



CreditRiskMonitor’s warning of Stage Stores Inc. (“Stage Stores”) bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Stage Stores (OTC: SSINQ) for more than a year. We published [in-depth analysis](#) on Aug. 8, 2019 as conditions continued to deteriorate and become more troubling.

The company ultimately filed for bankruptcy on May 10, 2020.

Q1 2019 net sales declined by 5.3%, operating income fell by 48%, and net loss widened by 50% versus the previous year.

Mgmt. announced a plan to convert all stores to off-price retail from the department store model, which required \$30 million in capital outlays.

CEO requested that vendors provide immediate concessions, which were considered vital to avoid Chapter 11 bankruptcy.

Business Name	2019								2020				
	M	J	J	A	S	O	N	D	J	F	M	A	M
Stage Stores Inc.	2	1	1	1	3	3	3	3	3	3	2	3	2

BANKRUPT!

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

Senior Vice President, Finance and Controller of Stage Stores announced his resignation; executive departures are a red flag.

Revolving loan borrowed in Q3 2019 to fund working capital, ongoing losses, and widespread store transformations.

FRISK® Score	BANKRUPTCY RISK RELATIVE TO THE HISTORICAL AVERAGE	
	FROM	TO
10	0.00x	0.12x
9	0.12x	0.27x
8	0.27x	0.34x
7	0.34x	0.55x
6	0.55x	0.87x
5	0.87x	1.40x
4	1.40x	2.10x
3	2.10x	4.00x
2	4.00x	9.99x
1	9.99x	50.00x

While the risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

*FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor® process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody’s, Fitch, & DBRS Morningstar

Crowdsourced CreditRiskMonitor® Usage Data

[Crowdsourcing](#) has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor® subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

DO NOT MISS THIS – MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Making misleading or fraudulent statements in an MD&A is against the law – and Sarbanes-Oxley subjects CEOs and CFOs to heavy fines or even jail time for doing so. A vital feature of the CreditRiskMonitor service is the ability to quickly access a Company’s Management Discussion and Analysis (MD&A) history. Let it sink in: there are no two people in the world with better knowledge of a company’s liquidity risk than the CEO and CFO. More than any credit manager. More than any trade group. And they’re personally liable if they’re lying.

According to the Financial Accounting Standards Board (FASB), “MD&A should provide a balanced presentation that includes both positive and negative information about the topics discussed.”

Report

- Overview
- Company News
- Risk Ratings
- Important Information
- Annual Financials
- Year/Year Interim
- Sequential Quarters
- Liquidity (MD&A)**
- SEC Filings
- Peer Analysis
- Payments
- Public Filings
- General Info
- Access History
- Credit Limit
- Update Portfolio
- Print/Save Report
- Currency Converter
- Send This to a Colleague

Stage Stores Inc
2425 West Loop South
Houston, TX 77027 United States
Phone: (713) 667-5601

Filed for Bankruptcy on 5/10/2020
Case #20-32564, filed in the U.S. Bankruptcy Court for the Southern District of Texas (Houston)

Management Discussion and Analysis History

During the year-to-date 2019, we used \$76.9 million in cash from operating activities. Net loss, adjusted for non-cash expenses, provided cash of approximately \$25.9 million, including non-cash operating lease expense of \$52.6 million.

Changes in operating assets and liabilities used net cash of approximately \$107.7 million, which included a \$156.9 million increase in merchandise inventories, primarily due to the seasonal build of inventories, and a \$56.2 million decrease in operating lease liabilities, partially offset by a \$15.1 million decrease in other assets and a \$90.4 million increase in accounts payable and other liabilities. Additionally, cash flows from operating activities included construction allowances from landlords of \$4.8 million, which funded a portion of the capital expenditures in investing activities.

Capital expenditures were \$25.1 million for the year-to-date 2019, compared to \$21.8 million for the year-to-date 2018.

