



Ross Stores Reports Record Third Quarter Results

November 17, 1999 at 12:00 AM EST

NEWARK, Calif., Nov. 17 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: [ROST](#)) today reported that net earnings for the 13 weeks ended October 30, 1999 grew to a record \$34.6 million, from \$28.0 million for the 13 weeks ended October 31, 1998. Earnings per share increased 27% to \$.38 for the quarter, from \$.30 for the same period in 1998. Current year third quarter sales totaled \$609 million, up 15% from \$531 million for the quarter ended October 31, 1998. Comparable store sales for the 13 weeks ended October 30, 1999 rose 7% over the prior year.

For the nine months ended October 30, 1999, net earnings grew to a record \$107.4 million, from \$88.3 million for the nine months ended October 31, 1998. Earnings per share for the first nine months increased 26% to \$1.16, from \$.92 for the comparable 1998 period. Sales for the nine months ended October 30, 1999 increased 14% to \$1.774 billion, from \$1.552 billion in the prior year. Same store sales for the first nine months of 1999 increased 7% over the same period in 1998.

On September 22, 1999, the company effected a two-for-one stock split in the form of a 100 percent stock dividend paid to stockholders of record as of September 7, 1999. All share price and earnings per share data reflect the effect of that action.

Commenting on these results, Michael Balmuth, Vice Chairman and Chief Executive Officer, stated, "We are pleased with the record sales and earnings achieved in the third quarter and first nine months of 1999. This performance indicates that our value-driven strategies remain on track. Our ongoing focus on more opportunistic buying, along with strict controls of both inventories and expenses, contributed to a 65 basis point increase in operating margin, which grew to a record 9.4% of sales in the third quarter compared to 8.7% in the prior year period. As a percent of sales, gross margin increased by 43 basis points while general, selling and administrative expenses declined by 15 basis points. "

"We also remained on track with our expansion plans, opening 18 new stores during the quarter, all in existing markets. Another store has opened in November, for a total of 34 new locations in 1999. We expect to end the year with 378 stores in 17 states," said Mr. Balmuth.

Mr. Balmuth continued, "Delivering value to stockholders remains a top priority at Ross as evidenced by our share repurchase program. I am pleased to announce that we recently completed the \$120 million repurchase authorization announced at the beginning of 1999."

Mr. Balmuth also said, "Like other retailers in the apparel industry, our sales month to date in November are below plan, with same store sales currently flat to last year. However, it is very early in the quarter, and holiday shopping patterns are difficult to predict."

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: This press release contains certain forward-looking statements which are subject to risks and uncertainties that could cause the company's actual results to differ materially from management's current expectations. The words "expect," "anticipate," "estimate," "believe" and similar expressions identify forward-looking statements. Risk factors include competitive pressures in the apparel industry, changes in the level of consumer spending on or preferences in apparel or home-related merchandise, obtaining acceptable new store locations, the company's ability to continue to purchase attractive name brand merchandise at desirable discounts, unseasonable weather trends, and larger than planned operating costs including those that could be related to necessary modifications to the company's computer hardware and software systems to enable them to process information with dates or date ranges spanning the year 2000 and beyond. The company presently believes that, with

modifications to existing software and conversions to new software, the year 2000 issue will not pose significant operational problems for the company's computer systems as so modified and converted. However, if unforeseen difficulties arise or such modifications and conversions are not completed timely, or if the company's vendors' or suppliers' systems are not modified to become year 2000 compliant, then the year 2000 issue may have a material impact on the operations of the company. Other risk factors are detailed in the company's Form 10-K for fiscal 1998.

Ross Stores, Inc. operates a national chain of off-price retail stores offering first quality, in-season, branded apparel and apparel-related merchandise for the entire family at prices that average 20% to 60% less than department and specialty stores, as well as merchandise for the home at similar savings. The company had 381 stores at October 30, 1999, compared to 350 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

	Three Months Ended		Nine Months Ended	
	October 30, 1999	October 31, 1998	October 30, 1999	October 31, 1998
(\$000, except per data share, unaudited)				
Sales	\$608,720	\$531,139	\$1,774,121	\$1,552,390
Costs and Expenses				
Cost of goods sold and occupancy	416,442	365,654	1,219,963	1,074,466
General, selling and administrative	125,833	110,593	349,702	308,005
Depreciation and amortization	9,459	8,653	27,911	24,765
Interest expense	147	329	167	459
	551,881	485,229	1,597,743	1,407,695
Earnings before income taxes	56,839	45,910	176,378	144,695
Provision for taxes on earnings	22,224	17,905	68,964	56,431
Net earnings	\$34,615	\$28,005	\$107,414	\$88,264
Earnings per share				
Basic	\$0.38	\$0.30	\$1.18	\$0.93
Diluted	\$0.38	\$0.30	\$1.16	\$0.92
Weighted average shares outstanding				
Basic	89,986	93,466	91,015	94,692
Diluted	91,138	94,872	92,444	96,398
Stores open end of period	381	350	381	350

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	October 30, 1999	October 31, 1998
(\$000, unaudited)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$31,645	\$26,657
Accounts receivable	15,884	12,212
Merchandise inventory	570,965	511,484
Other current assets	16,591	16,371
Total Current Assets	\$635,085	\$566,724
Property and equipment, net	266,672	239,837
Lease Rights, deferred income taxes and other		

assets	51,723	37,839
	\$953,480	\$844,400
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, accrued expenses and other	\$435,952	\$402,686
Income taxes payable	20,579	3,080
Total Current Liabilities	\$456,531	\$405,766
Long-term debt	24,000	30,000
Other liabilities	47,200	38,347
Stockholders' Equity	425,749	370,287
	\$953,480	\$844,400

SOURCE Ross Stores, Inc.