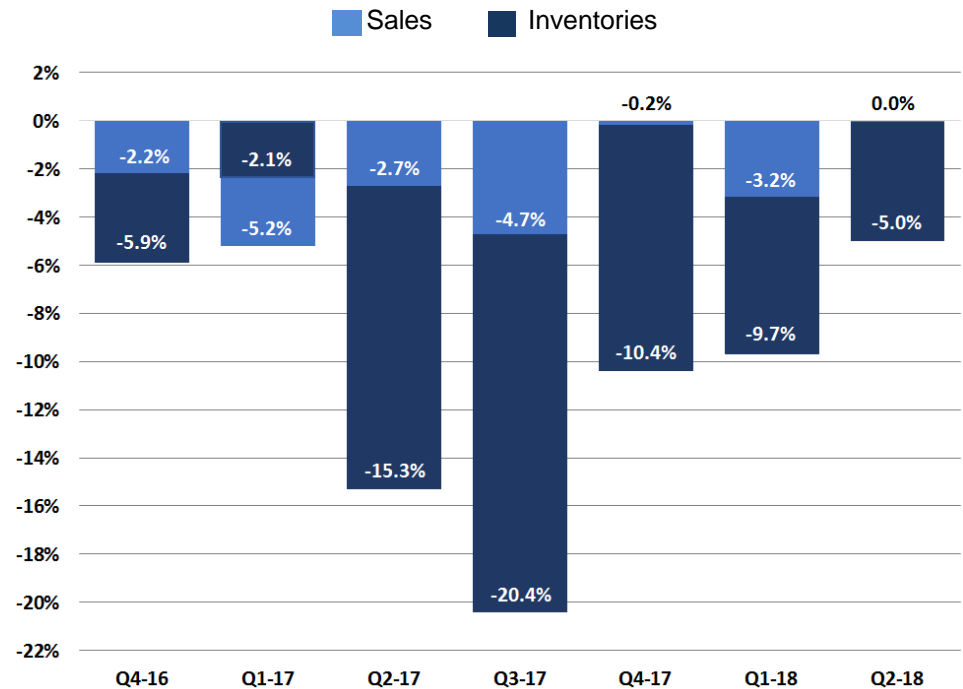
UP
470 bps

Gross profit rate +470 bps
from lower markdowns &
increased regular-price selling

DOWN
5%

Average store inventories
with lower clearance levels

Changes in Quarterly Sales vs. Inventories



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Key Actions

Enhanced assortment

- Expanded online assortments and exclusives
- Began drop ship in 2017

Site improvements

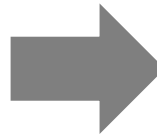
- Added FIND IT IN STORES (Q1-2018)
- Optimizing personalized product recommendation feature
- Updated navigation
- Simplified checkout

Roll-out of Ship from Store (SFS)

- Began in November 2017 (50 stores)
- Fully deployed in Q1-2018

Reinvigorated marketing message

- More TV building brand awareness



Accomplishments

Ecommerce growth (*includes SFS)

2015 +71%	Q1-2018* +85%
2016 +29%	Q2-2018* +128%
2017* +52%	

Benefits include:

- Higher customer visits and conversion
- Higher average order value
- Increased customer satisfaction
- Increased cross-selling
- Endless floor space using drop ship
- Ship from Store:
 - Driving significant volume
 - Improved inventory productivity
 - Save the sale" capability

Marketing: A clear and compelling brand strategy

New advertising campaign (Fall 2017)

Award winning agency, BOHAN

Reinvigorating our message

Developing a distinctive brand voice

Acknowledges a savvy female shopper

Emphasizes fashion, brands, savings (not discount)

Aimed at acquiring new customers



Optimizing marketing spend

Shifted media spend to more television and

digital to fund high reach channels

Additional TV increases traffic to our website

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STRENGTHEN FINANCIAL POSITION

Improved financial position

We are managing cash flow

Inventory management is driving financial results

Store inventories down 5 percent at end of Q2-2018 vs. Q2-2017; down 20 percent from 2016

Reduced SG&A expenses

Cost reductions initiatives will benefit 2018 with over \$20 million of savings

Reduced capital expenditures

Projecting 2018 capital spend of \$10 million compared to \$21 million in 2017
Fewer new stores; investing in IT projects with immediate benefit



Liquidity initiatives



Stock price is responding positively to improved financial results and liquidity

FILO Term Loan
(March 2018)
Added \$20 to \$25 million to availability

\$13 million additional liquidity from life insurance loan, available as needed

Debt levels are improving
Q2-18 only \$4 million higher than Q2-17

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Q2-2018 RESULTS & 2018 OUTLOOK

