

# JCPenney

## 2019 Third Quarter Earnings Call

November 15, 2019

JCP

# FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements regarding sales, cost of goods sold, expenses, earnings, cash flows and liquidity. Forward-looking statements are based only on the Company's current assumptions and views of future events and financial performance.

Forward-looking statements are subject to known and unknown risks and uncertainties, many of which are outside of the Company's control. There can be no assurances that the Company will achieve expected results, and actual results may be materially less than expectations. Please refer to the Company's most recent Form 10-Q for a discussion of risks and uncertainties. Investors should take such risks into account and should not rely on forward-looking statements when making investment decisions.

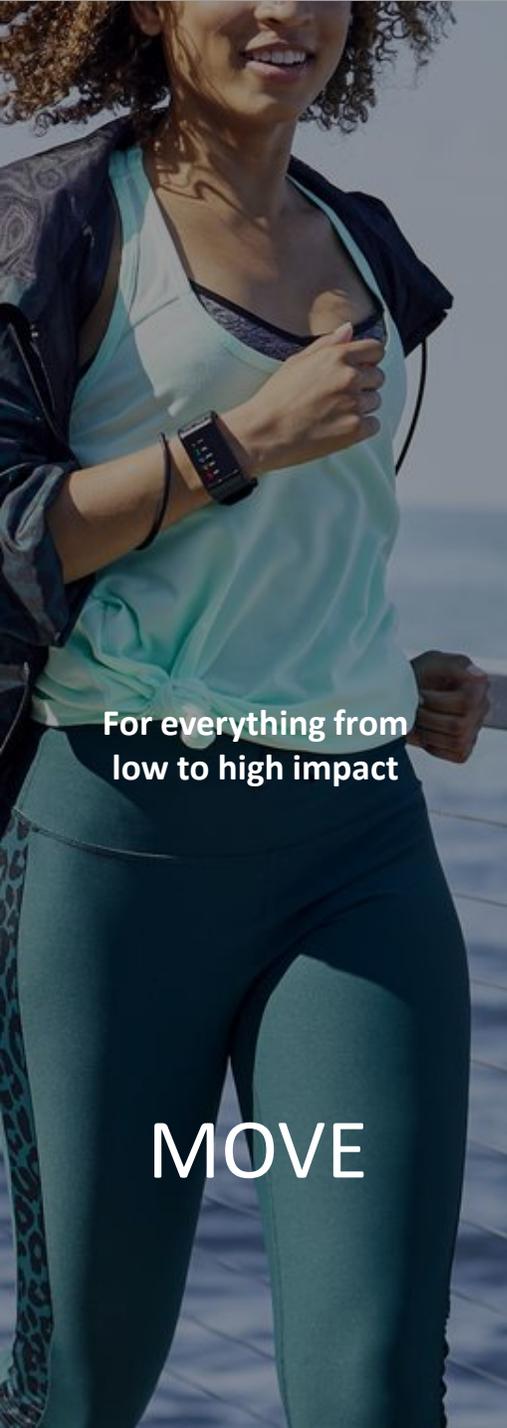
Any forward-looking statement made by us in this document is based only on information currently available to us and speaks only as of November 15, 2019. We do not undertake to update these forward-looking statements as of any future date.

# JCPenney Plan for Renewal

- **Drive Traffic**
  - Use our space to present our merchandise with a fresh approach and provide experiences and services that customers want and are giving us permission to offer
  - Deliver on the important emotional drivers of the All-in Shopping Enthusiast
- **Offer Compelling Merchandise**
  - Offer merchandise within the five lifestyles of how our customers live and want to shop
  - Create an emotional connection with our customer through our products and visual merchandising
- **Provide an Engaging Experience**
  - Create an inspiring, shared experience
  - Showcase compelling products and brands along with differentiating elements
- **Fuel Growth**
  - Implement cost reduction and efficiency initiatives across the organization
- **Build a Results-Minded Culture**
  - Develop results-minded culture focused on accountability, urgency, and innovative problem solving
  - Connect all associates to goals bigger than the individual

