



Gordmans
ICR XCHANGE
January 12, 2016

Safe Harbor Language



The following information contains forward-looking statements. These forward-looking statements are based on Management's current expectations and beliefs, as well as a number of assumptions, estimates and projections concerning future events. These statements are subject to risks, uncertainties, assumptions, including those discussed in the "Risk Factors" section of our reports filed with the Securities and Exchange Commission, and other important factors, many of which are outside Management's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. You are cautioned not to put undue reliance on such forward-looking statements because actual results may vary materially from those expressed or implied. All forward-looking statements are based on information available to Management on this date, and Gordman Stores, Inc. assumes no obligation to, and expressly disclaims any obligation to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

- **Gordmans** is an everyday, value-priced department store
- **Every day** pricing up to **60% off** department stores prices
- Department store **brands, assortment** and **presentation**
- **Fun & Friendly** shopping atmosphere
- Operate **102** stores in 22 predominately upper Midwest states

Our Core Guest

Gordmans



- **Working Mom**
- **Age 35 – 54**
- **Mom shops for entire family**
 - Misses
 - Juniors
 - Kids
 - Men's
 - Home decor
- **Larger than average family**
- **\$74k average household income**
 - Value sensitive
 - Price conscious

Our Merchandise and Value Proposition



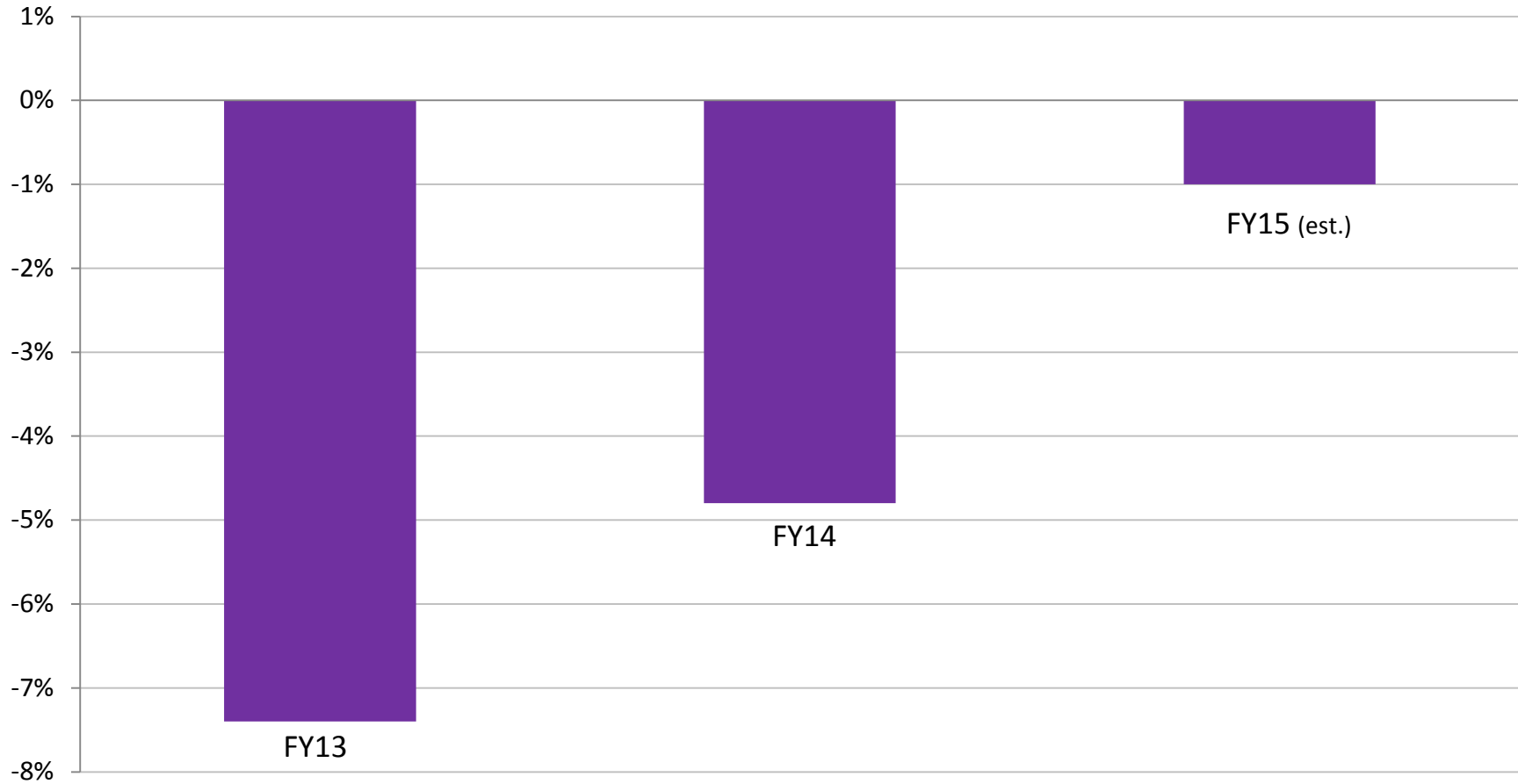
- Branded merchandise for the entire family:
 - Misses/Juniors 31%
 - Home Décor and Essentials 26%
 - Accessories/Fragrances 15%
 - Mens/Young Mens 13%
 - Childrens 10%
 - Shoes – licensed business 5%