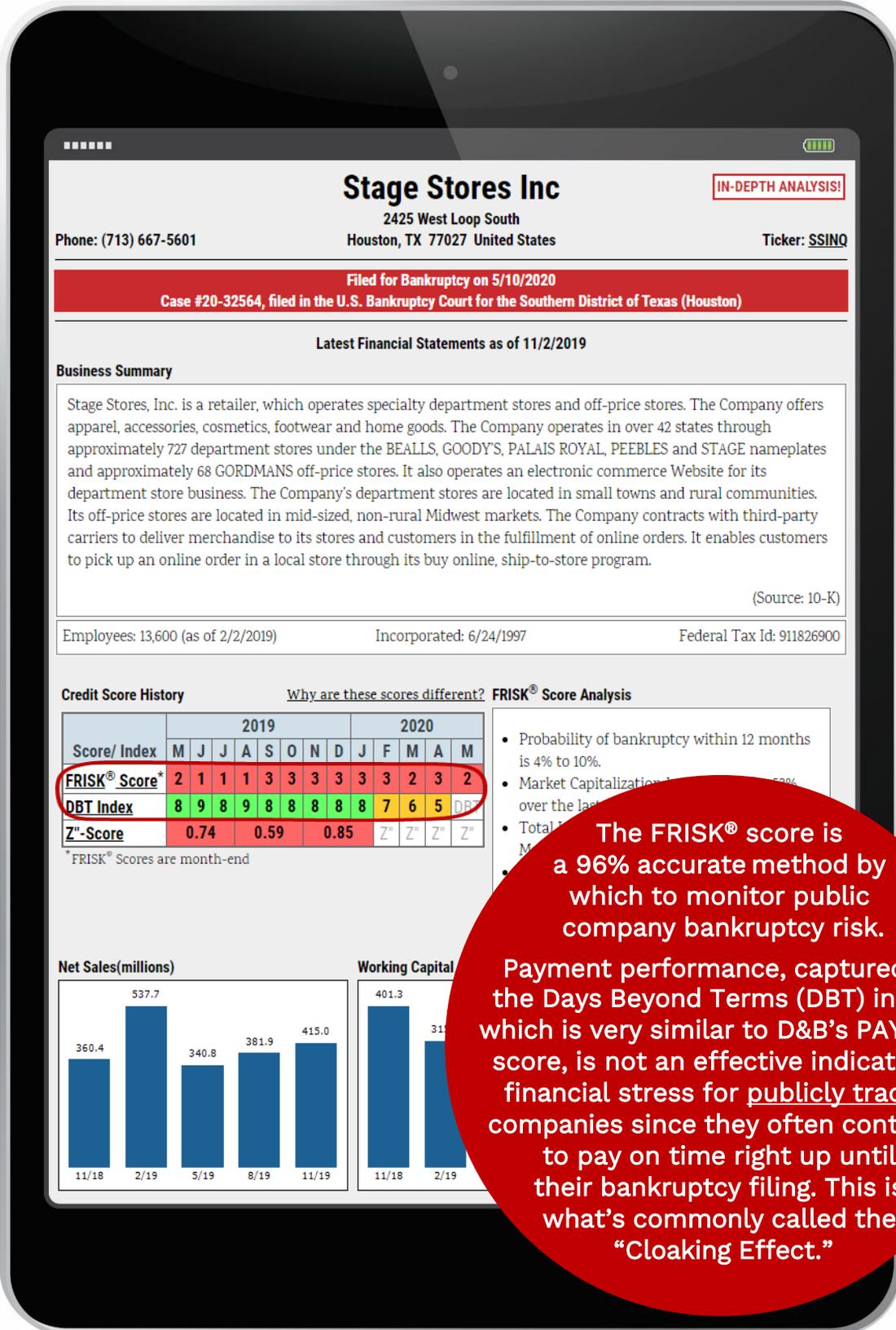
The increase in capital expenditures was primarily due to converting stores to off-price and adding high capacity home fixtures in our department stores. Additionally, cash flows from operating activities included construction allowances from landlords of \$4.8 million in the year-to-date 2019, which funded a portion of the capital expenditures. Operating lease assets on the balance sheet and are recognized as liabilities, expiring with the date the allowances are earned.

We use the Credit Facility for general corporate purposes, as well as to fund capital expenditures. The Credit Facility is limited to the availability under a borrowing base agreement by the Credit Facility agreement. The Credit Facility is secured by all of our other assets. The Credit Facility is available at or above \$35.0 million or 10% of the Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA).

You MUST understand trends, commitments, demands and uncertainties likely to result in a material change in Liquidity and Capital Resources, like if they can continue as a going concern. If you don't, you need help.