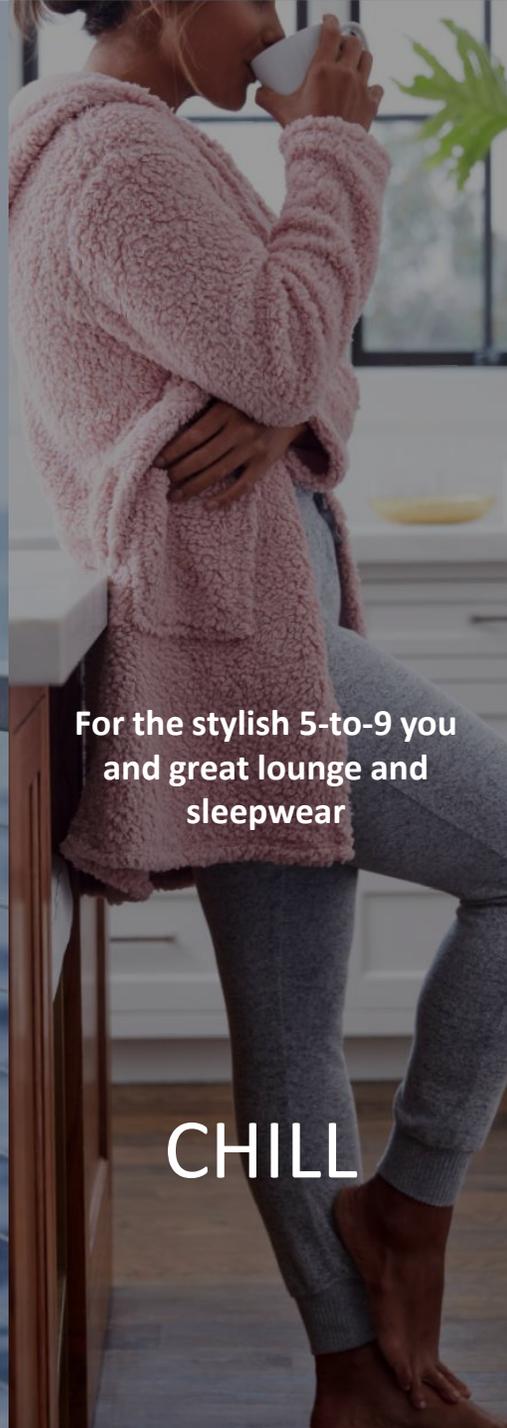


Five lifestyles that shaped our approach to merchandising that will resonate with our customers and how they want to shop



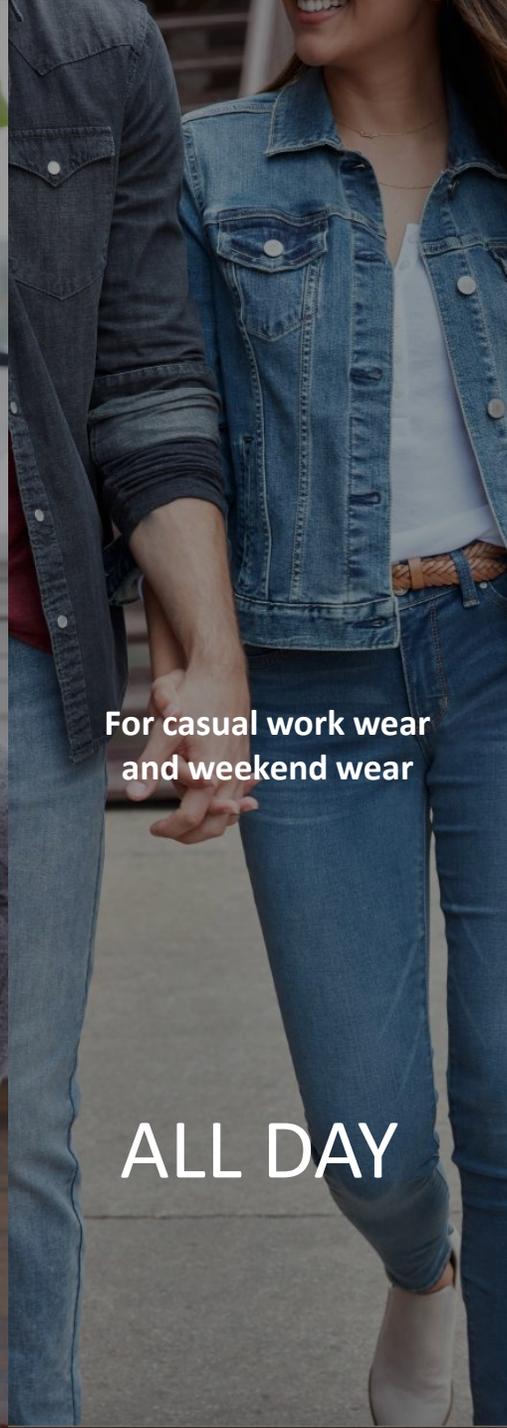
For everything from  
low to high impact