- Everyday selling price up to 60% off department store retail prices

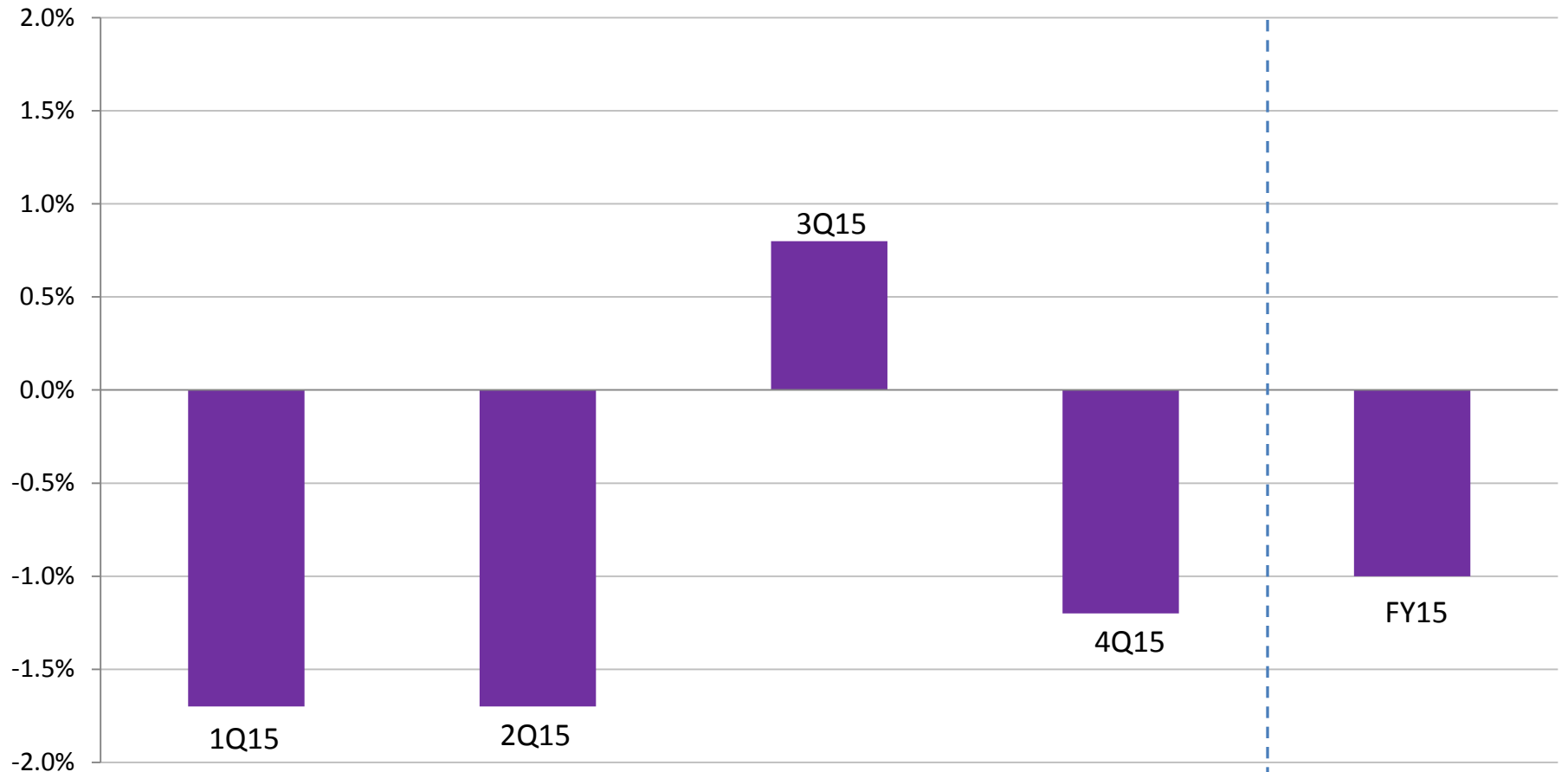
- Limit promotions to natural shopping events (i.e. Back to School, Black Friday, Holiday)