Management disclosed continuous cash usage and a growing capital budget. All of the company’s assets were secured by a credit revolver, which carried a strict financial covenant of \$35 million in excess availability. Contact your account manager to discuss these red flags.

COMPANY REPORT DETAIL



Stage Stores Inc

IN-DEPTH ANALYSIS!

Phone: (713) 667-5601

2425 West Loop South
Houston, TX 77027 United States

Ticker: SSINQ

Filed for Bankruptcy on 5/10/2020
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Latest Financial Statements as of 11/2/2019

Business Summary

Stage Stores, Inc. is a retailer, which operates specialty department stores and off-price stores. The Company offers apparel, accessories, cosmetics, footwear and home goods. The Company operates in over 42 states through approximately 727 department stores under the BEALLS, GOODY'S, PALAIS ROYAL, PEBBLES and STAGE nameplates and approximately 68 GORDMANS off-price stores. It also operates an electronic commerce Website for its department store business. The Company's department stores are located in small towns and rural communities. Its off-price stores are located in mid-sized, non-rural Midwest markets. The Company contracts with third-party carriers to deliver merchandise to its stores and customers in the fulfillment of online orders. It enables customers to pick up an online order in a local store through its buy online, ship-to-store program.

(Source: 10-K)

Employees: 13,600 (as of 2/2/2019)

Incorporated: 6/24/1997

Federal Tax Id: 911826900

Credit Score History

Why are these scores different?

FRISK® Score Analysis

Score/ Index	2019												2020				
	M	J	J	A	S	O	N	D	J	F	M	A	M				
FRISK® Score*	2	1	1	1	3	3	3	3	3	3	2	3	2				
DBT Index	8	9	8	9	8	8	8	8	8	7	6	5	DBT				
Z™-Score	0.74		0.59		0.85		Z™	Z™	Z™	Z™							

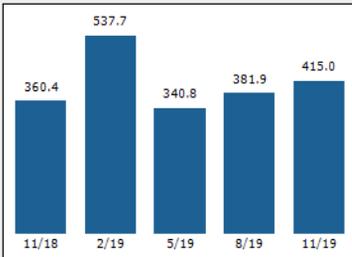
*FRISK® Scores are month-end

- Probability of bankruptcy within 12 months is 4% to 10%.
- Market Capitalization 100%
- Total 100%
- M 100%

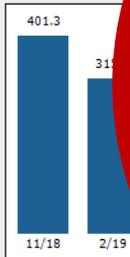
The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

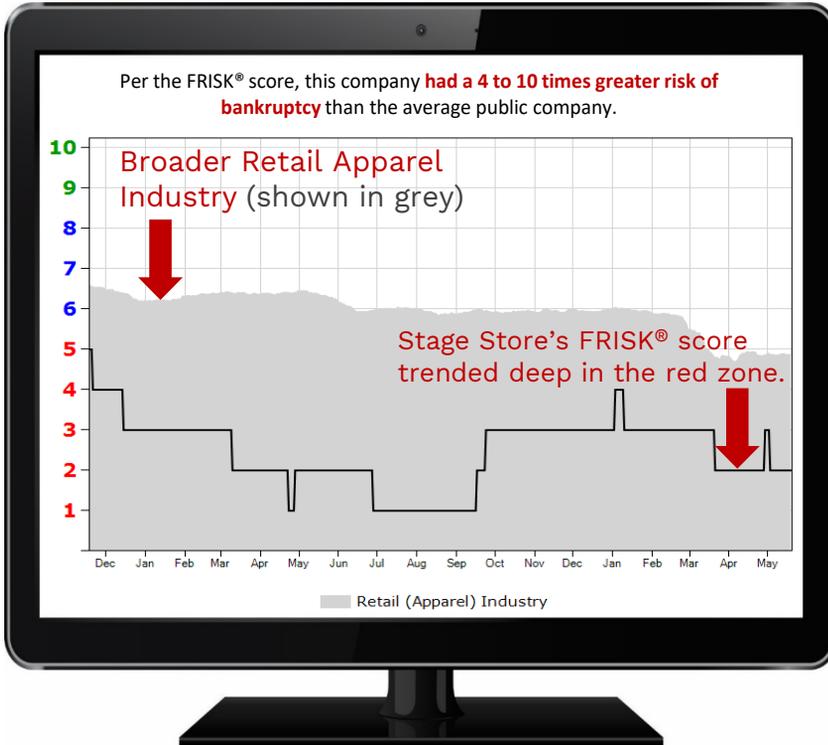
Net Sales(millions)