**MOVE**



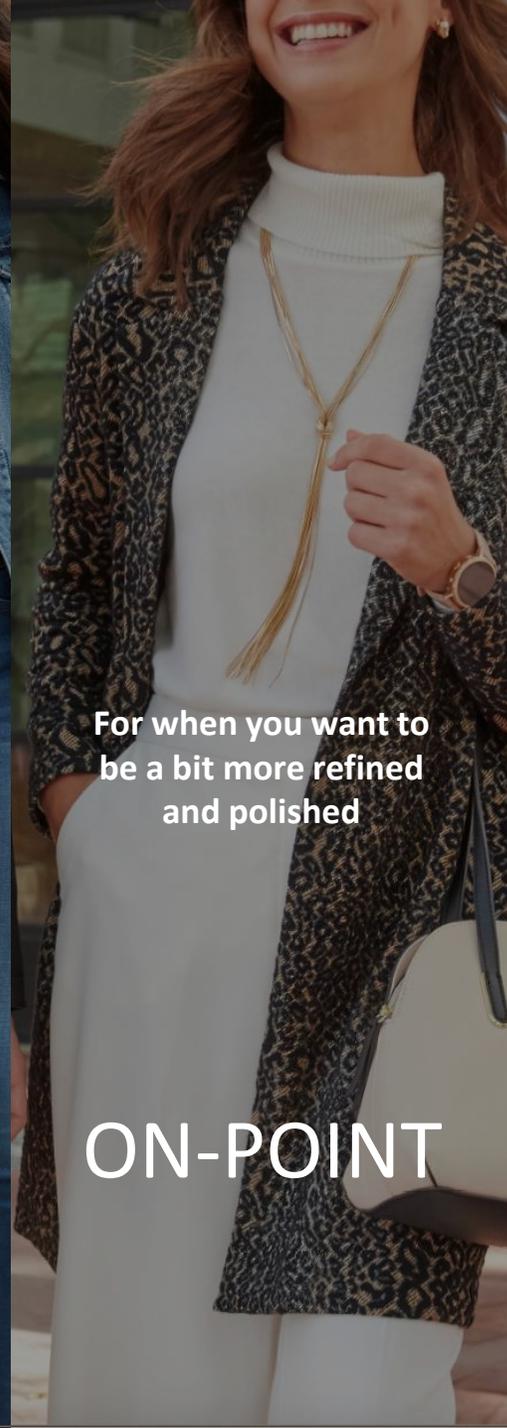
For the stylish 5-to-9 you  
and great lounge and  
sleepwear

