



Ross Stores, Inc. Reports Record Results for Fourth Quarter and Fiscal 1998

March 16, 1999

NEWARK, Calif., March 16 /PRNewswire/ -- Ross Stores, Inc. (Nasdaq: [ROST](#)) today reported record earnings for both the fourth quarter and fiscal year ended January 30, 1999. Net earnings for the 13 weeks ended January 30, 1999 totaled \$45.6 million, compared to \$40.7 million for the 13 weeks ended January 31, 1998. Earnings per share on a diluted basis for the fourth quarter of 1998 increased 17% to \$.97, compared to \$.83 per share for the fourth quarter of 1997.

For the 52 weeks ended January 30, 1999, net earnings totaled \$133.8 million, compared to \$117.5 million for the 52 weeks ended January 31, 1998. Earnings per share on a diluted basis for the 1998 fiscal year increased 19% to \$2.80, from \$2.35 per share in fiscal 1997.

For the 13 weeks ended January 30, 1999, sales increased 10% to \$630.0 million, compared to \$572.3 million for the 13 weeks ended January 31, 1998. Comparable store sales for the fourth quarter increased 3%, on top of a 7% gain for the same period last year. Sales for the 52 weeks ended January 30, 1999 increased 10% to \$2.182 billion, compared to \$1.989 billion for the 52 weeks ended January 31, 1998. Comparable store sales increased 3%, on top of a 10% increase for the same period last year.

In commenting on these results, Vice Chairman and Chief Executive Officer Michael Balmuth stated, "We are pleased with the solid gains we achieved in both sales and earnings during fiscal 1998, especially considering the record increases reported over the past two years. Earnings per share grew 49% in 1997 on top of an 82% increase in 1996, and comparable store sales increased 10% and 13%, respectively, in 1997 and 1996. Our focus on offering customers an increasingly wide assortment of recognizable brands at large discounts, combined with our ability to effectively manage both inventories and expenses, have been the key drivers of our performance."

Mr. Balmuth continued, "Operating income for fiscal 1998 benefited from a 43 basis point increase in gross margin, driven by a combination of improved merchandise margins and leverage on occupancy. This improvement was partially offset by a 22 basis point increase in general, selling and administrative expenses, due mainly to about \$4.0 million in non-recurring expenses related to the company's Year 2000 compliance program. As a result, operating margin in fiscal 1998 grew to a record 10.1%, up from 9.8% in 1997 and almost double the 5.2% we realized in 1995."

In commenting on the company's financial position, Mr. Balmuth said, "Strong cash flows have enabled the company to internally fund store growth, repurchase stock, increase our dividend pay-outs and end the year with no debt on the balance sheet. Return on average stockholders' equity was 33% in 1998, benefiting from the solid growth in earnings and the repurchase of 2.8 million shares during the year at an aggregate cost of \$110 million. In addition, on January 28, 1999, the Board of Directors approved a \$120 million repurchase program for the current year and an 18% increase in the quarterly cash dividend payment. These actions reflect our ongoing commitment to enhancing stockholder returns."

In conclusion, he stated, "Looking ahead, we continue to see opportunities to grow the business by continuing to fine-tune and effectively execute the strategies that have contributed to our record-breaking financial results -- ongoing investments in our merchandise organization and systems, further diversification of our product assortments, strict management of inventories and expenses, and focused store growth over the next couple of years, primarily in existing states."

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. 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 349 stores in operation January 30, 1999, compared to 325 stores at the end of the same period last year.

ROSS STORES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(\$000, except per share data, unaudited)	Three Months Ended		Twelve Months Ended	
	January 30, 1999	January 31, 1998	January 30, 1999	January 31, 1998
Sales	\$629,971	\$572,297	\$2,182,361	\$1,988,692
Costs and Expenses				
Cost of goods sold and occupancy	439,423	402,511	1,513,889	1,388,098
General, selling and administrative	107,279	93,819	415,284	374,119
Depreciation and amortization	8,749	8,175	33,514	30,951
Interest (income) expense	(200)	12	259	(265)
	555,251	504,517	1,962,946	1,792,903
Earnings before income taxes	74,720	67,780	219,415	195,789
Provision for taxes on earnings	29,141	27,112	85,572	78,315
Net earnings	\$45,579	\$40,668	\$133,843	\$117,474
Earnings per share				
Basic	\$0.99	\$0.85	\$2.85	\$2.40
Diluted	\$0.97	\$0.83	\$2.80	\$2.35
Weighted average shares outstanding				
Basic	46,105	47,743	47,035	48,928
Diluted	46,792	48,775	47,850	50,002
Stores open end of period	349	325	349	325

ROSS STORES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(\$000, unaudited)	January 30, 1999	January 31, 1998
ASSETS		
Current Assets		
Cash and cash equivalents	\$80,083	\$56,369
Accounts receivable	11,566	8,122

Merchandise inventory	466,460	418,825
Other current assets	15,825	15,108
Total Current Assets	\$573,934	\$498,424
Property and equipment, net	248,712	204,721
Lease rights, deferred income taxes and other assets	47,660	34,808
	\$870,306	\$737,953

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable, accrued expenses and other	\$403,139	\$323,746
Total Current Liabilities	\$403,139	\$323,746
Other liabilities	42,464	33,526
Stockholders' Equity	424,703	380,681
	\$870,306	\$737,953

SOURCE Ross Stores, Inc.