Working Capital



FRISK® DEEP DIVE



The FRISK® score relative to the broader Retail Apparel industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	Current FRISK® score
1	TOM TAILOR Holding SE	Germany	1
2	Stein Mart, Inc.	United States	1
3	Destination XL Group Inc	United States	2
4	TXM SA w restrukturyzacji	Poland	2
5	Childrens Place Inc	United States	2
6	Stage Stores Inc	United States	2
7	Ted Baker plc	United Kingdom	2
8	Redan SA	Poland	2
9	Magma d.d.	Croatia	2
10	Steinhoff International Holdings NV	South Africa	2

FRISK® Stress Index - SIC classification: Family clothing stores located in All Countries

See COVID-19 Impact on Frisk Scores around the world...

Primary industry codes only Primary and secondary industry codes

Businesses From: CLEAR

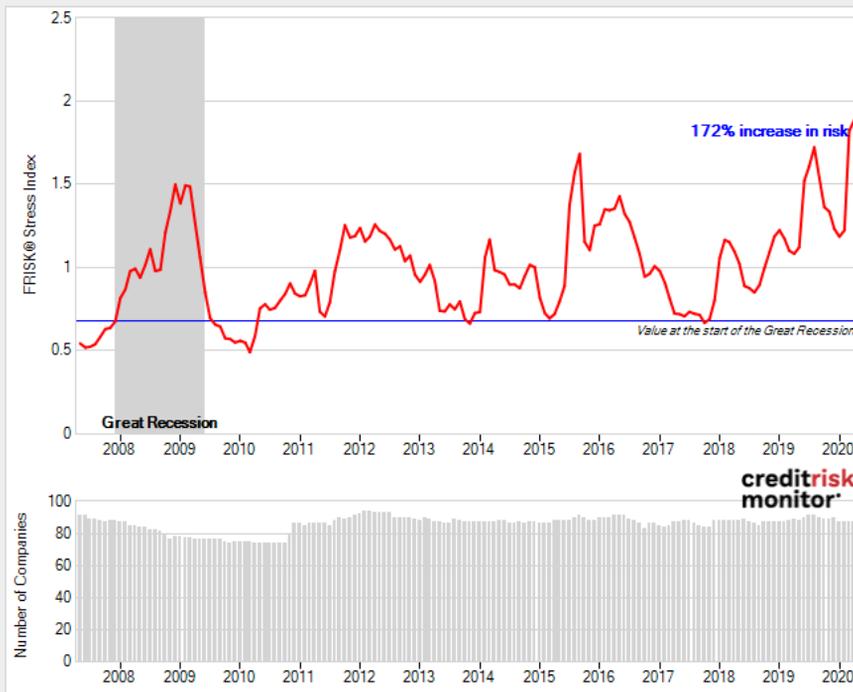
In Industry:

Country:

UPDATE RESULTS

Scale:

Total Companies in all months 141



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 5651 (Family clothing stores) has increased 172% since 2007. Stage Stores was among the weakest names in the industry as evidenced by its FRISK® score of 2.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers

Analysis: SIC classification: Family clothing stores

Calendar Year/Quarter: 2019.3

Businesses in Peer Group: 309	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
Z-Score	57	68	0.85	-13.32	2.40	12.57
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	15	24	414,980	946	485,467	127,991,000
Gross Margin % Of Sales	48	70	32.34	-25.90	37.33	96.59
Gross Margin % Of Sales -- TTM	56	72	29.07	6.28	36.62	96.65
SGA % Of Sales	49	67				
SGA % Of Sales -- TTM	50	69				
Operating Margin % Of Sales	60	70				
Operating Margin % Of Sales -- TTM	66	72				
EBITDA Margin Of Sales	38	45				
EBITDA Margin Of Sales -- TTM	43	47				
Net Profit Margin % Of Sales	62	70				
Net Profit Margin % Of Sales -- TTM	67	72				
Pre-tax Income % Of Sales	62	70				
Effective Tax Rate	7	70	-3.80	-278.75	5.00	548.97
Depreciation % Of Prop/Plant/Equipment	41	70	-0.95	-53.97	22.92	71.67
Capital Expense % Of Prop/Plant/Equipment	15	62				
Interest Coverage	32	38				
Interest Coverage -- TTM	39	42				
Liquidity ratios:						
Cash Ratio	53	71				
Quick Ratio		64				
Current Ratio	16	71				
Efficiency ratios:						
Accounts Receivable Turnover		65		0.00	18.14	2,311.21
Days Sales Outstanding	3	70	0.00	0.00	13.10	332.35
% of Inventory Financed by Vendors	56	66	30.32	7.47	53.41	1,700.57
% of Inventory Financed by Vendors -- TTM	55	66	30.74	5.28	53.38	1,277.95
Inventory Turnover	54	71	2.08	0.00	3.18	29.19
Inventory Turnover -- TTM	54	71	2.30	0.20	3.18	22.77
Days Sales in Inventory	54	69	175.57	12.50	110.86	2,722.28
Inventory to Working Capital	30	71	1.89	-60.38	0.85	183.33
Accounts Payable Turnover	27	66	6.76	0.00	5.97	40.07
Accounts Payable Turnover -- TTM	20	68	7.92	1.43	6.02	53.85
Leverage & debt coverage:						
Total Debt to Equity Ratio	57	65	2.23	0.00	0.88	7.94
Debt to Tangible Equity Ratio	49	63	2.26	0.00	0.99	37.85
Total Debt to Assets Ratio	35	67	0.31	0.00	0.31	0.65
Short-Term Debt % of Total Debt	4	59	1.37	0.00	24.45	100.00
Short-Term Debt % of Working Capital	6	60	1.62	-4,406.95	11.36	8,239.46
Liabilities to Net Worth Ratio	58	68	6.25	0.06	2.22	61.27
Total Liabilities to Equity Ratio	65	70	6.18	0.06	1.94	25.31
TTM EBITDA to Total Debt	40	42	-0.05	-1.37	0.37	7.80
Net Debt to TTM EBITDA		38		-2.19	1.61	19.65

Rank	Company Name
1	Ross Stores, Inc.
2	Citi Trends, Inc.
3	Genesco Inc.
4	TJX Companies Inc

Rank	Company Name
1	Winmark Corporation
2	George Weston Limited
3	Walmart Inc
4	Nordstrom, Inc.

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

Stage Stores demonstrated bottom quartile ranking in key financial ratios (shown in red) versus its industry peers.