**CHILL**



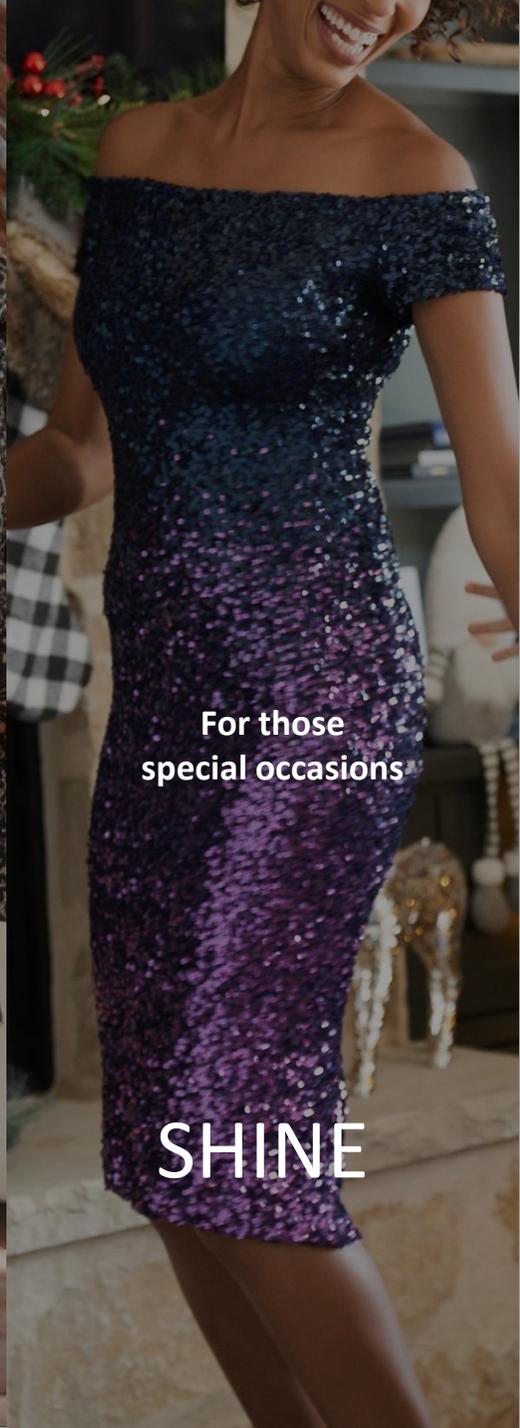
For casual work wear  
and weekend wear

**ALL DAY**



For when you want to  
be a bit more refined  
and polished

**ON-POINT**



For those  
special occasions

**SHINE**

## Brand-Defining Store – Hurst, Texas

- An investment in our future
- The fullest articulation of our customer strategy
- NOT a prototype or a store of the future
- A lab to inform actions as part of our broader strategy
- Brings together every touchpoint and initiative from our research and testing:
  - Lifestyle merchandising
  - Visual merchandising
  - Product adjacencies
  - Cross-merchandising
  - Differentiating experiences
  - Personalized services