Changes begun in 2017 are improving results



Evolved merchandise selection strategy

Refreshes assortment

Re-set stores

Highlights brands, creates greater ease of shopping

Improved inventory management and productivity

For higher inventory turn and margins through
reduced markdowns

Added ship-from-store fulfillment

Satisfies increased Omni demand

Launched new advertising campaign

Builds brand awareness, attracts new/existing customers

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Strategic initiatives are driving results

2nd Quarter Results

Dollars in \$ millions Favorable / (Unfavorable)	2018	2017	Change
Net Sales	\$ 310.9	\$ 311.0	\$ (0.1)
<i>Comp Sales %</i>	0.7%	-4.6%	5.3%
Other Revenue	3.5	3.5	-
Gross Profit	79.4	64.7	14.7
<i>Gross Profit %</i>	25.5%	20.8%	4.7%
SG&A Expenses	81.1	89.7	8.6
Operating Income/Loss	\$ 1.8	\$ (21.5)	\$ 23.3
Interest Expense	2.9	1.1	(1.8)
Pretax Loss	(1.1)	(22.7)	21.6
Income Tax Provision/(Benefit)	0.1	(9.7)	9.8
Net Loss	\$ (1.1)	\$ (13.0)	\$ 11.9
EPS	\$ (0.02)	\$ (0.28)	\$ 0.26
EBITDA, adjusted	\$ 10.2	\$ (12.7)	\$ 22.9

EBITDA excludes items as detailed in the Adjusted EBITDA table (Note 1) included in our 8/22/18 earnings release.

Key Q2 Highlights

Comparable Store Sales

First positive comp since Spring 2015

Gross Profit

Increased 470 bps - reduced markdowns, higher regular-price selling

SG&A Expenses

Nearly a 10% drop due to cost savings initiatives in stores and corporate office, impact of closed stores

Income Taxes

Tax provision reflects NOL carry forward position and valuation allowance on deferred taxes established in Q4-17

First half financial summary

1st Half Results

Dollars in \$ millions Favorable / (Unfavorable)	2018	2017	Change
Net Sales	\$ 637.6	\$ 648.4	\$ (10.8)
<i>Comp Sales %</i>	0.0%	-5.9%	5.9%
Other Revenue	7.8	7.2	0.6
Gross Profit	175.5	160.2	15.3
<i>Gross Profit %</i>	27.5%	24.7%	2.8%
SG&A Expenses	171.6	178.9	7.3
Operating Income/Loss	\$ 11.6	\$ (11.5)	\$ 23.1
Interest Expense	5.3	2.3	(3.0)
Pretax Income (Loss)	6.3	(13.8)	20.1
Income Tax Provision/(Benefit)	0.1	(4.5)	4.6
Net Income (Loss)	\$ 6.2	\$ (9.3)	\$ 15.5
EPS	\$ 0.13	\$ (0.20)	\$ 0.33
EBITDA, adjusted	\$ 28.7	\$ 6.7	\$ 22.0

EBITDA excludes items as detailed in the Adjusted EBITDA table (Note 1) included in our 8/22/18 earnings release.

Key Highlights

Net Sales

Flat comparable sales
Ecommerce sales up 106 percent

Gross Profit

Increased 280 bps - reduced markdowns,
higher regular-price selling

SG&A Expenses

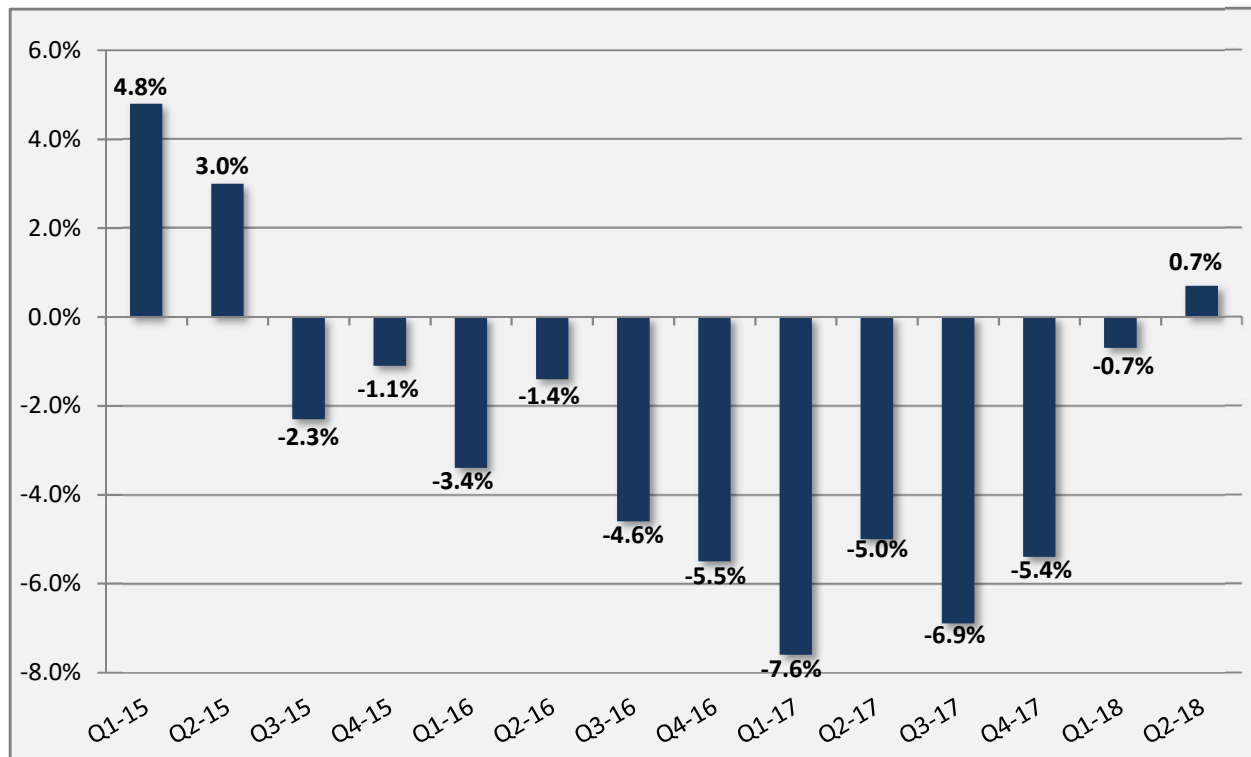
\$7.3 million lower due to cost savings initiatives
and impact of closed stores