QUARTERLY PERFORMANCE RATIOS

Recurring operating and net losses over the last five quarters

Poor interest coverage ratio & cumulatively negative free cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019	13 weeks 2/2/2019	13 weeks 11/3/2018
Net Sales \$	\$414,980	\$381,853	\$340,829	\$537,716	\$360,424
% change	8.68%	12.04%	-36.62%	49.19%	-6.04%
Gross Margin \$	\$134,198	\$121,467	\$97,330	\$134,053	\$81,759
% change	10.48%	24.80%	-27.39%	63.96%	-15.53%
% of sales	32.34%	31.81%	28.56%	24.93%	22.68%
change as % of incremental sales	38.43%	58.84%	n/m	29.50%	n/m
SG&A \$	\$145,892	\$141,128	\$140,676	\$123,209	\$109,774
% change	3.38%	0.32%	14.18%	12.24%	-1.03%
% of sales	35.16%	36.96%	41.27%	22.91%	30.46%
change as % of incremental sales	14.38%	1.10%	n/m	7.58%	n/m
Operating margin \$	(\$11,694)	(\$19,661)	(\$43,346)	(\$4,066)	(\$28,015)
% change	40.52%	54.64%	-966.06%	85.49%	-98.38%
% of sales	-2.82%	-5.15%	-12.72%	-0.76%	-7.77%
change as % of incremental sales	24.05%	57.73%	n/m	13.51%	n/m
EBITDA \$	\$3,578	(\$5,133)	(\$28,002)	\$10,454	(\$15,097)
% change	169.71%	81.67%	-367.86%	169.25%	-876.59%
% of sales	0.86%	-1.34%	-8.22%	1.94%	-4.19%
change as % of incremental sales	26.30%	55.75%	n/m	14.41%	n/m
EBIT \$	(\$11,694)	(\$19,661)	(\$43,346)	(\$4,066)	(\$28,015)
% change	40.52%	54.64%	-966.06%	85.49%	-98.38%
% of sales	-2.82%	-5.15%	-12.72%	-0.76%	-7.77%
change as % of incremental sales	24.05%	57.73%	n/m	13.51%	n/m
Pre-tax income \$	(\$15,764)	(\$23,784)	(\$47,340)	(\$7,611)	(\$31,365)
% change	33.72%	49.76%	-521.99%	75.73%	-87.01%
% of sales	-3.80%	-6.23%	-13.89%	-1.42%	-8.70%
change as % of incremental sales	24.21%	57.42%	n/m	13.40%	n/m
Net income (loss) \$	(\$15,914)	(\$23,934)	(\$47,490)	(\$7,761)	(\$31,353)
% change	33.51%	49.60%	-511.91%	75.25%	-85.28%
% of sales	-3.83%	-6.27%	-13.93%	-1.44%	-8.70%
change as % of incremental sales	24.21%	57.42%	n/m	13.31%	n/m
Tax expense \$	\$150	\$150	\$150	\$150	(\$12)
Effective tax rate	-0.95%	-0.63%	-0.32%	-1.97%	0.04%
Depreciation expense \$	\$15,272	\$14,528	\$15,344	\$14,520	\$12,918
% of sales	3.68%	3.80%	4.50%	2.70%	3.58%
% of capital expenses	233.70%	300.41%	111.40%	158.58%	144.00%
% of PP&E, net (annualized)	11.92%	10.88%	15.96%	25.54%	22.17%
Capital expenditures \$	\$6,535	\$4,836	\$13,774	\$9,156	\$8,971
% change	35.13%	-64.89%	50.44%	2.06%	52.26%
% of PP&E, net (annualized)	5.10%	3.62%	14.33%	16.11%	15.40%
% of working capital (annualized)	9.17%	7.36%	19.04%	10.22%	9.52%
Interest coverage ratio	0.88	(1.25)	(7.01)	2.95	(4.51)
% change	170.61%	82.24%	-337.75%	165.44%	-714.31%
Free cash flow \$	(\$41,793)	(\$9,286)	(\$50,976)	\$83,325	(\$76,868)
% change	-350.06%	81.78%	-161.18%	208.40%	-1,128.51%
Source:	10-Q 12/12/2019	10-Q 9/12/2019	10-Q 6/13/2019	10-K 4/5/2019	10-Q 12/12/2018

QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth steadily worsened due to net losses

Total debt to assets ratio indicated elevated financial leverage

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	11/2/2019	8/3/2019	5/4/2019	2/2/2019	11/3/2018
Total debt \$	\$365,123	\$323,775	\$311,869	\$255,106	\$349,395
% change	12.77%	3.82%	22.25%	-26.99%	28.35%
Stockholders' equity \$	\$163,503	\$179,823	\$202,899	\$254,525	\$262,924
% change	-9.08%	-11.37%	-20.28%	-3.19%	-11.12%
Total debt to equity ratio	2.23	1.80	1.54	1.00	1.33
% change	24.03%	17.14%	53.36%	-24.58%	44.41%
Tangible net worth \$	\$161,603	\$177,598	\$200,674	\$252,300	\$245,789
% change	-9.01%	-11.50%	-20.46%	2.65%	-11.81%
Total debt to tangible net worth	2.26	1.82	1.55	1.01	1.42
% change	23.93%	17.31%	53.70%	-28.87%	45.53%
Total assets \$	\$1,173,713	\$1,122,046	\$1,107,607	\$744,161	\$945,518
% change	4.60%	1.30%	48.84%	-21.30%	13.96%
Total debt to assets ratio	0.31	0.29	0.28	0.34	0.37
% change	7.80%	2.49%	-17.85%	-7.23%	12.62%
Tangible assets \$	\$1,171,813	\$1,119,821	\$1,105,382	\$741,936	\$928,383
% change	4.64%	1.31%	48.99%	-20.08%	14.26%
Short-term debt \$	\$5,000	\$5,000	\$5,170	\$4,812	\$3,555
% change	0.00%	-3.29%	7.44%	35.36%	0.37%
Short-term debt % of total debt	1.37%	1.54%	1.66%	1.89%	1.02%
% change	-11.33%	-6.84%	-12.12%	85.39%	-21.80%
Short-term debt % of working capital	1.62%	1.91%	1.97%	1.53%	0.89%
% change	-14.75%	-3.02%	28.87%	72.16%	-11.90%
Total liabilities \$	\$1,010,210	\$942,223	\$904,708	\$489,636	\$682,594
% change	7.22%	4.15%	84.77%	-28.27%	27.86%
Total liabilities to equity ratio	6.18	5.24	4.46	1.92	2.60
% change	17.92%	17.51%	131.79%	-25.90%	43.87%
Total liabilities to tangible net worth ratio	6.25	5.31	4.51	1.94	2.78
% change	17.83%	17.68%	132.30%	-30.12%	44.99%
Total debt to EBITDA ratio (annualized)		n/a	n/a	6.10	n/a
Source:			10-Q 6/13/2019	10-K 4/5/2019	10-Q 12/12/2018