- Increase comp store sales
 - Improved comp store sales over the last 4 quarters (through 3Q15)
 - Returned to positive comp growth in 3Q15 with an 0.8% increase
 - Maintain positive comp momentum in FY 2016 driven by:
 - Better inventory positioning, content, and marking
 - Continuation of new marketing campaign
 - Growth of eCommerce
 - New line queue program
- Expand store base
 - Opened 6 new stores in 2015 and expect to open 4-5 new stores next year
- eCommerce website
 - Launched in August 2015.
 - Q415 sales penetration estimated at 1%
- Evolve omni-channel capabilities

Comp Store Sales Performance



Comp Store Sales & Gross Margin Performance



GM Rate Δ	+20 bps	+150 bps	+50 bps	+70-90 bps*	+75-85 bps*
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* FY15 and 4Q15 comp store sales and gross margin rate change are estimates

- November Positive modest sales comps
- Pre-Christmas (December) Negative high single digit sales comps
- Post-Christmas (through January Week 1) Positive mid single digit sales comps

- Hired a strong, seasoned Chief Merchant as of January 2015
- Transition seasonal merchandise earlier
- Improve merchandise margin rates by taking clearance markdowns in season and reducing point of sale discounts
- Focus on key destination businesses such as Juniors, Young Men's, Team Apparel, Plus Sizes, Big & Tall and Home
 - Add brands where needed and invest in key fashion trends
- Added a line queue with impulse merchandise in all stores
- Successful testing of value driven higher price point items
- Improve inventory productivity

- Leverage loyalty program to drive traffic
 - Grew our loyalty guest base to 4.8 million from 3.6
 - Loyalty members currently account for 71% of sales

- Sharpen our marketing message to focus on value
 - Engaged an outside advertising agency to create a value campaign
 - The new campaign launched via broadcast media for 2015 Back to School and ran throughout the fall season

- Supplement our everyday value marketing message with promotional events focused around key natural shopping periods
 - Communicate the event promotional offer via broadcast, ROP, email, direct mail and mobile.
 - Increased the frequency of loyalty communication via direct mail, email and mobile

- Our guest shops us frequently
 - At least monthly 43%
 - Every 2 months 21%
 - Every 3 month 19%
 - Every 4-12 months 17%
- The monthly shopper (43%) accounts for 61% of our sales
- We have strong purchase completion
 - 87% of guest visits result in a purchase
- We have high guest satisfaction
 - 94% of our guests are “thrilled” or “very satisfied” with their purchase
- We have substantial drawing power
 - On average, our guests travel 18 minutes to our store
 - 34% of our guests travel greater than 25 minutes

New Store Model



(dollars in millions)

45,000 - 50,000 square feet

Store Size		
New Store Investment		
	Leasehold and fixtures	\$4.2
	Inventory, net of payables	0.5
	Pre-opening expenses	0.5
	Total initial investment	<u>\$5.2</u>
	Less: Landlord contribution	<u>3.8</u>
	Net initial investment	\$1.4
Average Unit Economics		
	Store sales	\$6.5
	4-Wall contribution	\$0.7
	Cash-on-cash return	50%
	Payback period	1.9 yrs

- Unique market position as an everyday, value-priced retailer selling current season, national branded merchandise
- New management team with deep retail industry experience executing enhanced merchandise, marketing and promotional strategies
- Significant unit expansion potential
- Cost structure built to leverage on modest comp increase
- Ample borrowing capacity to support growth strategy