EBITDA

EBITDA improvements and reduced capex
are improving debt position

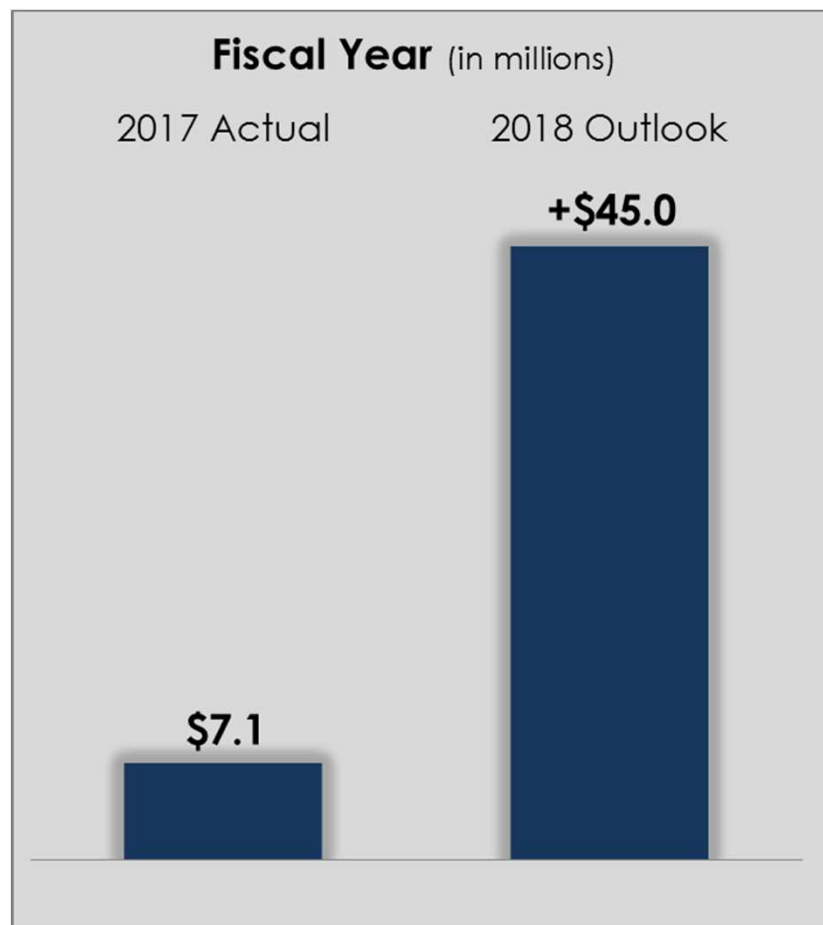
Improving comparable sales trends

2018: Considerable improvement in comp sales trends as initiatives take hold



FY2018 Outlook - Turnaround continues

EBITDA Growth



Key 2H Drivers

Expecting 2nd half 2018 operating **income** vs. \$19.8M operating loss for 2nd half 2017
A reflection of our strategic priorities

2nd Half 2018 Factors

Low single-digit
increases

in Comparable Sales

Continued
Expansion

of Gross Profit Rate

\$15M - \$20M
reduction

in SG&A Expenses

Minimal

Income tax expense

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