ASC 842 account standard surfaced contractual operating leases, which are reflected in liabilities to equity

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Cash ratio indicated poor liquidity

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	11/2/2019	8/3/2019	5/4/2019	2/2/2019	11/3/2018
Current assets \$	\$651,517	\$574,557	\$538,610	\$492,903	\$675,289
% change	13.39%	6.67%	9.27%	-27.01%	22.34%
% of short-term debt	13,030.34%	11,491.14%	10,417.99%	10,243.20%	18,995.47%
Current liabilities \$	\$343,780	\$312,226	\$275,550	\$177,352	\$273,945
% change	10.11%	13.31%	55.37%	-35.26%	37.16%
Working capital \$	\$307,737	\$262,331	\$263,060	\$315,551	\$401,344
% change	17.31%	-0.28%	-16.63%	-21.38%	13.94%
% of sales (annualized)	18.54%	17.17%	19.30%	14.67%	27.84%
Cash \$	\$26,268	\$25,418	\$22,793	\$15,830	\$25,825
% change	3.34%	11.52%	43.99%	-38.70%	-2.81%
% of short-term debt	525.36%	508.36%	440.87%	328.97%	726.44%
Cash ratio	0.08	0.08	0.08	0.09	0.09
% change	-6.14%	-1.57%	-7.39%	-5.30%	-29.10%
Current ratio	1.90	1.84	1.95	2.78	2.47
% change	2.99%	-5.86%	-29.67%	12.74%	-10.80%
Source:	10-Q 12/12/2019	10-Q 9/12/2019	10-Q 6/13/2019	10-K 4/5/2019	10-Q 12/12/2018

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	13 weeks 11/2/2019	13 weeks 8/3/2019	13 weeks 5/4/2019	13 weeks 2/2/2019	13 weeks 11/3/2018
Return on equity	-8.85%	-11.80%	-18.66%	-2.95%	-10.60%
% change	24.98%	36.78%	-532.10%	72.15%	-95.77%
Return on net tangible equity	-8.96%	-11.93%	-18.82%	-3.16%	-11.25%
% change	24.87%	36.64%	-496.11%	71.93%	-96.42%
Return on total assets	-1.39%	-2.15%	-5.13%	-0.92%	-3.53%
% change	35.42%	58.14%	-458.37%	73.99%	-74.31%
Return on tangible assets	-1.39%	-2.15%	-5.14%	-0.93%	-3.60%
% change	35.44%	58.16%	-453.27%	74.20%	-74.11%
Source:	10-Q 12/12/2019	10-Q 9/12/2019	10-Q 6/13/2019	10-K 4/5/2019	10-Q 12/12/2018

