



Ross Stores Reports Record First Quarter Results

May 19, 1999

NEWARK, Calif., May 19 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: [ROST](#)) today reported record net earnings for the 13 weeks ended May 1, 1999 of \$34.2 million, compared to \$27.9 million for the 13 weeks ended May 2, 1998. Earnings per share for the same period increased 28% to \$.73, compared to \$.57 per share in the prior year. Current year first quarter sales totaled \$551 million, up 14% from the \$484 million in sales for the quarter ended May 2, 1998. Comparable store sales for the same period rose 7%.

In commenting, Michael Balmuth, Vice Chairman and Chief Executive Officer, stated, "We are pleased with the continued strength of our business during the first quarter. Solid increases in sales were broadbased throughout most geographic regions and merchandise categories. We believe these results show that we remain on track with our value-focused strategies."

Mr. Balmuth continued, "During the first quarter, our focus on more opportunistic buying, as well as ongoing strict controls of both inventories and expenses, enabled Ross to deliver a 75 basis point increase in operating income to 10.2% of sales, compared to 9.4% in the prior year period. As a percent of sales, gross margin increased by 68 basis points while general, selling and administrative expenses declined by 14 basis points.

"Our expansion program also remained on schedule during the quarter. We opened six new stores, all in existing markets. These locations are the first of approximately 30 net new stores we plan to open in 1999. We currently expect to end the year with about 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 three months of 1999, we repurchased common stock for an aggregate investment of \$36 million, representing about 30% 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. These 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 355 stores in operation May 1, 1999, compared to 331 stores at the end of the same period last year.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$000, except per data share, unaudited)	Three Months Ended	
	May 1, 1999	May 2, 1998
Sales	\$ 550,825	\$ 484,276
Costs and Expenses		
Cost of goods sold and occupancy	379,378	336,816
General, selling and administrative	106,192	94,057
Depreciation and amortization	9,320	7,882
Interest income	(162)	(135)
	494,728	438,620
Earnings before income taxes	56,097	45,656
Provision for taxes on earnings	21,934	17,806
Net earnings	\$ 34,163	\$ 27,850
Earnings per share		
Basic	\$ 0.74	\$ 0.58
Diluted	\$ 0.73	\$ 0.57
Weighted average shares outstanding		
Basic	45,964	47,849
Diluted	46,740	48,814
Stores open end of period	355	331

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	May 1, 1999	May 2, 1998
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 33,307	\$ 29,725
Accounts receivable	15,199	10,513
Merchandise inventory	516,107	460,578
Other current assets	16,301	15,304
Total Current Assets	\$ 580,914	\$ 516,120
Property and equipment, net	249,793	204,253
Lease rights, deferred income taxes and other assets	50,439	40,934
	\$ 881,146	\$ 761,307
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable, accrued expenses and other	\$ 407,284	\$ 336,950
Total Current Liabilities	\$ 407,284	\$ 336,950
Other liabilities	45,570	40,085
Stockholders' Equity	\$ 428,292	\$ 384,272
	\$ 881,146	\$ 761,307

SOURCE Ross Stores, Inc.