



Ross Stores Reports Record Second Quarter Results

August 18, 1999

NEWARK, Calif., Aug. 18 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: [ROST](#)) today reported that net earnings for the 13 weeks ended July 31, 1999 grew to a record \$38.6 million, compared to net earnings of \$32.4 million for the 13 weeks ended August 1, 1998. Earnings per share increased 24% to \$.83 for the quarter, compared to earnings per share of \$.67 for the same period in 1998. Current year second quarter sales totaled \$615 million, up 15% from the \$537 million in sales for the quarter ended August 1, 1998. Comparable store sales for the 13 weeks ended July 31, 1999 rose 7% over the prior year.

For the 26 weeks ended July 31, 1999, net earnings grew to a record \$72.8 million, compared to net earnings of \$60.3 million, for the 26 weeks ended August 1, 1998. Earnings per share for the first six months increased 26% to \$1.56, compared to earnings per share of \$1.24 for the first half of 1998. Sales for the 26 weeks ended July 31, 1999 increased 14% to \$1.165 billion, from \$1.021 billion in the prior year. Same store sales for the first six months of 1999 increased 7% over the same period in 1998.

In commenting, Michael Balmuth, Vice Chairman and Chief Executive Officer, stated, "We are pleased with the record sales and earnings achieved in the second quarter and first six months of 1999. This performance indicates that our value-driven strategies remain on track. During the second quarter, our focus on more opportunistic buying, along with ongoing strict controls of both inventories and expenses, contributed to a 41 basis point increase over the prior year period in operating margin, which grew to 10.4% of sales. As a percent of sales, gross margin increased by 27 basis points while general, selling and administrative expenses declined by 10 basis points.

"We also remained on track during the period with our expansion plans, opening nine new stores during the quarter, all in existing markets. Another 19 stores are expected to open in the second half, for a total of 34 new locations in 1999. We expect to end the year with 378 stores in 17 states," said Mr. Balmuth.

In conclusion, Mr. Balmuth said, "Delivering value to stockholders remains a top priority at Ross as evidenced by our share repurchase program. During the first six months, we have repurchased common stock for an aggregate investment of \$72 million, representing about 60% of the total \$120 million repurchase program authorization announced early in the year."

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 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 363 stores at July 31, 1999, compared to 339 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(\$000, except per data share. unaudited)

	Three Months Ended		Six Months Ended	
	July 31, 1999	August 1, 1998	July 31, 1999	August 1, 1998
Sales	\$614,576	\$536,975	\$1,165,401	\$1,021,251
Costs and Expenses				
Cost of goods sold and occupancy	424,143	371,996	803,521	708,812
General, selling and administrative	117,677	103,355	223,869	197,412
Depreciation and amortization	9,132	8,230	18,452	16,112
Interest expense	182	265	20	130
	551,134	483,846	1,045,862	922,466
Earnings before income taxes	63,442	53,129	119,539	98,785
Provision for taxes on earnings	24,806	20,720	46,740	38,526
Net earnings	\$38,636	\$32,409	\$72,799	\$60,259
Earnings per share				
Basic	\$0.85	\$0.68	\$1.59	\$1.26
Diluted	\$0.83	\$0.67	\$1.56	\$1.24
Weighted average shares outstanding				
Basic	45,566	47,455	45,765	47,652
Diluted	46,367	48,358	46,551	48,582
Stores open end of period	363	339	363	339

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(\$000, unaudited)

	July 31, 1999	August 1, 1998
ASSETS		
Current Assets		
Cash and cash equivalents	\$30,119	\$31,972
Accounts receivable	14,824	11,722
Merchandise inventory	522,904	468,952
Other current assets	16,177	15,440
Total Current Assets	\$584,024	\$528,086
Property and equipment, net	255,019	234,318
Lease rights, deferred income taxes and other assets	51,772	40,318
	\$890,815	\$802,722
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, accrued expenses and other	\$385,370	\$352,896
Income taxes payable	21,803	12,620
Total Current Liabilities	\$407,173	\$365,516

Long-term debt	0	10,000
Other liabilities	47,703	41,119
Stockholders' Equity	435,939	386,087
	\$890,815	\$802,722

SOURCE Ross Stores, Inc.