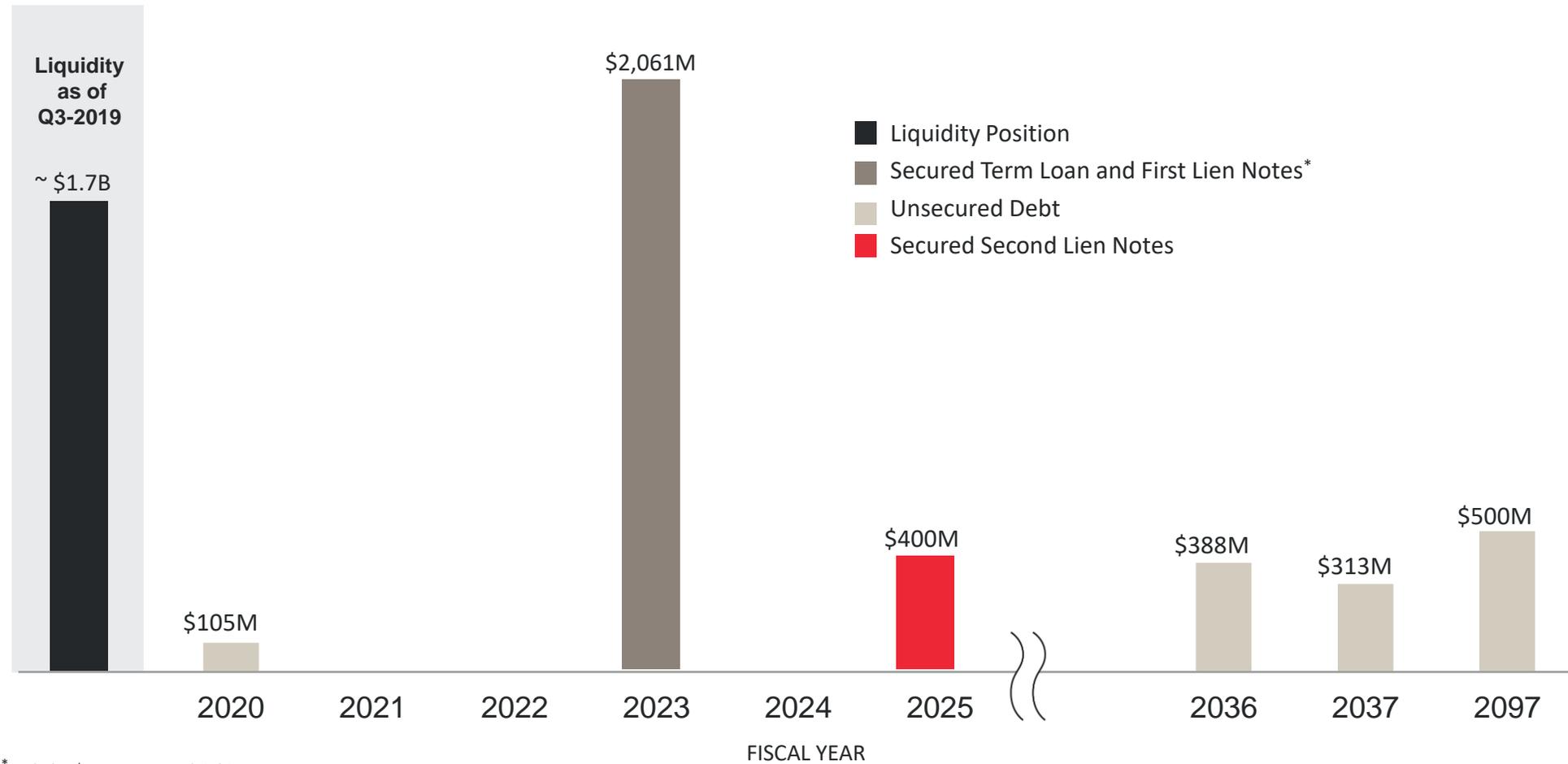


## 2019 Third Quarter Performance

	3Q-19	3Q-18
Comparable sales	(9.3%)	(5.4%)
Adj. Comparable sales (excl. impact related to major appliance and in-store furniture categories) <sup>1</sup>	(6.6%)	(4.0%)
Cost of goods sold %	64.6%	68.1%
Adjusted EBITDA (non-GAAP) <sup>1</sup>	\$106M	\$46M
Adjusted EPS (non-GAAP) <sup>1</sup>	(\$0.30)	(\$0.52)

<sup>1</sup> A reconciliation of GAAP to non-GAAP financial measures is available on our investor relations site at [ir.jcpenney.com](http://ir.jcpenney.com)

# Liquidity and Debt Maturity Profile as of November 2, 2019



## 2019 Full Year Financial Guidance

	FY-19
Comparable sales	(7.0%) to (8.0%)
Adj. Comparable sales (excl. impact related to major appliance and in-store furniture categories) <sup>1</sup>	(5.0%) to (6.0%)
Cost of goods sold % vs. FY-18	Expected to decrease 150 to 200 bps
Adjusted EBITDA (non-GAAP) <sup>1</sup>	Expected to exceed \$475 million
Free cash flow <sup>1</sup>	Positive

<sup>1</sup> A reconciliation of non-GAAP forward-looking projections to GAAP financial measures is not available as the nature or amount of potential adjustments, which may be significant, cannot be determined at this time

Pennney's