ANNUAL STATEMENT OF CASH FLOWS

Negative cash from operating activities

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

Period Ended	39 weeks 11/2/2019	39 weeks 11/3/2018	39 weeks 10/28/2017	39 weeks 10/29/2016	39 weeks 10/31/2015
Cash Flows from Operating Activities:					
Net income	(\$87,338)	(\$79,953)	(\$42,967)	(\$31,053)	(\$17,205)
Depreciation/depletion	45,144	44,135	49,476	54,285	58,326
Deferred taxes	n/a	0	(6,065)	1,965	(557)
Non-cash Items	72,945	6,503	7,682	12,387	12,268
Changes in working capital	(107,661)	(107,602)	(27,051)	(32,330)	(83,665)
Total cash from operating activities	(76,910)	(136,917)	(18,925)	5,254	(30,833)
Cash Flows from Investing Activities:					
Capital expenditures	(25,145)	(21,793)	(25,342)	(67,934)	(69,156)
Other investing cash flow items, total	2,887	2,349	(33,740)	1,177	37
Total cash from investing activities	(22,258)	(19,444)	(59,082)	(66,757)	(69,119)
Cash Flows from Financing Activities:					
Financing cash flow items	(965)	(782)	(200)	(857)	(2,763)
Total cash dividends paid	0	(4,342)	(7,097)	(12,466)	(13,916)
Issuance/retirement of stock, net	n/a	n/a	n/a	0	543
Issuance/retirement of debt, net	110,571	166,060	101,831	77,241	122,357
Total cash from financing activities	109,606	160,936	94,534	63,918	106,221
Net change in cash	10,438	4,575	16,527	2,415	6,269
Net cash-beginning balance	15,830	21,250	13,803	16,487	17,165
Net cash-ending balance	\$26,268	\$25,825	\$30,330	\$18,902	\$23,434
Supplemental Disclosures:					
Cash interest paid	\$11,652	\$8,097	\$5,221	\$3,425	\$1,816
Cash taxes paid, supplemental	\$417	(\$11)	(\$8,485)	\$2,931	\$15,053
Source:	10-Q 12/12/2019	10-Q 12/12/2018	10-Q 12/7/2017	10-Q 12/8/2016	10-Q 12/10/2015

NEWS ALERTS: A TIMELINE OF CONCERNING NEWS ITEMS

<p>Q1 2019 reported a 3.1% same-store sales decline and an EBITDA loss of \$41.6 million. Management guided full year fiscal 2019 with a net loss range between \$60 million to \$65 million, nearly doubling the loss compared to the previous year.</p>		
05/23/2019	Business Wire	Stage Stores Reports First Quarter Results and Reaffirms Fiscal 2019 Guidance
<p>Stage Stores received a notification from the New York Stock Exchange that it was not compliant with listing standard criteria, specifically meeting the \$1.00 price over a continuous 30 trading-day period. Such an event often indicates a lack of confidence from institutional investors, whom are divesting their equity positions.</p>		
06/26/2019	Business Wire	Stage Stores Address NYSE Listing Standards
<p>Management hired Berkeley Research Group, a global business consulting firm, to provide guidance on improving store traffic and profitability in light of poor operating performance.</p>		
08/22/2019	CRMZ News Service	Stage Stores Working With Consultant To Address Declining Business
<p>Although management raised fiscal 2019 guidance to reflect improved revenue and profitability, same-store sales were lapping trough performance. Additionally, its cash and short-term investments balance was still uncomfortably low even after considerable bank borrowings.</p>		
11/21/2019	Business Wire	Stage Stores Reports 17.4% Comparable Sales Increase for the Third Quarter, Raises Fiscal 2019 Guidance
<p>Management acknowledged that holiday sales failed to meet expectations and consequently cut earnings guidance. Vendors were being paid more slowly and it was also revealed that the company was working with a lawyer from restructuring firm Kirkland & Ellis.</p>		
02/11/2020	Dow Jones & Company, Inc.	Discount Retail Stage Stores Preps for Possible Bankruptcy -- Sources
<p>The coronavirus pandemic had shut down retail locations across the United States. Stage Stores closed all 738 stores, furloughed employees, and implemented sweeping pay cuts for executive management and the board of directors. Without sales, Stage Stores had difficulty satisfying various obligations including vendor payments, interest, and rent.</p>		
3/27/2020	CRMZ News Service	Stage Stores Furloughs Workers As It Closes Remaining Stores
<p>Stage Stores filed for Chapter 11 bankruptcy, shortly following the failures of Neiman Marcus and J.Crew Group. Total accounts payable outstanding directly before the restructuring announcement was approximately \$176 million.</p>		
5/10/2020	Reuters America	Stage Stores files for bankruptcy

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